

Canalys: Baidu replaces Google to become number two in smart speaker market in Q2 2019

Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Monday, 26 August 2019

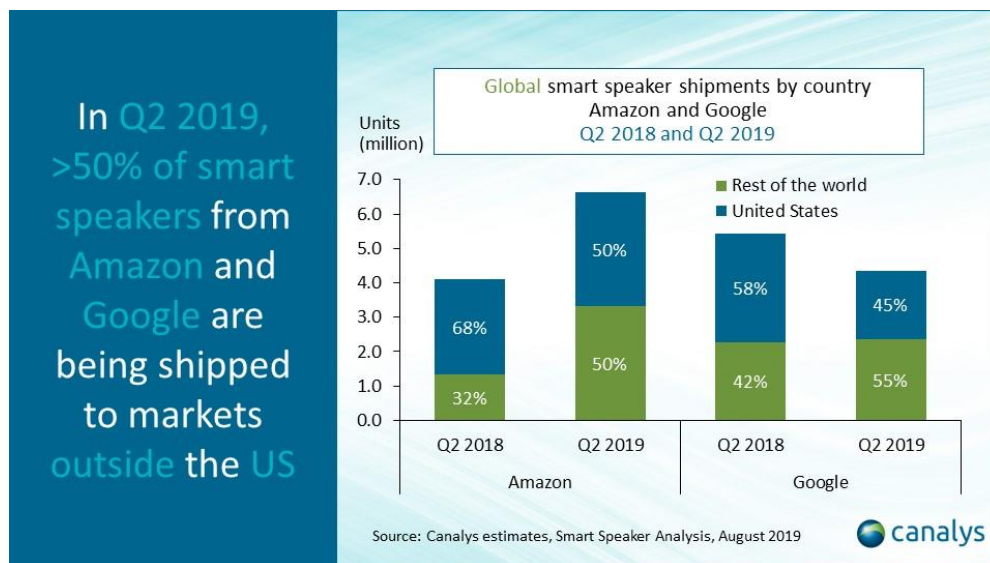
The global smart speaker market grew 55.4% in Q2 2019 to reach 26.1 million units. Amazon maintained the worldwide lead by shipping 6.6 million units of Echo smart speakers. Baidu, despite only serving the China market, grew 3700% to reach 4.5 million units in Q2 2019, after it reentered the market with Xiaodu devices in Q2 of last year. Baidu became the second largest vendor and overtook Google which shipped 4.3 million in the same quarter. China's smart speaker market performance outshone others as the country doubled its quarterly shipment size to 12.6 million units, more than twice as large as the US market which stands at 6.1 million units.

Worldwide smart speaker shipments and annual growth
Canalys smart speaker market pulse: Q2 2019

Vendor	Q2 2019 shipments (million)	Q2 2019 market share	Q2 2018 shipments (million)	Q2 2018 market share	Annual growth
Amazon	6.6	25.4%	4.1	24.5%	61.1%
Baidu	4.5	17.3%	0.1	0.7%	3700%
Google	4.3	16.7%	5.4	32.3%	-19.8%
Alibaba	4.1	15.8%	3.0	17.7%	38.8%
Xiaomi	2.8	10.8%	2.0	12.2%	37.5%
Others	3.7	14.1%	2.1	12.7%	73.3%
Total	26.1	100.0%	16.8	100.0%	55.4%

For Baidu to replace Google to become the world’s second largest smart speaker vendor is no small feat, but bears little significance as both companies operate in mutually exclusive markets. “Aggressive marketing and go-to-market campaigns built strong momentum for Baidu in China. The vendor stood out as a key driver of smart displays, to achieve 45% smart display product mix in its Q2 shipments,” said Canalys Research Analyst Cynthia Chen. “Local network operator’s interests on the device category soared recently. This bodes well for Baidu as it faces little competition in the smart display category, allowing the company to dominate in the operator channel.”

The US market showed slight weakness, declining 2.4% with a total of 6.1 million units shipped. “Amazon and Google are focused on growing their business outside the US,” said Canalys Senior Analyst Jason Low. “Google’s transition to the Nest branding while pivoting to smart displays proved to be a challenge, especially as it has begun rolling out its Nest Hub smart display globally. Google urgently requires a revamped non-display smart speaker portfolio to rekindle consumer interest, as well as a robust marketing strategy to build its Nest branding outside of the US.”



Vendors are facing the challenge of pivoting to more complex devices in the short term, with most vendors looking to integrate displays. “Despite feeling upbeat about the market outlook, vendors are wary about the price sensitivity towards the relatively new category of smart displays. Experimentation with different price points and value propositioning strategies are to be expected. However, uncovering new and unique use-cases with a strong focus on voice-first interface on smart displays should be the top priority for vendors,” added Low.

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