

In China, Smart Speaker Adoption Is Booming

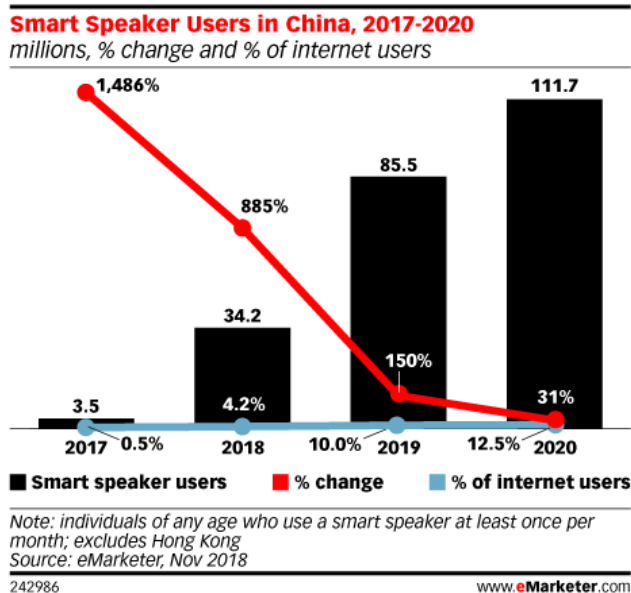
Singles' Day sales are expected to drive usage

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Alibaba's Singles' Day is expected to be the biggest selling day for smart speakers in China, and a key driver to adoption in the market.

This year, 34.2 million people in China will use smart speakers, according to eMarketer's estimates — that's a significant increase from the 3.5 million a year prior.



Growth is expected to continue even further, as Chinese manufacturers compete aggressively on price to become the market leader. By 2019, we expect there will be 85.5 million smart speaker users in the country.

"China's growth story is similar to the US, where price is key in driving adoption," said Shelleen Shum, forecasting director at eMarketer. "Steep discounts on the Tmall Genie smart speaker during Singles' Day last year, as well as the introduction of lower-priced mini versions of several smart speakers in early 2018, were key in accelerating growth."

Indeed, Alibaba slashed the price of its Tmall Genie speaker from RMB499 (\$74) to RMB99 (\$15) during Singles' Day 2017 to drive sales. It has already discounted the speaker again, in advance of this year's annual shopping event held on November 11.

Other players like Xiaomi, Baidu and JD.com have followed suit and aggressively priced their smart speakers to keep up with competitors. They are also integrating their products with smart-home offerings. JD.com has partnered with Midea, maker of smart-home appliances; Xiaomi has its own products, like air purifiers, rice cookers and vacuum robots; and Baidu partnered with Haier, an electronics and home appliance company

These types of strategies will help drive smart speaker penetration among China's internet users to 10.0% in 2019, from 4.2% in 2018.