Growing Acceptance of Smart Home Devices Will Drive Double-Digit Growth Through 2023, According to a New IDC Forecast

FRAMINGHAM, Mass., June 25, 2019 – Global shipments for smart home devices reached 168.6 million in the first quarter of 2019 (1Q19), up 37.3% from the previous year, according to the International Data Corporation (IDC) Worldwide Quarterly Smart Home Device Tracker. This growth was driven by the growing acceptance of connected devices within the home, including smart TVs, smart speakers, cameras, door locks, doorbells, and many more.

Global smart speaker shipments (inclusive of smart displays) experienced the highest growth during the quarter with total shipments reaching 23.2 million, up 133.9% from the previous year. Amazon led the market with shipments of 5.1 million units in 1Q19. Meanwhile, Google maintained second place with 4.1 million units. Following the two American companies was a trio of Chinese companies – Alibaba, Baidu, and Xiaomi – each of which focused on the domestic market in China.

"The emergence of smart speakers and more recently smart displays has helped make the smart home market more accessible than ever before," said Jitesh Ubrani research manager for IDC Mobile Device Trackers. "Both Amazon and Google have continued to improve their assistants and improve stickiness with consumers. While this has raised privacy concerns and subsequently led both companies to implement privacy-related features, it has to a limited extent also provided an opening for other platform and device makers to offer a more private smart home experience and capture a small subset of the market."

Beyond the first quarter, IDC anticipates the global smart home market will reach 840.7 million units by the end of 2019 and grow to 1.46 billion units by 2023 with a compound annual growth rate (CAGR) of 14.9%.

"The underlying driving force of the market is services," said Adam Wright, senior research analyst, Internet of Things: Consumer. "While device elements such as design and reliability are necessary for success, differentiation and margins lie elsewhere. IoT-enabled consumer products are accelerating the consolidation of value in services while diminishing the margins in the devices themselves. The breadth, depth, uniqueness, and quality of data sets will increasingly determine the value potential of a consumer IoT vendor, and as device margins fall the role of devices will largely be relegated to vehicles for service delivery."

Among the various device types, video entertainment devices are expected to be in the lead, accounting for 29% of all shipments in 2023 as advances in televisions, such as 8K, higher refresh rates, HDR, and larger sizes, lead many consumers to upgrade their sets. Beyond that, home monitoring/security devices, largely led by cameras, door locks, and doorbells, will account for 23.9% of the shipments in 2023 with a CAGR of 20.8%. Growth in smart speakers and displays is expected to slow to single digits, registering only 4.7% year-over-year growth in 2023, as other devices such as TVs, thermostats, lights, and more start to incorporate smart speaker functionality.

Smart Home Devices by Category, 2019 and 2023 (shipments in millions)					
Category	**2019 Shipments***	**2019 Market Share***	**2023 Shipments***	**2023 Market Share***	**2019–2023 CAGR**
Video Entertainment	346.5	41.2%	424.4	29.0%	5.2%
Home Monitoring/ Security	163.9	19.5%	349.3	23.9%	20.8%
Smart Speaker	138.5	16.5%	206.2	14.1%	10.5%
Others	191.7	22.8%	483.7	33.0%	26.0%
TOTAL	**840.7**	**100.0%**	**1,463.5**	**100.0%**	**14.9%**
Source: IDC Worldwide Quarterly Smart Home Device Tracker, June 25, 2019					

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

About IDC Trackers

IDC Tracker products provide accurate and timely market size, vendor share, and forecasts for hundreds of technology markets from more than 100 countries around the globe. Using proprietary tools and research processes, IDC's Trackers are updated on a semiannual, quarterly, and monthly basis. Tracker results are delivered to clients in user-friendly excel deliverables and on-line query tools.

For more information about IDC's Worldwide Quarterly Mobile Phone Tracker, please contact Kathy Nagamine at 650-350-6423 or knagamine@idc.com.

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