

Press release

Bluetooth and streaming solutions set the tone in the audio market

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Nuremberg, August 31, 2016 – Streaming is trend in virtually every area of the audio market. Consumers are increasingly accessing music files from NAS servers, the cloud, laptops, smartphones or tablets or using increasingly influential online music service providers. Networked and wireless products as well as soundbars and headphones also continue to enjoy huge popularity among consumers. Digital radios are stimulating additional growth. These are GfK's findings for the global audio market on the occasion of IFA 2016 in Berlin.

For 2016 overall, GfK predicts that 334 million headphones and stereo mobile headsets will be sold worldwide. This corresponds to a growth of 7 percent compared with the previous year. The average sale price remains fairly constant at around €23. In total, sales revenues are expected to increase by 6 percent, giving global revenues of over €7.7 billion.

Bluetooth headphones show continued success

Around €2 billion of the estimated sales revenue is accounted for by the Western European market*. This represents an increase of 5 percent. In the first half of 2016 the increase in sales revenue can be traced primarily to a growth of 67 percent in models with Bluetooth functionality.

Following the strong upswing of in-ear Bluetooth models in 2015, the Bluetooth headband segment showed stronger growth again in the first half of 2016, with sales revenues up 85 percent. The Bluetooth in-ear models also continued to prosper, with a 39 percent growth in sales revenue. There are also plenty of innovations waiting in the wings. These include necklace/neckband options as well as completely wireless models with two separate ear pieces and even "Earables" – wearables for the ear.

Docking speakers: The positive Bluetooth trend continues

Docking speakers, which provide wireless music transmission via Bluetooth from smartphones and other devices, are still very popular. Consumers spent €2.9 billion worldwide on this kind of loudspeaker in 2015. For 2016, sales revenues in the global market are expected to rise to €3.4 billion.

This year, two segments are of particular interest: Devices designed for outdoor use (waterproof, water-resistant and/or shock-proof) and stereo pairing devices, which connect together in pairs to produce stereo sound. In Western Europe, the outdoor segment generated over €118 million in

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sales revenue in the first six months of the year, while stereo pairing devices achieved sales revenue of almost €99 million.

Home Cinema: Soundbars recreate the cinema experience in the living room

Soundbars complete the sound experience and provide a cinema atmosphere in the living room, either as a soundbar or soundbase. Sales figures for these devices continue to rise, with €3.2 billion generated worldwide in 2015. In 2016, the market is set to rise a further 8 percent to €3.5 billion.

As in the headphones segment, the soundbars also show a strong trend towards Bluetooth functionality: In the first half of 2016 almost 90 (previous year: 80) percent of all soundbars sold in Europe** had Bluetooth functionality and more than 12 (previous year: 7) percent are already equipped for multiroom play. In particular, individual soundbar solutions with no external subwoofer enjoyed increasing popularity in Europe with a growth in sales revenue of 43 percent, making up around one third of the total turnover.

Compact systems and smart audio products benefit from the streaming trend

In 2015 sales of compact systems and smart audio products comprised 18.7 million devices worldwide, while in 2016 that number is expected to drop slightly by -6 percent. However, multiroom and streaming solutions are revitalizing the market. They are gradually changing the way consumers acquire and listen to music. In Europe, sales revenue of smart audio products (multiroom-enabled systems) rose by 26 percent in the first half of 2016. With regard to compact systems, the trend is moving towards networked and streaming-enabled systems. In total, the sales revenue volume in Europe reached €563 million in 2015. Despite the good development of connected compact systems, the overall European market saw a slight decrease in sales revenue of 5 percent in the first half of 2016.

All streaming-ready segments combined constituted a demand volume in Europe of approximately 18 million sales in 2015. With a share of over 80 percent, Bluetooth is the most popular streaming technology. At the same time, there is also a trend towards Wifi-enabled products, which increase the number of possibilities, especially with regard to multiroom systems. Cable-based solutions only have a very small share in the market.

Digital radio devices continue to grow in popularity

In the European countries relevant for the sale of digital radios (Belgium, Denmark, France, Germany, Great Britain, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland,) and Australia, a total of 1.8 million radios*** with DAB chips were sold between January and June 2016. This puts the sales of digital radios 9 percent higher than the previous year, representing 15 percent of the total radio market.

About the methods

Through its retail panel, GfK regularly collects data in more than 100 countries worldwide on the sale of technical consumer goods. This includes audio products as well as in-car electronics.

*The Western European market/Western Europe includes the countries: Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

**Europe includes the countries: Germany, France, Great Britain, Italy, Spain, Netherlands, Belgium, Austria, Spain, Sweden and Switzerland.

***Product categories included: Audio Home Systems, Tuners, Receivers, Clock Radios, Portable Radios, Radio Recorders, Car Radios (aftermarket).

GfK activities at the IFA, September 2–7, 2016, Berlin:

- 1) The **GfK Info Point** at the IFA press center provides all the information published by GfK during IFA
- 2) Come and chat with our experts in the **GfK office** at the IFA (VIP Room 2, Großer Stern).
- 3) **GfK Technical Innovation Conference** "The Connected Consumer" on September 1, 1-3pm, IFA, Marshall Haus Messegelände Berlin. You can download the agenda here: <http://www.gfk.com/insights/event/ifa-2016-2/>

In occasion of IFA 2016 GfK publishes press releases relating to the sectors IT, TV, Smartphone & Wearables, Audio, Small Domestic Appliances and Major Domestic Appliances. All information are available on the website: <http://www.gfk.com/press-room/press-releases/>.

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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