HONOR

INTELLIGENT LIVING IN EUROPE

Refer to *Canalys: Intelligent Living in Europe* for key information and data

1/ FOREWORD

What is Intelligent Living?

The rapid introduction of AI capabilities in smartphones, personal audio devices, wearables and personal computers has led to an ecosystem of products where they interconnect and act on contextual information to provide timely services to consumers. We call this Intelligent Living. These smart devices help users get through their daily lives more efficiently and effectively so that they can focus on what truly matters. Whether that is shuffling music on your smartwatch that is connected to your wireless earphones or activating your smart speakers on your smartphones, these scenarios have become a staple in the lives of many.

Intelligent Living in Europe

Europe has a population of 510 million, making it the world's third largest continent. In addition to its sheer size, approximately half of the world's high-income countries (as defined by the World Bank) resides on this continent. The marriage of these two factors presents an opportunity to drive adoption of an intelligent living lifestyle. To understand more about this ecosystem and how consumers are thinking about IoT devices, we are pleased to present findings from this report – Intelligent Living in Europe.

In this report, we examined four main use cases of Intelligent Living: Entertainment, Health and Fitness, Productivity and Connected Living, and provide several interesting insights into the IoT ecosystem and consumer behavior across the region.
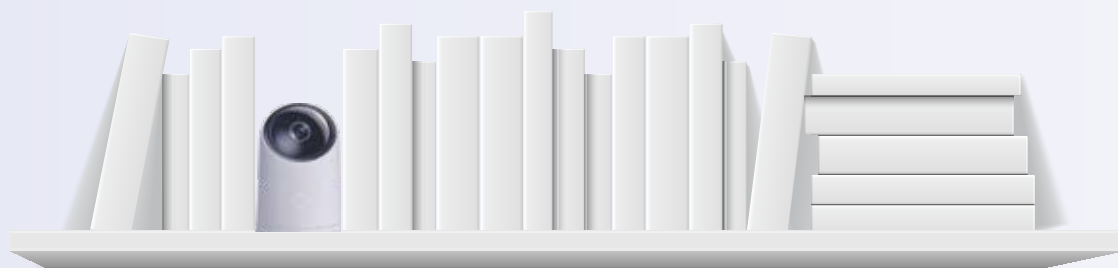
At HONOR, we are continually innovating our products and services to deliver enhanced consumer experience that will satisfy the needs of the digitally engaged consumer. Our "1+8+N" All-Scenario IoT strategy addresses this goal and will guide us into the future of Intelligent Living. This journey will be intimately tied to how we can increase the capabilities of our products and create new use cases that adds convenience to the lives of consumers. We hope this report will serve as a guide into the IoT ecosystem in Europe as we strive to drive the future of intelligent living and stay ahead of this digital transformation.
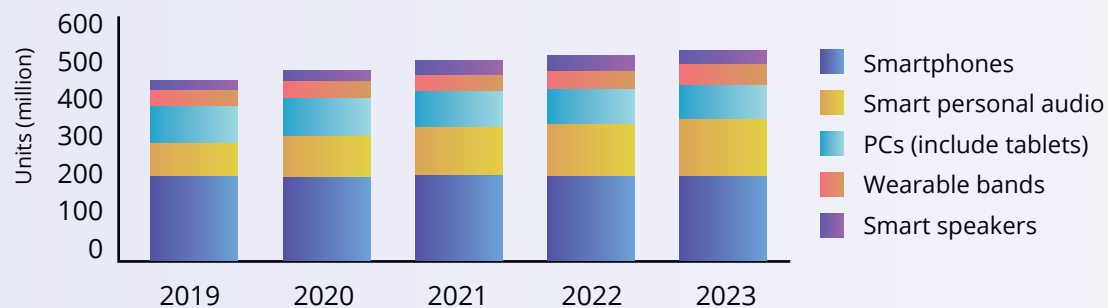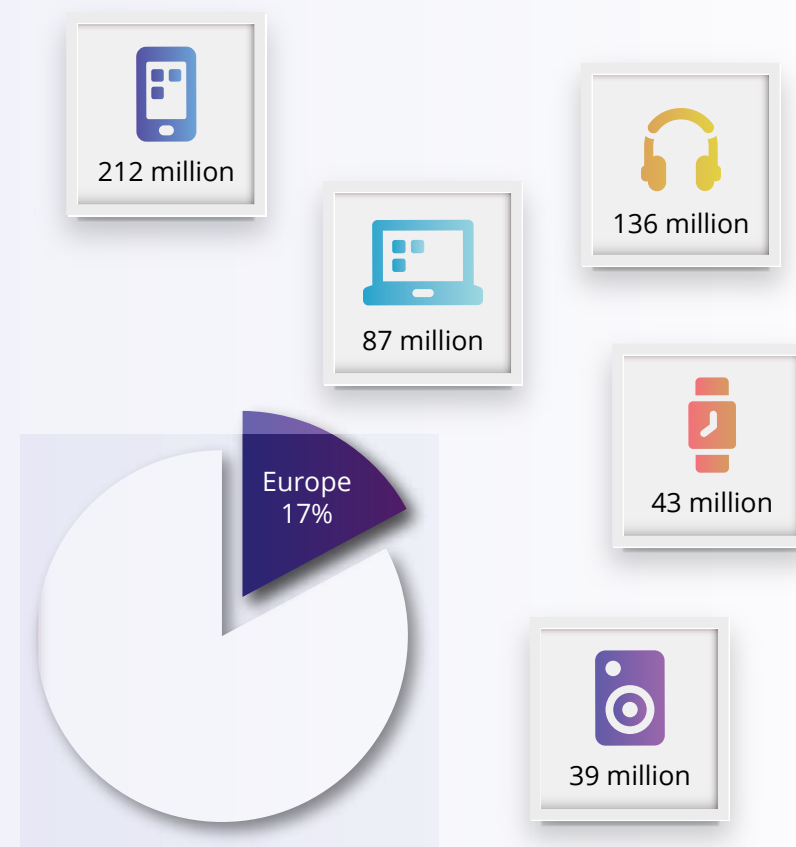
3/ OVERVIEW OF DEVICE SHIPMENT IN EUROPE

"The expanded capabilities of devices, combined with a more robust IoT ecosystem, has had a major impact on the demand for smart devices. Between 2020 to 2023, the smart device market in Europe is expected to increase by a CAGR of 3.5%, with smart speakers and smart personal audio being the fastest growing categories."

Western Europe and Central & Eastern Europe smart device forecast

Legend:
- Smartphones
- Smart personal audio
- PCs (include tablets)
- Wearable bands
- Smart speakers

Source: Canalys estimates and forecasts January 2020

212 million

87 million

136 million

43 million

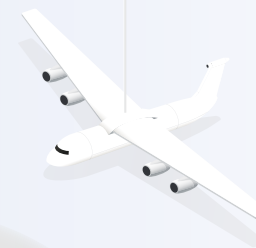39 million

Europe 17%

Smart device shipments in 2023

" Our unique portfolio of smart and cutting-edge products has expanded our IoT ecosystem and created a ubiquitous and seamless experience for our global customers. 41% of surveyed respondents in this study carry more than one smart device while at work or on-the-go, and this increases to 68% while they are at home. This demonstrates an increase in demand for more intelligent and digital experiences. Seeing this trend, HONOR aspires to become the go-to brand for the needs of digital natives all around the world. "

WESTERN EUROPE

EASTERN EUROPE
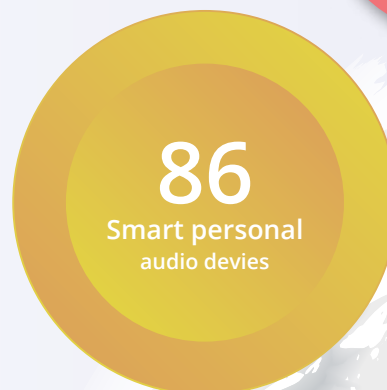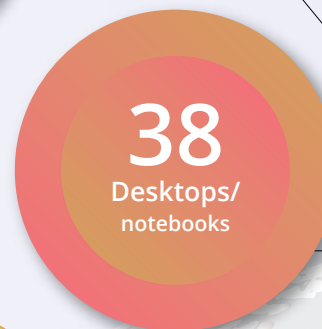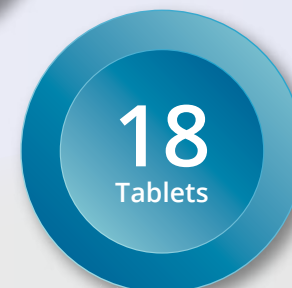
CENTRAL EUROPE

DEVICE SHIPMENT IN WESTERN EUROPE

Smart Personal Audio Devices

Smart personal audio devices are expected to become the most popular. Within this category, truly wireless earbuds are expected to grow at a CAGR of 12.3% from 2020 to 2023, compared to wireless earphones.

Smart Speakers

Brands looking to carve a market of their own in the smart speaker category should look at having in-house smart assistants and unique service integrations.

Wearable Bands

Wearable devices work as a reliable fitness companion for athletes and enthusiasts across different levels, each needing a varying degree of tracking capabilities. For most, smartwatches are a way to stay connected and entertained.

World-class audio performance on the go

Reliable fitness companion for the fashion-conscious

24
Wearable bands

28
Smart speakers

38
Desktops/ notebooks

18
Tablets

86
Smart personal audio devies

For every
100
smartphones
shipping in 2023

5
Smart speakers

15
Wearable bands

6
Tablets

16
Desktops/ notebooks

For every
100
smartphones shipping in 2023

36
Smart personal audio devies

" Consumer spending will focus on smartphones with shipments to increase by CAGR of 3% from 2020 to reach 91 million units by 2023. "

Smart Personal Audio Devices

Users are most likely to upgrade from their bundled earphones to wireless audio devices for the convenience and sound quality improvements.

Smart Speakers

Within Central and Eastern Europe, smart speakers will experience the largest growth rate. Our research shows that 77% of respondents own at least one smart speakers.

Greater push for Smart Cities

Europe is one of the regions that has maintained a strong awareness of climate change, and the development of smart cities. The European Innovation Partnership on Smart Cities and Communities (EIP-SCC) brings together cities, industry players and other stakeholders to make European cities smarter, more competitive, more habitable and more energy efficient.

Greater accessibility to data to develop strengths in AI

The European Commission will support European companies to use data created within the EU's borders. This strategy will spur innovation in AI and IoT technologies but will require European companies, including network providers, to collaborate closely.

Greater collaboration among industry players

The Project Connected Home over Internet Protocol (CHIP) is a new alliance that invites participation from global players as well as domestic players in Europe to enable communication between devices, apps, cloud services, therefore increasing compatibility between smart home devices.

Greater emphasis on user privacy and data security

Europe is expected to benefit from a robust regulatory framework that protects user privacy and data security, and an overall encouraging environment to support the development of intelligent ecosystems.

Devices designed to exist within an ecosystem.

Smart devices should no longer be thought as singular devices. Instead, it should be positioned as a piece of a bigger puzzle. Within an ecosystem, a device can establish itself as a touchpoint to generate data, while unlocking new use cases when linked to other devices.

High accessibility of devices and features to all users.

From getting devices connected, to setup and intended use, devices must be easy and intuitive to use. Device user interfaces are expected to expand to include multi-modal interfaces, including voice access.

High interoperability and compatibility across devices.

It is highly challenging for consumers to invest in a single device brand. Hence, it is important to ensure cross-brand and cross-device compatibility. Ensuring a consistent software experience will also be vital.

Did you know?

HONOR MagicBook Series retains the original HONOR Magic-link offering an upgraded version with Multi-Screen Collaboration capability, making it easier than ever to work between your smartphone and laptop. Users can now do cross-collaboration between their HONOR smartphone and HONOR MagicBook Series with a simple tap.

Integration of AI to offer actionable intelligence.

Smart assistants will play the role of interfacing with users across multiple touchpoints in the ecosystem. Smart assistants must be able to communicate across devices, mobile apps and cloud services to provide actionable intelligence and perform tasks as intended by the users.

Did you know?

The HONOR 9X PRO is equipped with the Huawei Assistant, a virtual assistant that facilitates information search and apps accessibility, adding more convenience for the user.

Video consumption habits are changing rapidly

- Wireless earbuds are becoming an essential as short videos on social media and multi-device streaming become popular
- Live streamers are looking to stream from multiple devices for high-quality streams

Wearable companion helping to boost performance

- Easily track your performance during workouts, runs and other sport activities
- GPS tracking ensures a smooth navigation in the wilderness

Devices bringing new modes of gaming

- Notebook PCs are expected to be portable while expandable for the best gaming experience on the go
- Smartphones with better performance give players a competitive edge and low-latency wireless audio allows user to take advantage of sound during gameplay
- Mobile game live streaming is becoming popular

Smarter home as a better place to live

- Smart speakers not only allow users to enjoy smarter home control and easier set up but also drive the increase of connected smart home devices across home security, entertainment and energy efficiency gadgets

Wearables committing users to stay healthy

- Daily activities are tracked and measured to suggest goals to users to stay active
- Stress and sleep are tracked to encourage users to be more mindful

Smartphone and ecosystem devices adapt to user scenarios

- Smarter and better commute is made possible by mobile and NFC payments, music and video streaming and even wireless noise-cancelling ear buds
- Smartphones offer easier navigation and better in-car safety with superior flexibility and accuracy

Notebook PCs as the center of mobility and productivity

- Notebook PCs' seamless compatibility and connectivity to smartphones and other devices help users maximize productivity and make time for creative pursuits
- Notebook PCs are multi-purpose, from school assignments to casual gaming and TV streaming

11/ TOP 8 USE CASES

Audio and Video

Gaming

Mobile Worker

Content Creator

Entertainment

Audio and Video

Offering users high-quality audio and visual experiences while consuming content, be it on-the-go or in specific environments or user scenarios.

Entertainment

Gaming

Elevating users' game-play experience and performance so they can enjoy and gain a competitive edge.
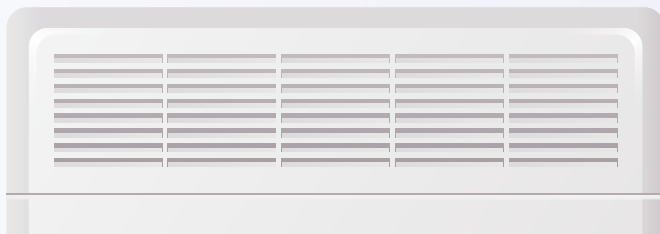
Productivity

Mobile Worker

Allowing workers to achieve peak productivity wherever they work. Devices aim to provide the performance or the flexibility to suit different tasks.

Productivity

Content Creator

Leveraging a number of devices to create a conducive environment to spur creativity.

Health and Fitness

Sports and Fitness

Helping users to perform better in the sports they engage with, allowing them to challenge their personal best.

Health and Fitness

General Well-being

Helping users to improve the state of personal health by achieving better body weight, better sleep, better stress management, and more.

Connected Living

Mobile Lifestyle

Allowing users to attain key features and services, completing tasks while on the go.

Connected Living

Smart Home

Achieving key use cases, such as home automation, control and monitoring to aid users in convenience, safety and achieving energy efficiency.
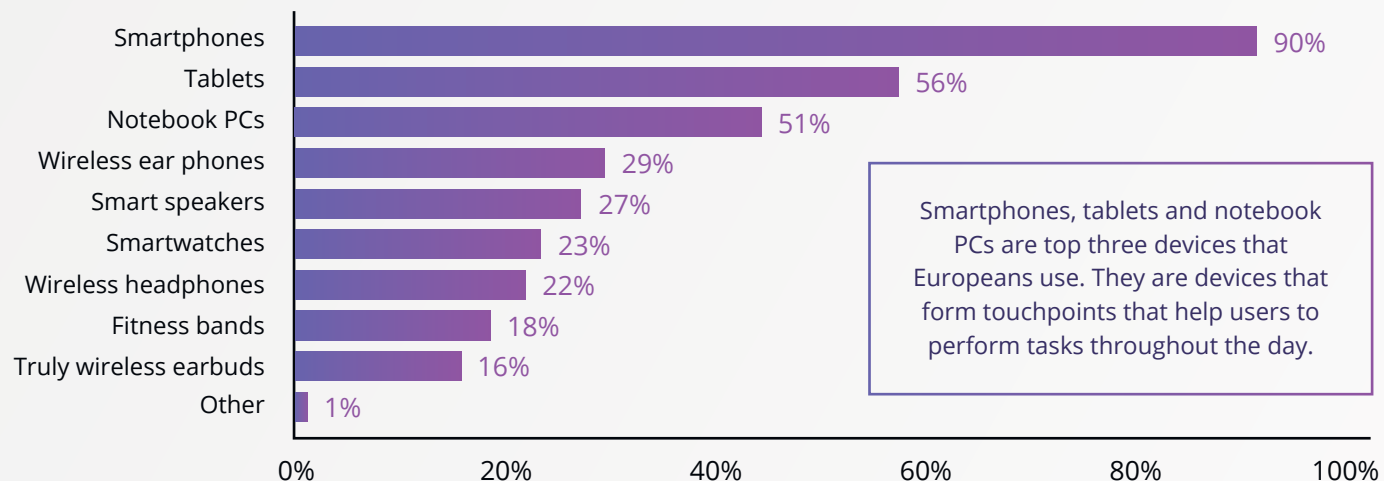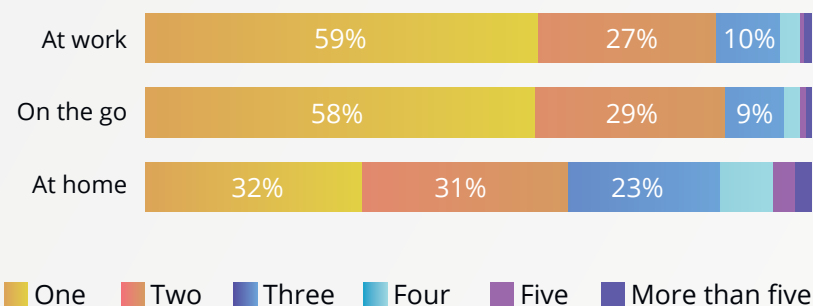
Gerneral Well-being

Sports and Fitness

Smart Home

Mobile Lifestyle

Top Smart Devices used by consumers

Device	Percentage
Smartphones	90%
Tablets	56%
Notebook PCs	51%
Wireless ear phones	29%
Smart speakers	27%
Smartwatches	23%
Wireless headphones	22%
Fitness bands	18%
Truly wireless earbuds	16%
Other	1%

Smartphones, tablets and notebook PCs are top three devices that Europeans use. They are devices that form touchpoints that help users to perform tasks throughout the day.

Number of Smart Devices Carried

	One	Two	Three	Four	Five	More than five
At work	59%	27%	10%			
On the go	58%	29%	9%			
At home	32%	31%	23%			

Legend: One · Two · Three · Four · Five · More than five

Top Three Reasons to buy Smartwatches and Fitness Bands

To improve my fitness and well-being: 56%
To try new smart features: 18%
To receive notifications on my wrist: 18%

Top Three Reasons to buy Smart Personal Audio Devices

More convenient: 48%
Better sound quality: 20%
More features: 15%

CONCLUSION

Our report shows that 58% of users carry only one device while they are on the go, hinting that European users have yet to assimilate the intelligent ecosystem lifestyle fully. However, 84% of respondents show a likelihood of buying a smart device other than a smartphone, which indicates that most users are ready to be exposed to the positive lifestyle changes that intelligent ecosystem devices can bring.

Looking forward, HONOR will work together with our partners to push for the ambient computing and intelligent environment paradigm. While there are considerable challenges to overcome to attain this goal, we believe that by designing smart devices to work seamlessly together right now, we can bring benefits to society one small step at a time.