Market Publishers

Global Smart Homes Market by Product (Entertainment Devices, Lighting Control, Security & Access Control Systems, HVAC, Smart Kitchen Appliances, Home Appliances, Others), By Software & Services (Behavioral, Proactive), By Sales Channel (Direct, Indirect), By Region, Competition, 2018-2028

Abstracts

The global smart homes market achieved a remarkable milestone, reaching a valuation of USD 87.51 billion by the end of 2022, with an impressive Compound Annual Growth Rate (CAGR) of 17.26% expected during the forecast period. This market is undergoing a profound transformation that is reshaping the way we interact with our living spaces, ushering in the era of smart homes, also known as connected homes. These residences are equipped with an array of interconnected devices and systems that can be remotely controlled and automated. Smart homes offer a myriad of advantages, including heightened convenience, energy efficiency, improved security, and an enhanced overall quality of life. As we venture further into the 21st century, the smart homes market is on an upward trajectory, fueled by factors such as growing consumer awareness, increasing disposable incomes, a burgeoning aging population, and a heightened emphasis on energy conservation and sustainability.

At the heart of this smart homes revolution lies the proliferation of smart devices and the Internet of Things (IoT). Smart thermostats, lighting systems, security cameras, voice assistants, and various connected appliances have become more accessible and affordable. This makes it increasingly feasible for homeowners to retrofit their existing homes or incorporate smart features into new constructions. The allure of controlling and monitoring various aspects of the home remotely through smartphones and voice commands has resonated strongly with consumers, driving widespread adoption.

One of the primary drivers of the smart homes market is the pursuit of energy efficiency and sustainability. Smart devices, such as thermostats and lighting systems, offer intelligent and automated control, learning user preferences over time and adjusting heating, cooling, and lighting accordingly. This not only enhances user comfort but also results in substantial energy savings, reducing utility bills and minimizing the environmental footprint. Smart homes are becoming synonymous with eco-friendly living, aligning with global efforts to conserve energy and reduce greenhouse gas emissions.

Home security is another compelling use case for smart home technology, with consumers increasingly turning to devices like smart locks, video doorbells, and security cameras to fortify the safety of their homes. These devices allow homeowners to monitor their property remotely and receive real-time alerts in case of suspicious activity. The peace of mind provided by these security features is a driving force behind the continued growth of smart homes.

Furthermore, the global population is aging, a demographic shift that is significantly influencing the smart homes market. As more individuals seek to age in place and maintain their independence, smart home technologies are stepping in to address their needs. These technologies can provide assistance with daily tasks, offer fall detection and emergency alerts, and even manage medication schedules, ensuring that elderly individuals can continue living in their homes comfortably and safely.

However, the smart homes market also faces challenges. Data privacy and security are paramount concerns, given the collection and sharing of data generated by smart devices. Protecting personal information and safeguarding against potential cyberattacks are critical priorities. Ensuring interoperability and standardization among the vast array of smart devices from different manufacturers is another challenge that must be addressed to deliver a seamless user experience.

Affordability and accessibility are key factors in driving mass adoption of smart home technology. While prices have been decreasing, some advanced smart home systems can still be costly, limiting accessibility. Efforts to make smart home technology more affordable and accessible to a broader demographic will be instrumental in driving market growth.

In conclusion, the global smart homes market is poised for significant growth, driven by factors such as increasing consumer awareness, the proliferation of smart devices and

IoT, energy efficiency benefits, enhanced security, and the needs of an aging population. Smart homes are no longer a futuristic concept but a tangible reality that is redefining the way we live. By addressing challenges related to privacy, security, interoperability, and affordability, the industry can continue its expansion, making smart homes an integral part of modern living and contributing to a more sustainable and connected future.

Key Market Drivers

Increasing Consumer Demand for Convenience and Connectivity

The global smart homes market is being driven by the increasing consumer demand for convenience and connectivity in their daily lives. In today's fast-paced world, consumers are looking for ways to simplify and streamline their routines and smart home technology offers a solution. Smart home devices allow homeowners to control various aspects of their homes, such as lighting, heating, cooling, security, and entertainment systems, with the touch of a button or a voice command. One of the key drivers behind this demand is the growing popularity of smartphones and other connected devices. With the proliferation of smartphones, consumers have become accustomed to having control and access to information at their fingertips. This has translated into a desire for the same level of control and connectivity within their homes. As a result, the adoption of smart home technology is on the rise, and this trend is expected to continue in the coming years. Additionally, the COVID-19 pandemic has accelerated the adoption of smart home technology as people spent more time at home and sought ways to make their living spaces more comfortable and efficient. The ability to remotely control and monitor various aspects of the home became increasingly important during lockdowns and social distancing measures.

Energy Efficiency and Environmental Concerns

Another significant driver of the global smart homes market is the increasing emphasis on energy efficiency and environmental sustainability. As the world grapples with the challenges of climate change and resource depletion, consumers are becoming more conscious of their environmental footprint and are seeking ways to reduce energy consumption and waste. Smart home technology plays a crucial role in addressing these concerns by offering energy-efficient solutions. Smart thermostats, for example, can learn a homeowner's preferences and adjust heating and cooling systems, accordingly, optimizing energy usage. Smart lighting systems can automatically adjust brightness and color temperature based on natural light and occupancy, reducing

unnecessary energy consumption. Governments and regulatory bodies in many countries are also promoting energy-efficient homes and offering incentives for the adoption of smart home technologies. These initiatives further drive the market as homeowners seek to benefit from cost savings and contribute to environmental conservation.

Aging Population and Healthcare Integration

The aging population in many developed countries is contributing to the growth of the global smart homes market. As people age, there is an increasing need for assistance with daily tasks and healthcare monitoring. Smart home technology can provide solutions that enhance the quality of life for seniors while allowing them to maintain their independence. For example, smart home systems can include sensors and devices that monitor the well-being of elderly residents. These devices can track vital signs, detect falls, and even remind individuals to take medication. Caregivers and family members can receive real-time alerts and updates, ensuring that seniors receive prompt assistance when needed. The integration of healthcare services with smart homes is a compelling driver in this market. Telehealth consultations and remote patient monitoring can be seamlessly integrated into smart home systems, providing seniors with access to healthcare professionals without leaving their homes.

Advancements in Artificial Intelligence and Voice Assistants

Advancements in artificial intelligence (AI) and voice assistant technology are propelling the smart homes market forward. AI-powered smart home devices can learn from user behavior and preferences, making homes more intuitive and responsive to the needs of occupants. Voice assistants like Amazon's Alexa, Google Assistant, and Apple's Siri have become central to the smart home experience. They allow users to control various devices using natural language commands, making it easy to interact with smart home ecosystems. Voice control is particularly appealing to consumers as it simplifies the user experience and provides a hands-free way to manage smart home devices. Moreover, AI-driven predictive analytics can anticipate user needs and automate routine tasks. For example, a smart home system can learn when residents typically arrive home and adjust the thermostat and lighting accordingly. These advancements not only enhance convenience but also contribute to energy savings and overall efficiency.

Key Market Challenges

High Implementation Costs and Complex Installation

One of the primary challenges in the global smart homes market is the high cost of implementing smart home technology and the complexity of the installation process. While smart home devices offer convenience, energy savings, and enhanced security, the initial investment required can be a significant barrier for many consumers. The cost of smart home devices, such as smart thermostats, security cameras, and smart lighting systems, can add up quickly, especially when outfitting an entire home. In addition to the cost of the devices themselves, there may be expenses related to professional installation, additional hardware like hubs or bridges, and ongoing subscription fees for premium features and cloud services. Furthermore, the installation process can be complex, especially for individuals with limited technical knowledge. Wiring, configuring, and integrating various devices and systems can be daunting, leading some consumers to avoid adopting smart home technology altogether. Additionally, compatibility issues between devices from different manufacturers can further complicate installation and usage.

Privacy and Security Risks

Another significant challenge in the global smart homes market is the heightened concern over privacy and security risks associated with the proliferation of connected devices. As smart homes become more interconnected and reliant on data, there is a growing fear that sensitive information could be compromised, leading to privacy violations, data breaches, or even physical security threats. Smart home devices often collect and transmit personal and sensitive data, such as video footage, audio recordings, and behavioral patterns. If not adequately protected, this data can be vulnerable to hacking, unauthorized access, or misuse. For example, a hacked smart camera could lead to invasive surveillance, and compromised smart locks could put residents at risk. Furthermore, the potential for IoT devices to be used in Distributed Denial of Service (DDoS) attacks, where large numbers of devices are hijacked and used to overwhelm internet servers, poses a security threat not only to the smart home but to the broader internet ecosystem.

Key Market Trends

Integration of 5G Connectivity and IoT Devices

The integration of 5G connectivity and the Internet of Things (IoT) is a major trend shaping the global smart homes market. As 5G networks continue to roll out worldwide, they offer the promise of ultra-fast, low-latency wireless communication. This

development has profound implications for smart homes, as it enables seamless connectivity among an increasing number of IoT devices. With 5G, smart home devices can communicate with each other and cloud-based services at unprecedented speeds. This enhances the overall performance and responsiveness of smart homes, making them more efficient and user-friendly. For instance, in a 5G-enabled smart home, security cameras can transmit high-definition video feeds to homeowners' smartphones in real-time, while smart thermostats can adjust temperature settings almost instantly in response to user preferences or environmental changes. Moreover, 5G enables the proliferation of more complex and data-intensive smart home applications. Augmented reality (AR) and virtual reality (VR) experiences within smart homes can become more immersive and responsive with 5G connectivity, opening up new possibilities for entertainment, education, and remote collaboration. The integration of 5G and IoT devices also brings opportunities for service providers and telecom companies to offer bundled smart home services with high-speed internet packages. As consumers increasingly rely on fast, stable connectivity for both work and leisure, these bundled offerings are likely to become more appealing, driving further growth in the smart homes market.

Enhanced Security and Privacy Measures

Another prominent trend in the global smart homes market is the growing emphasis on enhanced security and privacy measures. As the number of connected devices in smart homes continues to rise, so do concerns about the potential vulnerabilities and data privacy issues associated with these technologies. To address these concerns, manufacturers and service providers are placing a stronger emphasis on security features and privacy controls in smart home products and services. End-to-end encryption, secure device authentication, and regular software updates are becoming standard features in many smart home devices. Additionally, regulatory bodies and industry associations are introducing standards and guidelines for data security and privacy in the IoT and smart home sectors. Compliance with these standards is increasingly seen as a competitive advantage for companies in the smart homes market. Consumers are becoming more aware of the importance of data privacy and are actively seeking products and services that prioritize their personal information's protection. Moreover, the integration of AI and machine learning into smart home security systems allows for more sophisticated threat detection and prevention. These systems can analyze patterns of behavior to identify anomalies and potential security breaches, offering homeowners a higher level of protection and peace of mind. As the smart homes market matures, trust in the security and privacy of these systems will play a pivotal role in driving adoption rates. Companies that prioritize security and privacy in

their offerings are likely to gain a competitive edge and establish long-term customer loyalty.

Sustainability and Energy Efficiency

Sustainability and energy efficiency have emerged as significant trends in the global smart homes market, reflecting the growing concern for environmental conservation and the desire to reduce energy consumption and costs. Smart home technologies are being leveraged to create more sustainable and eco-friendly living environments. Smart thermostats, for example, can optimize heating and cooling systems, reducing energy waste, and lowering utility bills. Smart lighting systems can adjust brightness and colour temperature to minimize electricity usage during daylight hours. Furthermore, the integration of renewable energy sources such as solar panels and home energy storage solutions into smart homes is on the rise. Smart home systems can efficiently manage the generation and consumption of renewable energy, allowing homeowners to reduce their reliance on traditional energy grids and reduce their carbon footprint. The trend towards sustainability extends beyond energy management. Smart home ecosystems are increasingly incorporating water-saving devices, waste reduction systems, and monitoring tools that help users track their resource consumption and make more eco-conscious choices.

Segmental Insights

Software & Services Insights

Based on software & services, the proactive segment emerges as the predominant segment, exhibiting unwavering dominance projected throughout the forecast period. Proactive software and services are the linchpin of smart homes, offering homeowners a level of automation and control that was once the stuff of science fiction. These solutions encompass predictive analytics, AI-driven automation, and remote monitoring, allowing smart homes to anticipate residents' needs, optimize energy usage, enhance security, and provide an overall seamless living experience. With the growing adoption of connected devices and the Internet of Things (IoT), proactive software and services have become indispensable in managing the complex web of interconnected devices within smart homes. As technology continues to advance and consumers seek greater convenience and efficiency, the proactive segment is poised to maintain its dominant position as the driving force behind the smart homes market, promising a future where homes are not just smart but truly intelligent and responsive to residents' needs.

Sales Channel Insights

Based on sales channel, the indirect segment emerges as a formidable frontrunner, exerting its dominance and shaping the market's trajectory throughout the forecast period. Indirect sales channels encompass a diverse range of distribution avenues, including third-party retailers, e-commerce platforms, and resellers. These channels offer consumers a wide array of options to explore and purchase smart home products, creating a competitive marketplace. With the ever-expanding array of smart home devices, consumers often rely on these indirect channels for product discovery, expert advice, and convenience in making informed purchase decisions. Moreover, indirect sales channels provide manufacturers with broader market reach, enabling them to tap into a vast and diverse consumer base. As the smart homes market continues to evolve, the indirect segment is poised to maintain its dominance, playing a pivotal role in making smart home technology accessible to consumers worldwide and facilitating the ongoing growth and innovation in the industry.

Regional Insights

North America firmly establishes itself as a commanding presence within the global smart homes market, affirming its preeminent position, and highlighting its pivotal role in shaping the industry's course. This prominence can be attributed to a combination of factors that uniquely position North America as a dominant force in the smart homes sector. With a tech-savvy populace and a robust appetite for cutting-edge innovations, North American consumers have eagerly embraced smart home technologies, fostering robust market growth. Moreover, the region houses some of the world's leading tech companies and startups, spearheading groundbreaking developments in smart home solutions. Additionally, North America benefits from supportive regulatory frameworks, fostering consumer trust through stringent data privacy regulations and cybersecurity standards. As sustainability becomes increasingly important, North America's emphasis on eco-friendly and energy-efficient smart homes further solidifies its leadership position, ensuring its continued influence in shaping the global smart homes landscape.

Key Market Players

ABB Ltd

Schneider Electric SE

Honeywell International Inc.

Emerson Electric Co.

Siemens AG

LG Electronics Inc.

Cisco Systems Inc.

Google Inc.

Microsoft Corporation

General Electric Company

Report Scope:

In this report, the global smart homes market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Global Smart Homes Market, By Product:

Entertainment Devices

Lighting Control

Security & Access Control System

HVAC

Smart Kitchen Appliances

Home Appliances

Others

Global Smart Homes Market, By Software & Services:

Behavioral

Proactive

Global Smart Homes Market, By Sales Channel:

Direct

Indirect

Global Smart Homes Market, By Region:

North America

Europe

South America

Middle East & Africa

Asia Pacific

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Smart Homes Market.

Available Customizations:

Global Smart Homes market report with the given market data, Tech Sci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

Contents

10. SOUTH AMERICA SMART HOMES MARKET OUTLOOK

10.1. Market Size & Forecast
  10.1.1. By Value
10.2. Market Share & Forecast
  10.2.1. By Product
  10.2.2. By Software & Services
  10.2.3. By Sales Channel
10.3. South America: Country Analysis
  10.3.1. Brazil Smart Homes Market Outlook
   10.3.1.1. Market Size & Forecast
    10.3.1.1.1. By Value
   10.3.1.2. Market Share & Forecast
    10.3.1.2.1. By Product
    10.3.1.2.2. By Software & Services
    10.3.1.2.3. By Sales Channel
  10.3.2. Argentina Smart Homes Market Outlook
   10.3.2.1. Market Size & Forecast
    10.3.2.1.1. By Value
   10.3.2.2. Market Share & Forecast
    10.3.2.2.1. By Product
    10.3.2.2.2. By Software & Services
    10.3.2.2.3. By Sales Channel
  10.3.3. Colombia Smart Homes Market Outlook
   10.3.3.1. Market Size & Forecast
    10.3.3.1.1. By Value
   10.3.3.2. Market Share & Forecast
    10.3.3.2.1. By Product
    10.3.3.2.2. By Software & Services
    10.3.3.2.3. By Sales Channel

11. MIDDLE EAST & AFRICA SMART HOMES MARKET OUTLOOK

11.1. Market Size & Forecast
  11.1.1. By Value
11.2. Market Share & Forecast
  11.2.1. By Product
  11.2.2. By Software & Services

13.1. Drivers
13.2. Challenges

14. MARKET TRENDS AND DEVELOPMENTS

15. COMPANY PROFILES

15.1. ABB Ltd
  15.1.1. Business Overview
  15.1.2. Key Financials & Revenue
  15.1.3. Key Contact Person
  15.1.4. Headquarters Address
  15.1.5. Key Product/Service Offered
15.2. Schneider Electric SE
  15.2.1. Business Overview
  15.2.2. Key Financials & Revenue
  15.2.3. Key Contact Person
  15.2.4. Headquarters Address
  15.2.5. Key Product/Service Offered
15.3. Honeywell International Inc.
  15.3.1. Business Overview
  15.3.2. Key Financials & Revenue
  15.3.3. Key Contact Person
  15.3.4. Headquarters Address
  15.3.5. Key Product/Service Offered
15.4. Emerson Electric Co.
  15.4.1. Business Overview
  15.4.2. Key Financials & Revenue
  15.4.3. Key Contact Person
  15.4.4. Headquarters Address
  15.4.5. Key Product/Service Offered
15.5. Siemens AG
  15.5.1. Business Overview
  15.5.2. Key Financials & Revenue
  15.5.3. Key Contact Person
  15.5.4. Headquarters Address
  15.5.5. Key Product/Service Offered
15.6. LG Electronics Inc.
  15.6.1. Business Overview

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Product name: Global Smart Homes Market by Product (Entertainment Devices, Lighting Control, Security & Access Control Systems, HVAC, Smart Kitchen Appliances, Home Appliances, Others), By Software & Services (Behavioral, Proactive), By Sales Channel (Direct, Indirect), By Region, Competition, 2018-2028

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