



**LUCINTEL INSIGHT  
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# **SIX TRENDS SHAPING THE FUTURE OF THE SMART HOME MARKET**

The smart home market has undergone significant change in recent years, with smart home technology evolving from low data rates and low frequency to high data rates and high frequency. The growth of wired and wireless communication technology is creating significant potential in various entertainment control, HVAC control, home healthcare, smart kitchen, and other applications. The major growth drivers for this market are increasing awareness related to

safety and security, increasing consumer demand for simplicity and personalized experience, and the growing adoption of cloud-based technologies.

The smart home market is divided into several segments, such as safety and security, home appliances, entertainment control, lighting, HVAC controls, home healthcare, smart kitchen, and others. Key players in the smart home market are Honeywell, Johnson & Johnson, ADT Corporation, Control4 Corporation, United Technologies Corporation, Siemens AG, Philips, Acuity Brands, and Vivint Inc. These have been working on different strategies to drive sales using highly influential marketing approaches; however, as we examine the challenges and opportunities ahead in this market, companies can benefit from a strategy of developing home artificial intelligence systems and IoT devices along with the key target market trends we have identified. Lucintel predicts the global smart home market will be valued at \$119.0 billion by 2025, with an expected CAGR of approx. 8.0% between 2020 and 2025.

Lucintel identifies six trends set to influence the global smart home market. Most of the industry players and experts agree that these six trends will accelerate developments in the smart home industry in the near future. In terms of the widespread knowledge about the smart home market already on the horizon, there is still a lack of unified perspective on the direction the industry is moving to proactively address developments. To help bring more clarity to this gap, our study aims to provide insights concerning the direction that changes are taking and how these changes will impact the smart home market.

## 1. Increasing Use of Artificial Intelligence

One of the major smart home technology trends is the increasing use of home artificial intelligence systems. Artificial intelligence's machine learning component will allow it to analyze data collected by sensors and predict required actions even



before the homeowner activates the command. For example, artificial intelligence can be used to automatically turn on the heating, order groceries from the nearest store, and take AI home automation to the next level. It could be either the computer's vision that allows a Samsung Family Hub to identify products in the fridge and build a shopping list, or voice-controlled smart devices using NLP engines to understand speech. Such systems use AI to create a better user experience for smart home residents. AI in smart homes helps residents play music, update their to-do list, turn lights off and on, and much more.

## 2. Growing Adoption of IoT (Internet of Things)

The Internet of Things comprises different types of devices, from self-driving cars to smart speakers and Wi-Fi-enabled fridges. IoT is one of the latest smart home technology trends that will continue to grow at a rapid pace. The rate of adoption of Internet of Things (IoT) technology services is increasing at an ever faster rate. In the future, IoT devices will become even more advanced and we will see a lot more cases for their implementation. One of the possible implementations is doors with smart locks that automatically unlock when they recognize the face of the homeowner. IoT is the biggest and the most exciting among the smart home trends that offer to bring considerable innovation to our everyday routines.



## 3. Robots in Smart Homes

Robots entered residential premises with simple innovations like robotic vacuum cleaners and lawnmowers. But the improvement in artificial





intelligence has opened the door to far more advanced features, such as robots used for cooking, cleaning, and doing simple household tasks. Specifically, smart home robots can be a household helper for the elderly and people with disabilities. These domestic robots will take over smart home applications and perform routine tasks. From cooking and cleaning to providing healthcare and monitoring services, all manners of use are being explored for robots such as LG's CLOi and Trifo's Lucy.

## 4. Smart Thermostats

Smart thermostats have been one of the most widely adopted smart home tech devices. They are generally easy to install and can be completely customized to the resident's preferred temperature, as well as their routines, making it easy to adjust the environment in the home from just about anywhere.



Smart thermostats are also touted as eco-friendly because heating and cooling can easily be turned on and off when the resident is away from home, and they are also budget-friendly, as their usage can reduce utility bills.

## 5. Integration with Voice Assistants

Integration with voice assistants is another efficient way to solve the connectivity problem and add a voice control feature to any smart home gadget. In recent years, enabling of Amazon Alexa or Google Assistant has been unfolding at an unprecedented rate. In fact, it's



now difficult to find a connected appliance or system that cannot be controlled by Alexa. The list of adopters includes smart lighting such as Philips' Hue family, thermostats such as Ecobee, furniture such as coffee tables by 37°C Smart Home, kitchen appliances such as ChefSteps Joule, security systems such as Logitech cameras and Yale locks, and even vehicles such as models by Audi and Lexus.

## 6. Focus on Security in Smart Home Technology

Security is one of the key smart home technology trends today, as the use of even one single smart home product with weak security protocols can put the whole ecosystem at risk. Security will be one of the most rapidly developing sectors in the smart home market, and the one with the fastest adoption rate. This explains the boom among connected security devices, including smart locks,



doorbells and cameras. The future of smart homes, where every second device is listening, recording, or watching, also creates conditions for an urgent need of an additional level of security for the security devices. For this purpose, designers and developers of connected systems are adding advanced authentication. AI-based biometrical authentication for August locks is one good example. Other companies develop special hubs to secure connected things. For example, Avira offers the SafeThings router, which enables security for a household's smart systems, protecting against cyber-attacks, spies, or other intrusions.

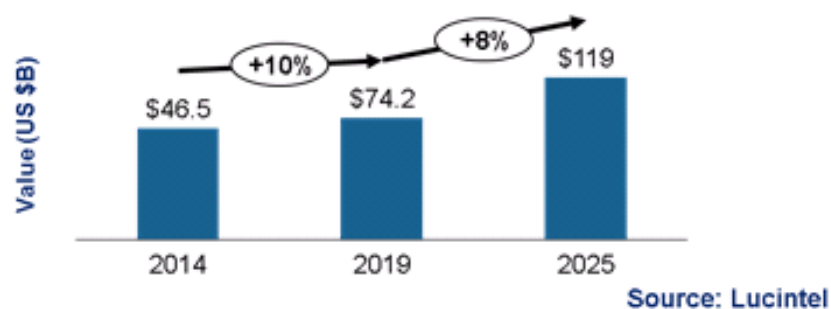
## Strategic Considerations for Key Players in the Smart Home Market

The smart home industry is dynamic and ever-changing. Successful industry players are necessarily masters of innovation, change, and adaptation. To retain this status, they need to be attentive to current trends. We believe there will be promising opportunities for smart homes in



home safety and security, appliance, entertainment, lighting, HVAC, healthcare, and kitchen applications. As per Lucintel's latest market research report (Source: <https://www.lucintel.com/smart-home-market-2020-2025.aspx>), the smart home market is expected to grow with a CAGR of approx. 8.0% between 2020 and 2025, and reach \$119 billion by 2025. This market is primarily driven by increasing awareness related to safety and security, increasing consumer demand for simplicity and personalized experience, and the growing adoption of cloud-based technologies.

**Trends and Forecast for the Global Smart Home Market  
(US \$B) (2014 - 2025)**



Whether you are new to the smart home market or an experienced player, it is important to understand the trends that impact the development process, as these trends as listed above will lead players to create long-term strategy formulation that will allow them to remain competitive and successful in the long run. For example, to capture growth, some of the strategic considerations for players in the smart home market are as follows:

- Smart home market players can increase their capabilities to develop home artificial intelligence systems.
- Players can focus on IoT devices and also on enhanced privacy and security in the smart home sector, which is expected to lead future trends.
- Investment to increase competencies in the development of advanced integrated systems controlled by voice assistant technologies



- Research and development activities for the development of low-cost connected devices to increase the adoption rate

**Note:** In order to gain better understanding, and learn more about the scope, benefits, and companies researched, as well as other details in the smart home market report from Lucintel, click on <https://www.lucintel.com/smart-home-market-2020-2025.aspx>. This comprehensive report provides you in-depth analysis on market trends and forecast, segment analysis, regional analysis, competitive benchmarking and company profiling of key players. In addition, we also offer **strategic growth consulting** to meet your customized needs. We have worked with many PE firms and corporate customers in the process of their market entry and M & A initiatives.





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### Contact Us



Sanjay Mazumdar, Ph.D.  
CEO, Author, & Strategist

Email: [sanjay.mazumdar@Lucintel.com](mailto:sanjay.mazumdar@Lucintel.com)

Tel.: +1-972-636-5056



Eric Dahl  
Senior Executive Advisor

Email: [eric.dahl@lucintel.com](mailto:eric.dahl@lucintel.com)

Tel.: +1-323-388-6971



Brandon Fitzgerald  
Director of Client Engagement

Email: [brandon.fitzgerald@lucintel.com](mailto:brandon.fitzgerald@lucintel.com)

Tel.: +1-303-775-0751



Sabonn Dammarell  
Client Engagement Specialist

Email: [sabonn.dammarell@lucintel.com](mailto:sabonn.dammarell@lucintel.com)

Tel.: +1-208-570-0101

