

Connected Toys - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Connected Toys Market size is estimated at USD 13.25 billion in 2024, and is expected to reach USD 35.27 billion by 2029, growing at a CAGR of 21.63% during the forecast period (2024-2029).

Key Highlights

- The growing preference among children for more interactive and self-aligning toys has propelled the market for connected toys. Connected toys are versatile devices that serve multiple purposes. Parents often program these toys to facilitate learning exercises and use them as event trackers to ensure the safety and security of their children. The adoption of connected toys is expected to witness increased demand over the forecast period as parents increasingly prefer connected toys that can assist their children with developing their intellectual level.
- Furthermore, the adoption of STEM (Science, Technology, Engineering, and Math) toys for children's skills enhancement is one of the key factors driving the demand for the connected toys market. These connected toys are being used to enhance professional skills, such as coding and engineering.
- Developing STEM skills among the youngest learners is an economic imperative in the United States. Thus, students starting early in STEM subjects can build strong foundations and begin to enhance the nation's low scores in these areas. According to the National Center for Education Statistics, 64% of fourth graders are below proficiency level in mathematics in most states of the United States. In response, toy companies are increasingly focusing on investing in making their products a suitable means of interactive learning.
- The growing digital trend of connecting common devices to the internet is posing new issues for consumer protection and online security. 'Connected toys' often include a microphone and speaker, as well as an app to process data. While it is undeniable that these high-tech gadgets can bring new life to leisure, they can also present significant problems in terms of privacy protection. Such factors related to privacy are hampering the growth of the market.

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-With the lockdown, school closures, and social distancing measures in place, children and families spent the most time at home. This led to an increased demand for toys and entertainment products, including connected toys, as they offered interactive and engaging experiences for children. Also, COVID-19 accelerated the adoption of digital technologies across various sectors. As families sought ways to keep children entertained and engaged at home, there was an increased demand for connected toys that integrated technology, such as augmented reality, virtual reality, etc.

-However, the closure of toy shops and departmental stores due to pandemic lockdown restrictions in many countries lowered the connected toy products sale from the stores and hampered market growth.

Connected Toys Market Trends

Smartphone Connected Toys are Expected to Witness Significant Growth

- Smartphones have become increasingly prevalent worldwide, with a significant portion of the population owning or having access to one. This widespread adoption of smartphones created a large user base that can interact with smartphone-connected toys.

- Connected toys, also considered smart toys, are available in various shapes and designs with a common connectivity element, allowing the children to interact with the toy through a smart device or smartphone. Many manufacturers have been producing toy units that can fly using only an app and a Wi-Fi or bluetooth connection.

- With the rapid technological advancements, children's toys are already computerized and connected to the Internet and will continue to witness many more upgrades in the near future. Moreover, an increase in Internet users, coupled with the increased adoption of hand-held devices like smartphones and tablets, is driving the global market.

- Various factors such as direct communication, real-time tracking of children's activities, and personal data storage that includes a child's name, photos, and voice recordings, which helps personalize the toys, are some of the reasons driving the app-based connected toys. For instance, in September 2022, the world of Shell Motorsport came with seven bluetooth-controlled models. Each model can be remote-controlled via a smartphone, with gamification and engagement through the global Shell racing app.

- As artificial intelligence (AI) and robotics have become more affordable than in the past years, the technology has been incorporated into a wide range of children's toys. This not only offers a new interactive experience to the children but also extends the life of toys with multiple features. Such innovations are expected to drive the market over the forecast period.

North America is Expected to Hold the Largest Market Share

- The demand for connected toys in the region is expected to grow in the coming years. This growth will be driven by the continued popularity of technology among children, the growing focus on educational toys and the increasing availability of connected toys in the market.

- North America is expected to dominate the global connected toys market with a significant market share. The rapid adoption of technological advancements in the region, the integration of technology in various learning and leisure gadgets, and the high penetration of connectivity services stand to be key factors driving the market's growth.

- Furthermore, increasing adoption of these toys among toddlers and pre-schoolers in the United States and Canada on account of strong product awareness through e-commerce portals and print and digital media is expected to remain a favorable factor over the coming years.

- The presence of key players, including Mattel Inc., Hasbro, Inc., Sphero, and others in connected toys, is expected to be a major factor driving the market growth in North America. Also, these vendors are making significant developments and innovations in their products and offerings, which will further contribute to the region's growth.

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- In February 2022, Hasbro, Inc., a global play and entertainment leader, announced the activation of its purpose-driven brand blueprint strategy with an extensive lineup of new content and products across its iconic portfolio. The company unveiled all-new entertainment and product innovations across key franchise categories, including action, arts & crafts, and gaming brands.

Connected Toys Industry Overview

The connected toys market is fragmented, with numerous players operating in the market. There are both established toy manufacturers and emerging tech companies competing in this market, offering various connected toys and smart devices for children. Various players are adopting strategies like product innovation, mergers, and acquisitions, primarily to extend their product portfolio and remain competitive in the market.

In November 2022, Mattel Inc., the multinational toy manufacturer best known as the maker of Barbie, Hot Wheels, and other iconic toys, acquired Caribu, an app that allows families to read, draw and play games in an interactive video call.

In July 2022, Mattel, Inc. entered into a multi-year agreement with SpaceX to create and market products that inspire children and collectors alike to tap into their inner space explorers. Further, in 2023, Mattel would begin releasing SpaceX-inspired toys under its iconic Matchbox brand. Simultaneously, Astro-inspired collectibles would debut on Mattel Creations, Mattel's collaboration and direct-to-consumer platform.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Attractiveness - Porter's Five Forces Analysis

4.2.1 Bargaining Power of Buyers/Consumers

4.2.2 Bargaining Power of Suppliers

4.2.3 Threat of New Entrants

4.2.4 Threat of Substitute Products

4.2.5 Intensity of Competitive Rivalry

4.3 Assessment of the Impact of COVID-19 on the Market

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Easy Availability of Connected Platforms

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5.2 Market Challenges

5.2.1 High Cost of the Connected Toys

6 MARKET SEGMENTATION

6.1 By Type

6.1.1 Smartphone Connected Toys

6.1.2 Console Connected Toys

6.1.3 Tablet Connected Toys

6.2 By Geography

6.2.1 North America

6.2.2 Europe

6.2.3 Asia-Pacific

6.2.4 Rest of the World

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles

7.1.1 Mattel, Inc.

7.1.2 Hasbro, Inc.

7.1.3 Sphero

7.1.4 Wonder Workshop, Inc.

7.1.5 Sony Corporation

7.1.6 WowWee Group Limited

7.1.7 Leka SAS

7.1.8 LEGO System A/S

7.1.9 Bandai Namco Entertainment, Inc.

7.1.10 Anki inc.

8 INVESTMENT ANALYSIS

9 FUTURE OF THE MARKET

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