

The Smart Home Market in Europe Experienced the Strongest Quarter Ever in 4Q19, but COVID-19 Will Hit the Market in 2020, says IDC

LONDON, April 3, 2020 — In the last quarter of 2019, the smart home market in Europe reached almost 39.9 million units, growing 20.4% compared to the fourth quarter of 2018, according to research by International Data Corporation (IDC). For the full year, this market had an increase of 20.0% with almost 107 million units shipped.

"As in previous quarters, smart speakers continued to be the stellar product over Black Friday and the Christmas period," said Antonio Arantes, senior research analyst for smart home devices in Western Europe. "With new models launched in the last quarter of the year, Amazon continued to gain market share, supported by the good performance of smart speakers and digital media adapters. It also launched its own OS for Smart TVs in Europe — FireOS, partnering with JVC to launch their first products in the United Kingdom."

"The Central and Eastern Europe (CEE) smart home market grew by 53.5% year over year. The gradual transition to new DVB-T standard has triggered an expected increase in demand, especially for smart TVs," said Jan Prenosil, senior research analyst for smart home devices in CEE. "The offer of streaming platforms improved and had a positive effect on demand for digital media adapters."

In 2024, this market is expected to reach 201.1 million shipments in Europe, growing at a compound annual growth rate (CAGR) of 14.2% from 2020 to 2024.

"Although these categories have potential for ongoing growth, we expect a decline in demand, mainly in the first half of 2020. Further development will depend on the length of constraints on individual countries due to COVID-19," said Prenosil.

"In the first half of 2020, the interest in smart home products will slow, and we expect that, for the first time, the market will decline year over year in the second quarter of 2020," said Arantes. "Video entertainment will be the product category that will suffer the most, particularly Smart TVs. Factory shutdowns have led to component shortages and consumers are shifting their spending into devices that improve their office capabilities at home, such as monitors, laptops, and cameras. The cancelation of major sports competitions in 2020, such as the European Football Championship and the Olympic Games, will also have a negative impact on the category, as sales typically grow during these competitions."

Category Highlights

Video entertainment devices shipped almost 21.1 million units in the fourth quarter of 2019, growing 10.9% year over year. For the first time in Europe, two new operating systems for the smart TV market were launched — FireOS and Roku OS. This product category is expected to reach 81.4 million units in 2024.

Smart speakers represented 25.8% of the smart home market in 4Q19, gaining three percentage points compared to the same period of 2018. Amazon Alexa continues to be the leading voice

assistant with a market share of 58.3% of all devices. This category is expected to grow at a CAGR of 15.6% between 2020 and 2024.

Lighting, home security monitoring, and thermostats reached almost 7.2 million units shipped in Europe in the last quarter of 2019, up 27.1% year over year. These categories combined are expected to represent 31.3% of the total smart home market in 2024.

Europe Top 5 Smart Home Vendor Shipments, Market Share and YoY Growth, 4Q19
(Shipments in Thousands)

Vendor	4Q19 Shipments Volume	4Q19 Market Share	4Q18 Shipments Volume	4Q18 Market Share	Year-over-Year Change
1. Amazon.com	7,736	19.4%	6,056	18.3%	27.7%
2. Google	6,077	15.2%	5,066	15.3%	20.0%
3. Samsung	5,049	12.7%	4,544	13.7%	11.1%
4. LG Electronics	4,024	10.1%	3,616	10.9%	11.3%
5. Sony	2,011	5.0%	1,873	5.7%	7.4%
Other	14,979	37.6%	11,953	36.1%	25.3%
Total	39,876	100.0%	33,110	100.0%	20.4%

Source: IDC Worldwide Quarterly Smart Home Device Tracker, March 2020

Europe Smart Home Devices
Forecast by Category, 2020–2024
(Shipments in Thousands)

Product Category	2020 Shipments	2020 CAGR	2024 Shipments	2024 CAGR	CAGR 2020-2024
Video entertainment	61,795	2.3%	81,364	4.5%	7.1%
Smart speaker	26,067	2.0%	46,572	3.2%	15.6%
Lighting	8,665	7.3%	32,235	16.0%	38.9%
Home monitoring/security	13,377	1.3%	24,194	2.0%	16.0%
Thermostats	3,461	2.9%	6,557	3.3%	17.3%
Others	4,887	4.2%	10,175	5.0%	20.1%
Total	118,254	0.0%	201,100	0.0%	4.2%

Source: IDC Worldwide Quarterly Smart Home Device Tracker, December 2019

*Forecast data

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