

# Apple takes a page from the Google Nest playbook, but isolated HomePod still faces big challenges to wider adoption

Article

**The news:** While MacBook Pros and the new **M1 Pro** and **M1 Max** processors were the big announcements at **Apple's** fall event, the company also refreshed its popular AirPods wireless earbuds and announced new colors and capabilities for its HomePod mini smart speakers.

**How we got here:** Apple was late to the smart speaker party with the \$350 HomePod in 2018.

It sold poorly and was discontinued in favor of the smaller and cheaper \$100 HomePod mini in 2020. One year later, Apple added colors and voice features like the ability to “broadcast” messages across various HomePods—features that **Google's** \$35 Home mini speakers offered years ago.

- A report from [CIRP](#) in August said the US smart speaker market hit **126 million devices as of June 2021**, with Amazon owning the lion's share of the market at **69%** and Google coming in second at a **20%** share.
- HomePod penetration grew slightly to **7 million units in 2021**, putting it at less than **10%** of the US smart speaker market.
- Unlike its competitors, which offer cross-platform functionality, HomePod is tied to the Apple ecosystem and won't work with Android devices or PCs. Apple also only has one smart speaker model, while [Amazon](#) and [Google](#) have multiple form factors.

**The problem:** Apple, which traditionally comes from behind in more mature market segments before dominating them (e.g., iPod, iPhone, iPad, Apple Watch), is going to have a hard time making a bigger dent in the smart speaker space.

Apple's HomeKit smart home ecosystem is similarly [small](#) compared with Amazon's and Google's burgeoning arrays of smart cameras, doorbells, sensors, and lights.

- Market leader Amazon is creating an [echo device](#) for every corner in consumer's lives, including smart TVs, connected car speakers, and even karaoke microphones.
- And Google's Nest isn't sitting around idly. More Nest smart speakers (4.1 million) were shipped than Amazon Echos (3.3 million) in the US during Q2 2021, [per](#) Omdia.

**The bigger picture:** HomePod mini’s limitation is that it is locked into Apple’s ecosystem and relies on a tiny HomeKit smart home platform.

- Smart speaker pricing is also a race to the bottom, with competitors flooding the market with cheaper options—a game Apple clearly refuses to play.
- Moreover, Insider Intelligence’s ecommerce survey, conducted by **Bizrate Insights** on **1,066 US adults** in August, revealed that **35% of respondents** interacted with smart speakers to manage smart home appliances, while **only 15%** used them to access digital content like music.

## Smart Speaker Users, by Brand US, 2021



Source: eMarketer, June 2021

eMarketer | InsiderIntelligence.com