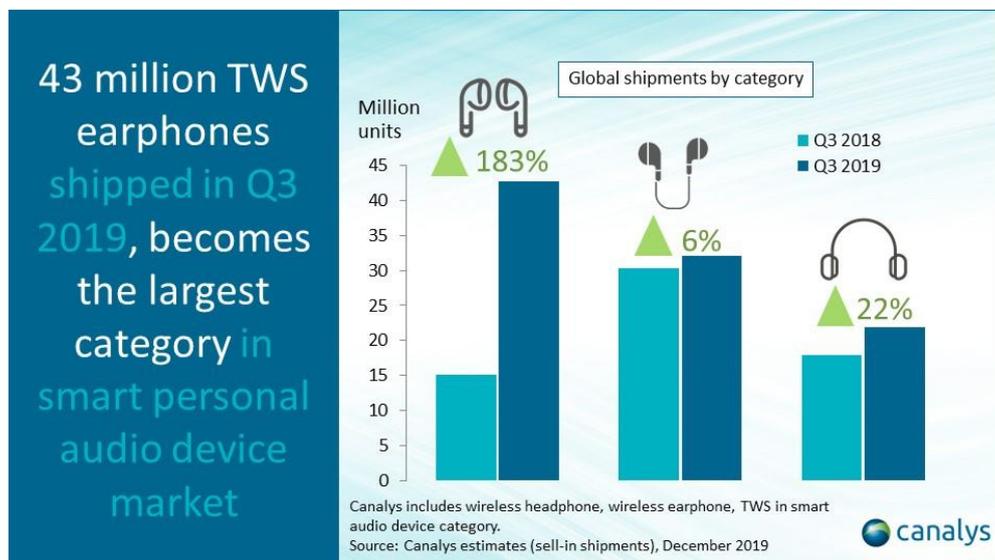


Canalys: Smart personal audio devices set for strongest year in history, TWS the largest and fastest growing category

Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Monday, 30 December 2019

TWS (true wireless stereo), wireless earphones and wireless headphones, which form the smart personal audio device market according to the Canalys definition, will witness its strongest year in history in 2019. In Q3 2019, the worldwide smart personal audio device market grew 53% to reach 96.7 million units. And the segment is expected to break the 100 million unit mark in the final quarter, with potential to exceed 350 million units for the full year. Canalys' latest research showed the TWS category was not only the fastest growing segment in this market, with a stellar 183% annual growth in Q3 2019, but it also overtook wireless earphones and wireless headphones to become the largest category.

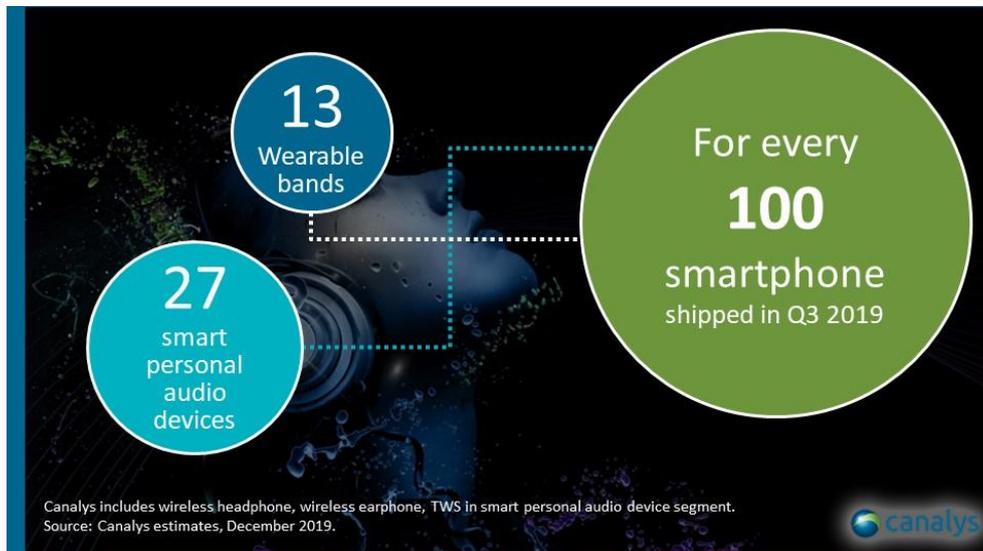


“The rising importance of streaming content, and the rapid uptake in a new form of social media including short videos, resulted in profound changes in mobile users’ audio consumption and these changes will accelerate in the next five years while technology advancements like machine

learning and smart assistants will bring more radical innovations in areas such as audio content discovery and ambient computing,” said Nicole Peng, VP of Mobility at Canalys.

As users adjust their consumption habits, the TWS category enabled smartphone vendors to adapt and differentiate against traditional audio players in the market. With 18.2 million units shipped in Q3 2019, Apple commands 43% of the TWS market share and continues to be the trend setter. “Apple is in clear leadership position and not only on the chipset technology front. The seamless integration with iPhone, unique sizing and noise cancelling features providing top of the class user experience, is where other smartphone vendors such as Samsung, Huawei and Xiaomi are aiming their TWS devices. In the short-term, smart personal audio devices are seen as the best up-selling opportunities for smartphone vendors, compared with wearables and smart home devices,” added Nicole.





Major audio brands such as Bose, Sennheiser, JBL, Sony and others are currently able to stand their ground with their respective audio signatures especially in the earphones and headphones categories.

“Demand for high-fidelity audio will continue to grow. However, the gap between audio players and smartphone vendors is narrowing. Smartphone vendors are developing proprietary technologies to not only catch up in audio quality, but also provide better integration for on-the-move user experiences, connectivity and battery life,” said Canalys Senior Analyst Jason Low. “Traditional audio players must not underestimate the importance of the TWS category. The lack of control over any connected smart devices is the audio players’ biggest weakness. Audio players must come up with an industry standard enabling better integration with smartphones, while allowing developers to tap into the audio features to create new use cases to avoid obsolescence.

“The potential for TWS devices is far from being fully uncovered, and vendors must look beyond TWS as just a way to drive revenue growth. Coupled with information collected from sensors or provided by smart assistants via smartphones, TWS devices will become smarter and serve broader use cases beyond audio entertainments, such as payment, and health and fitness,” added Jason. “Regardless of the form factor, the next challenge will be integrating smarter features and complex services on the smart personal audio platforms. Canalys expects the market of smart personal audio devices to grow exponentially in the next two years and the cake is big enough for many vendors to come in and compete for the top spots as technology leaders and volume leaders.”

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