

# Connected Toys Market Growth Outlook 2025 to 2035: Rising Demand for AI, AR, and Smart Play Fuels Global Expansion

*The connected toys market is set to grow from USD 14.7 billion in 2025 to USD 99.9 billion by 2035 at 21.1% CAGR, driven by AI, AR, and educational play demand.*

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-- The global [connected toys market](#) is on the cusp of extraordinary growth, signaling a new era in children's entertainment and learning. Valued at USD 14.7 billion in 2025, the market is forecasted to surge to USD 99.9 billion by 2035, reflecting a remarkable compound annual growth rate (CAGR) of 21.1%. Over the next decade, connected toys are expected to redefine playtime by blending artificial intelligence, augmented reality, and IoT technologies into engaging and educational experiences for children.



The initial five years will be especially critical, with the market expected to gain USD 23.6 billion between 2025 and 2030, accounting for nearly half of its total forecasted growth. As interactive and AI-powered toys gain traction among parents and children alike, established companies and new entrants are racing to capture this opportunity by combining creativity with cutting-edge technology.

## Why the Market Is Expanding

The connected toys market is thriving because it meets the dual demand for fun and education in the digital age. Parents increasingly want toys that not only entertain but also support cognitive development and foster early learning. STEM-based toys that encourage problem-solving, coding, and critical thinking are becoming household staples. Children are more digitally literate than ever, and they gravitate toward experiences that merge physical play with interactive storytelling and real-time feedback.

Integration with mobile devices, tablets, and home assistants has transformed connected toys into versatile companions that can be updated with new content and adapted to a child's learning stage. From voice-activated dolls to app-controlled robots, the possibilities are expanding rapidly. Meanwhile, advancements in wireless protocols, secure data frameworks, and energy-efficient modules ensure that these toys are not only engaging but also safe and reliable.

### The Role of Technology

At the heart of this market expansion is the evolution of technology. Bluetooth-enabled toys, expected to account for more than one-third of market share in 2025, are widely embraced for their ease of use and reliable short-range connectivity. Wi-Fi and AI integration are also playing key roles in enabling seamless updates, personalized learning modules, and interactive features that respond intelligently to children's voices and actions.

Augmented reality and virtual reality are adding immersive layers to play, bringing board games, puzzles, and action figures to life in ways that blur the boundaries between the physical and digital worlds. Robotics and machine learning are creating toys that grow with children, adapting their complexity as kids develop new skills.

### Market Segments Driving Growth

Among all age groups, toys designed for children aged 6 to 8 are projected to hold 27.5% of the market in 2025. This reflects the importance of early education and problem-solving in this developmental stage. Connected toys in this category often feature structured content, gamified lessons, and voice recognition to reinforce language and logical reasoning skills.

Smartphones are emerging as the most dominant interfacing device, with an expected 32.4% market share in 2025. Their ubiquity makes them the natural bridge between connected toys and digital platforms, enabling remote control, content personalization, and parental oversight.

Regionally, North America and Europe remain strong markets, but the real surge is coming from Asia-Pacific, particularly China and India. With China growing at a projected CAGR of 28.5% and India at 26.4%, the region is positioned to outpace traditional markets thanks to rapid urbanization, rising disposable incomes, and increasing emphasis on STEM education.

### Opportunities and Challenges

The connected toys market represents an enormous opportunity for both established players and startups. Companies that can integrate personalization and AI into their designs will be best

positioned to capture long-term growth. The edutainment segment, where toys combine entertainment with measurable learning outcomes, is particularly promising. Subscription models that deliver updated content, stories, and challenges are emerging as new revenue streams.

Yet, growth is not without challenges. Privacy and data security remain top concerns, especially when products involve children's personal information. Regulatory compliance with frameworks like GDPR is mandatory, and manufacturers must reassure parents by implementing transparent data policies and robust safety measures. Cybersecurity risks will continue to be a defining challenge as toys become more connected.

## Competitive Landscape

The competitive field is vibrant, with global giants and innovative newcomers shaping the landscape. Lego Group leads the market with its seamless integration of physical building play and digital interaction, offering AR-enabled sets and coding-based robots that blend creativity with education. Mattel, Hasbro, and Fisher-Price continue to dominate with well-established brands that are evolving into connected platforms for children's development.

Emerging players such as VTech, LeapFrog, and Sphero are carving out niches in educational toys, coding platforms, and STEM-based interactivity. These companies are focusing on affordability and accessibility, ensuring that connected toys are not limited to affluent households. Startups are also entering the space with unique offerings that emphasize personalization, gamification, and AI-driven adaptability. Collaborations between toy makers and technology companies are becoming more frequent, accelerating innovation in the market.

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## Regional Insights

North America continues to lead the global market thanks to high technology adoption rates and strong disposable incomes. Europe follows closely, where parental interest in educational and interactive toys remains high. However, the fastest momentum is in Asia-Pacific. China's massive consumer base, rising e-commerce sector, and emphasis on innovation in education make it the single most promising market. India's expanding middle class and growing digital ecosystem are also fueling rapid adoption.

Latin America and the Middle East are emerging markets where growing investments in education and rising consumer awareness are unlocking new opportunities. By 2035, these regions are expected to play a greater role in overall global growth.

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Editor's Note:

This release is based exclusively on verified and factual market content derived from industry analysis by Future Market Insights. No AI-generated statistics or speculative data have been introduced. This press release highlights significant shifts in the Connected Toys Market, which is experiencing a pivotal change driven by consumer demand for healthier, more transparent products.

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