Qualcomm

The State of Play Report 2019

A global look at the key drivers of consumer audio use cases and purchasing decisions

What's inside

Executive summary

Global consumer expectations and purchase drivers in 2019

Thousands of consumers across six major global markets agree: this is the age where long battery life, on-device gaming, and Voice UI — underpinned by a long-standing desire for superior sound quality — are shaping the way people want to enjoy and interact with their audio devices. Rich, clear audio quality is so compelling that it's been the number one feature audio consumers desire for four consecutive years.

The 2019 State of Play report reveals an unprecedented evolution across both headphone and speaker segments. Now at a tipping point in the shift from wired to wireless overall, the audio world is undergoing an accelerated evolution toward the ultimate freedom offered by truly wireless earbuds.

Uptake of Voice UI and cloud-based assistants has exploded, with new features and use cases emerging. Demand for sound quality and battery life remains as strong as ever. Smart speakers are poised for rapid growth and diversification, which will likely disrupt and drive the evolution of the wireless speaker category overall.

These shifts are opening a wealth of opportunities for audio ecosystem players to capitalize on emerging use cases and new possibilities to shape a better audio future, with greater convenience, personalization, choice, and life-enriching features.

This fourth annual State of Play report is a comprehensive study conducted in May 2019 that polled 6,000 smartphone users aged 16 to 64. Markets included the U.S., UK, China and, for the first time, Japan, India, and Germany, providing a broad global view of current attitudes and purchase drivers in consumer audio.

*All percentages, consumer behaviours and attitudes stated in this report are based only on the responses of the individuals who participated in our survey.

Research methodology

Markets	North America, United Kingdom, China, Japan, India, and Germany
Smartphone users	18-64 years old
Sample size per country	1,000
Research conducted	May 2019

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Key takeaways

Sound Quality Matters

Sound quality is the number one purchase driver across all consumer audio product categories for the fourth consecutive year.

Of those surveyed, 66% believe the sound quality of wireless headphones and speakers is equal to or better than wired alternatives.

Longer Battery Life

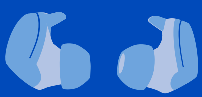
Consumers now care almost as much about long battery life as they do about sound quality.

This highlights expectations for greater portability, longer playback hours, and shifting attitudes for wireless over wired devices.

On-Device Gaming

On-device gaming is fast-growing and widely popular around the world.

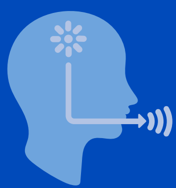
This means low-latency streaming and advanced connectivity will likely become more important product differentiators.



Truly Wireless

Truly wireless earbuds have taken off.

The future of this exciting and rapidly growing space may see innovations emerge, such as context awareness and live language translation, to help augment and improve users' lives.



Voice UI

Voice UI is growing fast, despite increased security and privacy concerns.

On-device security and privacy features could be critical for next-gen smart audio products.

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Global insights for consumer audio spending

Brand trust and **feature spec** are the top factors driving spending for audio consumers worldwide.

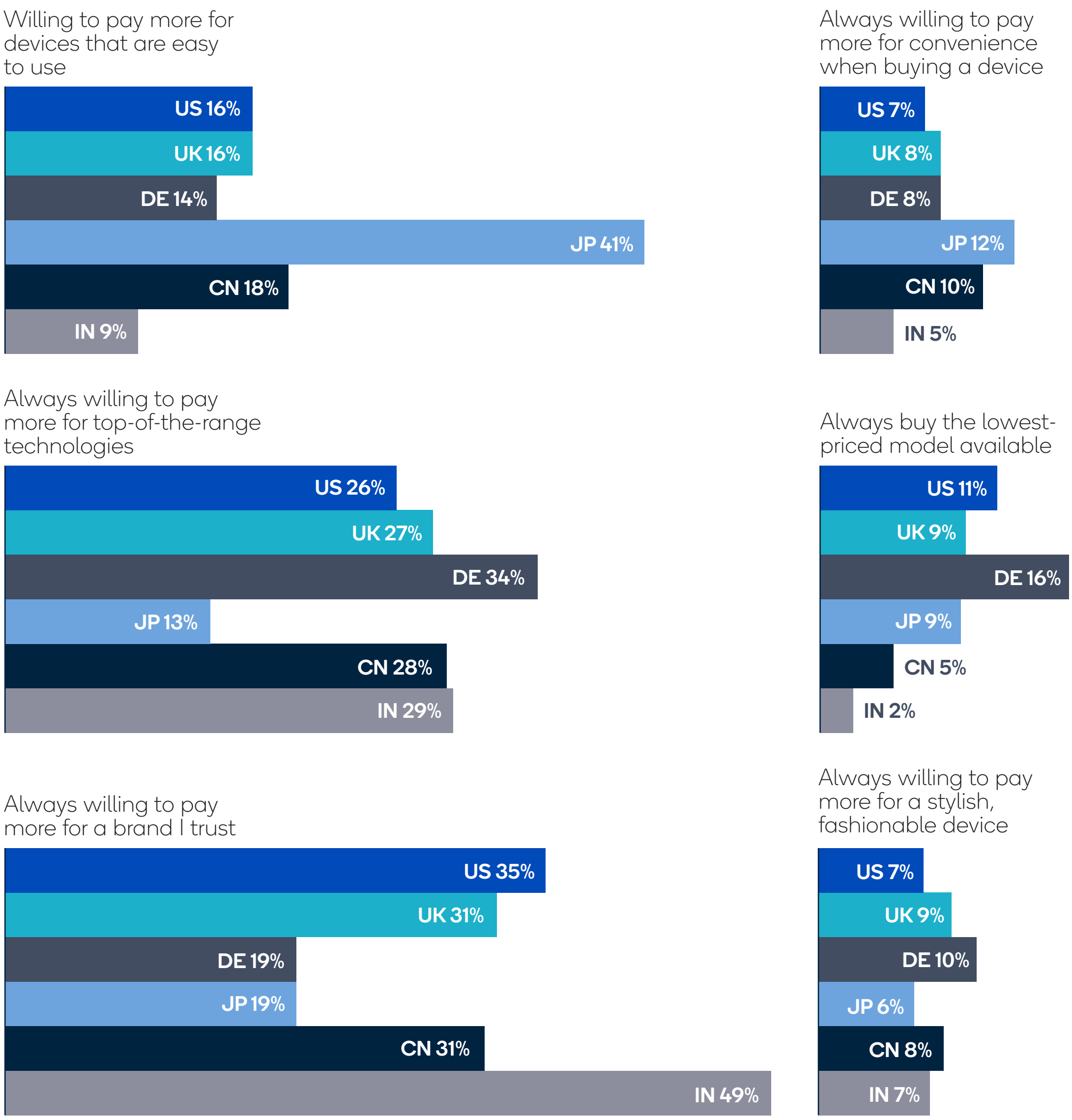
Ease-of-use is most important to Japanese consumers.

Brand matters most in India.

High-end features rank top of the list for purchase drivers in Germany.

Style or **fashion** is the least important buying factor for audio consumers.

Attitude to price when making consumer audio purchases



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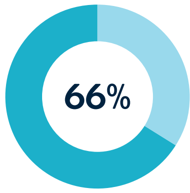
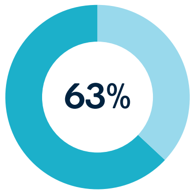
The significance of sound quality

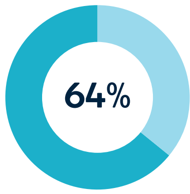
Sound quality is a top-ranking purchase driver for 65% of consumers



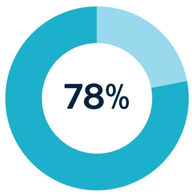
believe the sound quality of wireless headphones and speakers is equal to or better than wired alternatives.



of headphone shoppers say high resolution audio quality is important.

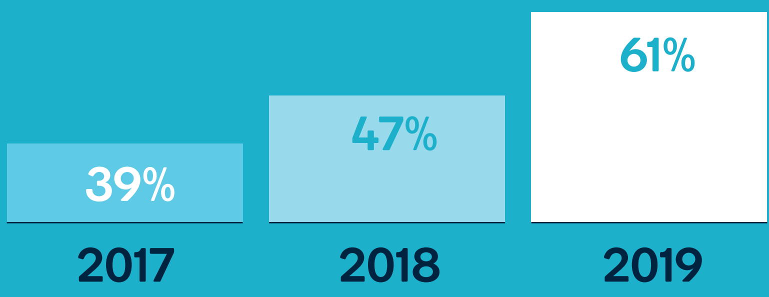


of smart speaker shoppers said sound quality is most important to their purchase decision.



of soundbar and home theater shoppers say superior sound quality matters, and 57% look for immersive surround sound capabilities.

Demand for longer battery life



% for whom battery life is a top purchase driver

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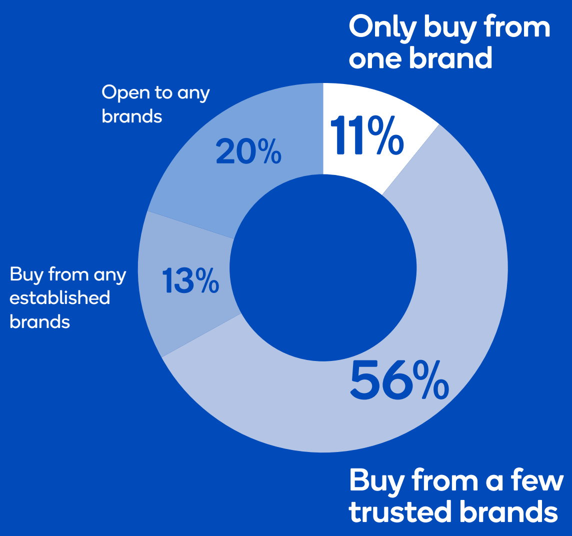
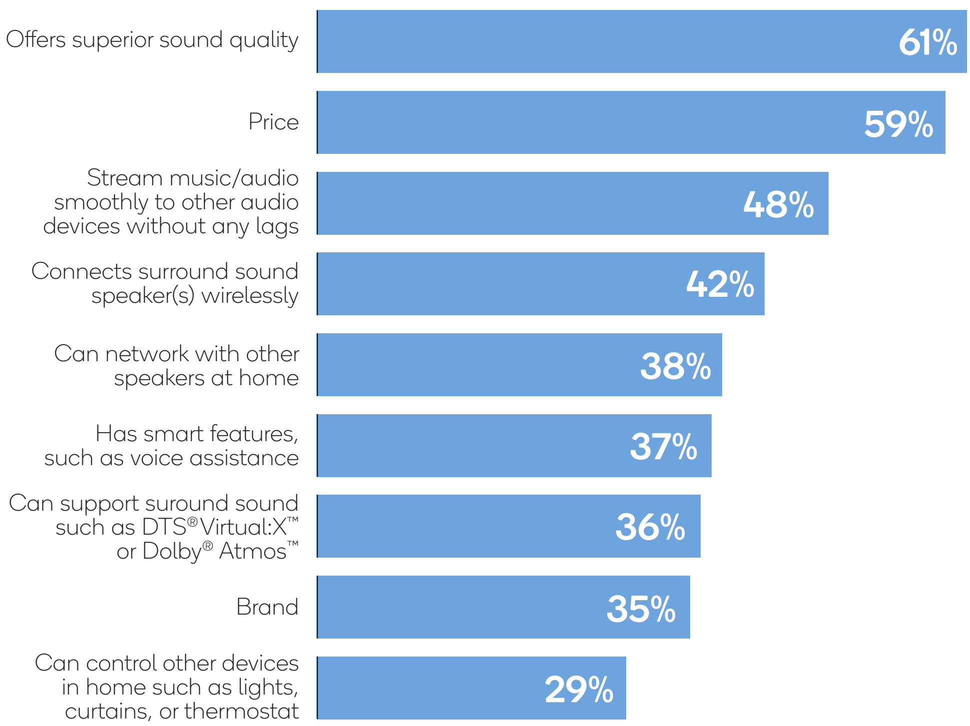
The power of brand

Brand loyalty is a major factor in buying decisions across all audio devices, but many consumers are willing to shop around to get the features they most desire.

For those consumers who are most brand loyal, support for advanced features and superior audio quality could help drive upsell.



Importance in purchasing next soundbar/home theater system



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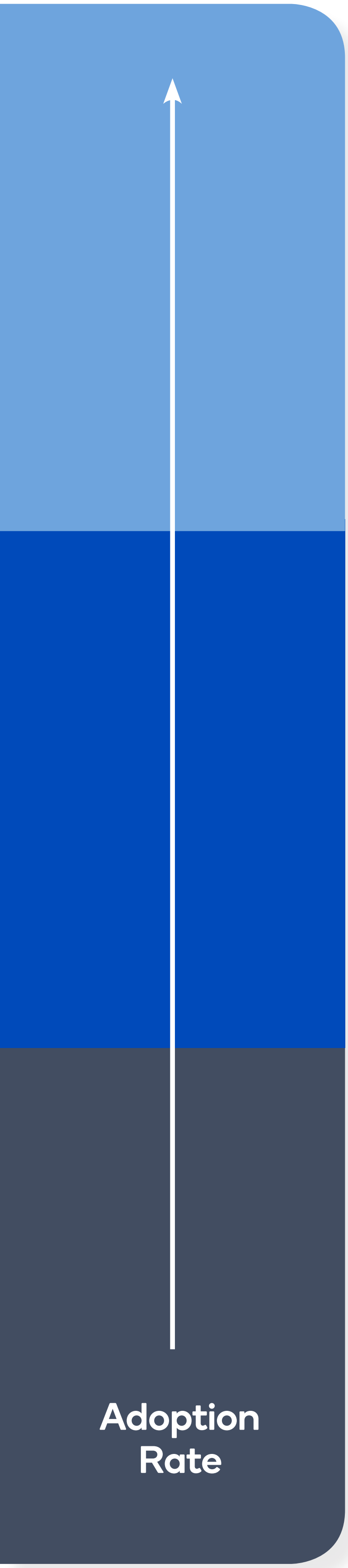
Global audio shopping preferences



China • India

Indicate strong positive attitudes toward features and technologies

Willing to spend more than other countries

- Indian consumers seek maximum value when making purchase choices

China stands out for

- Thinking highly of Chinese brands
- Expecting the longest battery life for speakers
- Wanting to play loud audio without distortion

US • UK • Germany

Show similar interest and preferences for features and technologies

Present similar usage and purchase behavior

Are more open to new brands

- New and smaller brands might consider starting from these countries first

Japan

Have the longest product replacement cycles

Are more brand loyal

- 16% purchase from only one brand

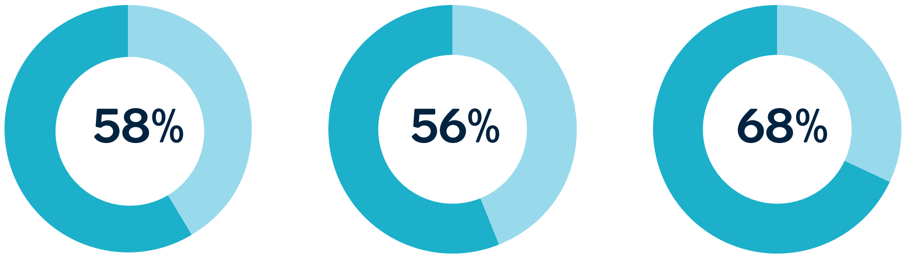
Are more conservative in adopting new features and technologies

Evolving attitudes on security and privacy

In 2019, security and privacy concerns have overtaken poor sound quality as the top barrier for smart speaker purchases.

Privacy concerns are highest in China and India, and lowest in Japan.

Interest in security and privacy related features is on the rise:



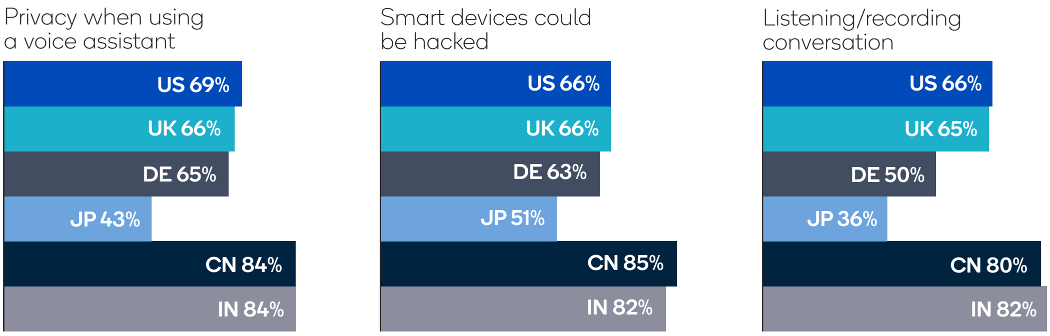
Interested in voice authentication

Interested in local voice processing

Interested in other security features

Many consumers (29%) are now “extremely concerned” about privacy when using a voice assistant.

Reason for concern around using voice



This indicates that on-device security and privacy features will be critical for next-generation smart audio products.

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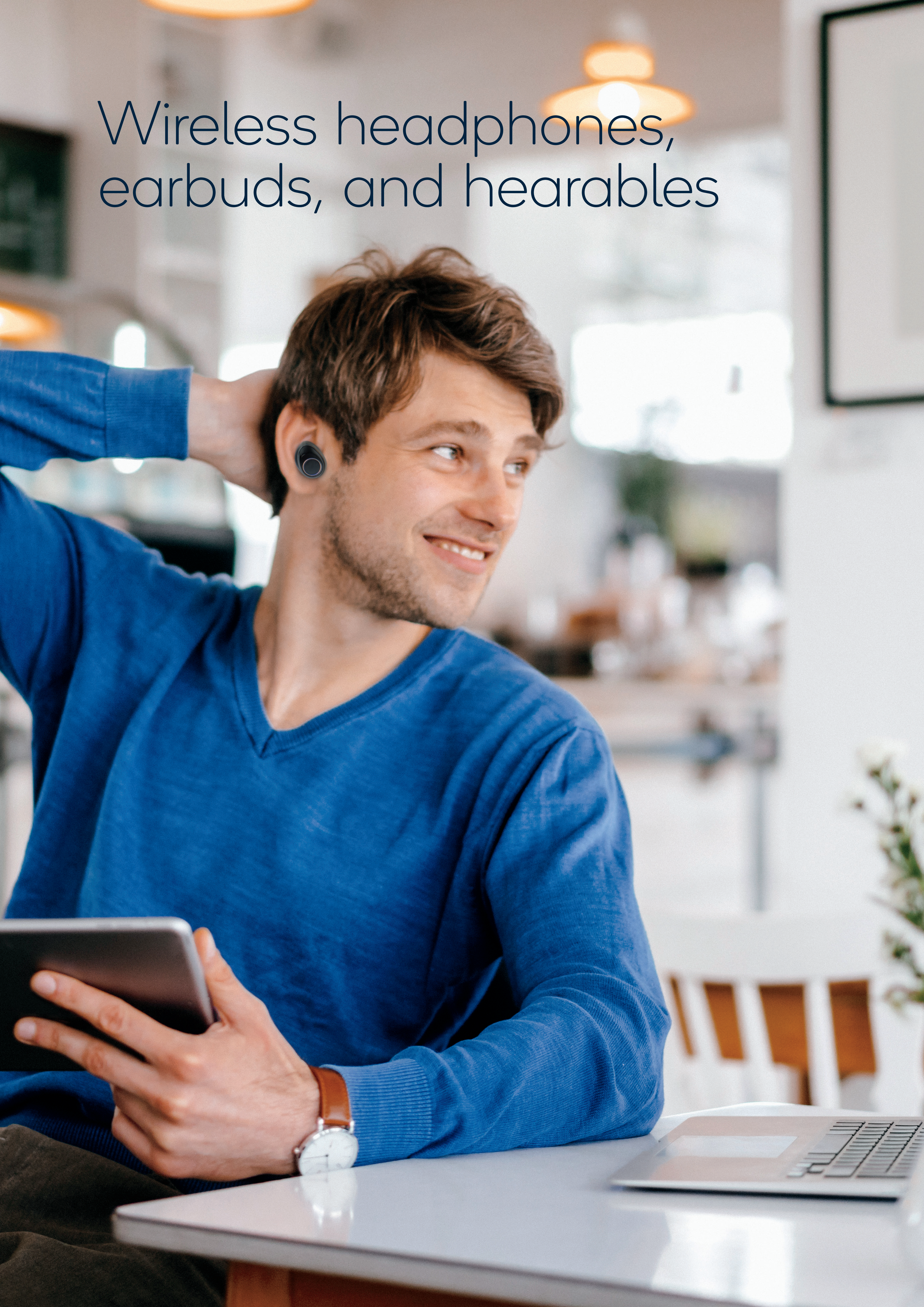
Wireless headphones, earbuds, and hearables



The race to develop feature-rich, power-efficient, and truly wireless earbuds is likely to be top of mind for many audio OEMs in 2019. Achieving this complex design task while staying cost effective presents a challenge.

Features such as extended battery life, active noise cancelation (ANC), and high resolution audio remain key differentiators for consumers of wireless headphones, which now make up more than half of all headphone purchases globally.

Fifty-nine percent of consumers worldwide are now familiar with truly wireless earbuds as a product category, and more than a quarter already own a pair.

In the next twelve months, truly wireless headphones are expected to be the most sought after device in the headphone category.

Of those surveyed this year, two-thirds believe that wireless audio devices deliver equal or better audio quality compared to wired products. This illustrates the dramatic attitude shift among end users that has been driven by technology improvements in this space.

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Trending uses for wireless headphones

At 77%, music listening is by far the most common use for wireless headphones.

Watching video content, making calls, and blocking out background noise are also top uses for these devices.

Gaming is growing in popularity worldwide, with 32% of smartphone owners using wireless headphones while they play. This trend is highest in China (41%) and India (49%).

Fitness tracking is an important feature for 30% of consumers, however demand has reduced since 2018 when interest was shown by 57% of State of Play participants.

60% of consumers use wireless headphones on **public transport.** Other common listening environments include outside, the gym, and at work.

50% **of all smartphone owners say they are interested in a voice assistant service as a wireless headphone feature.**

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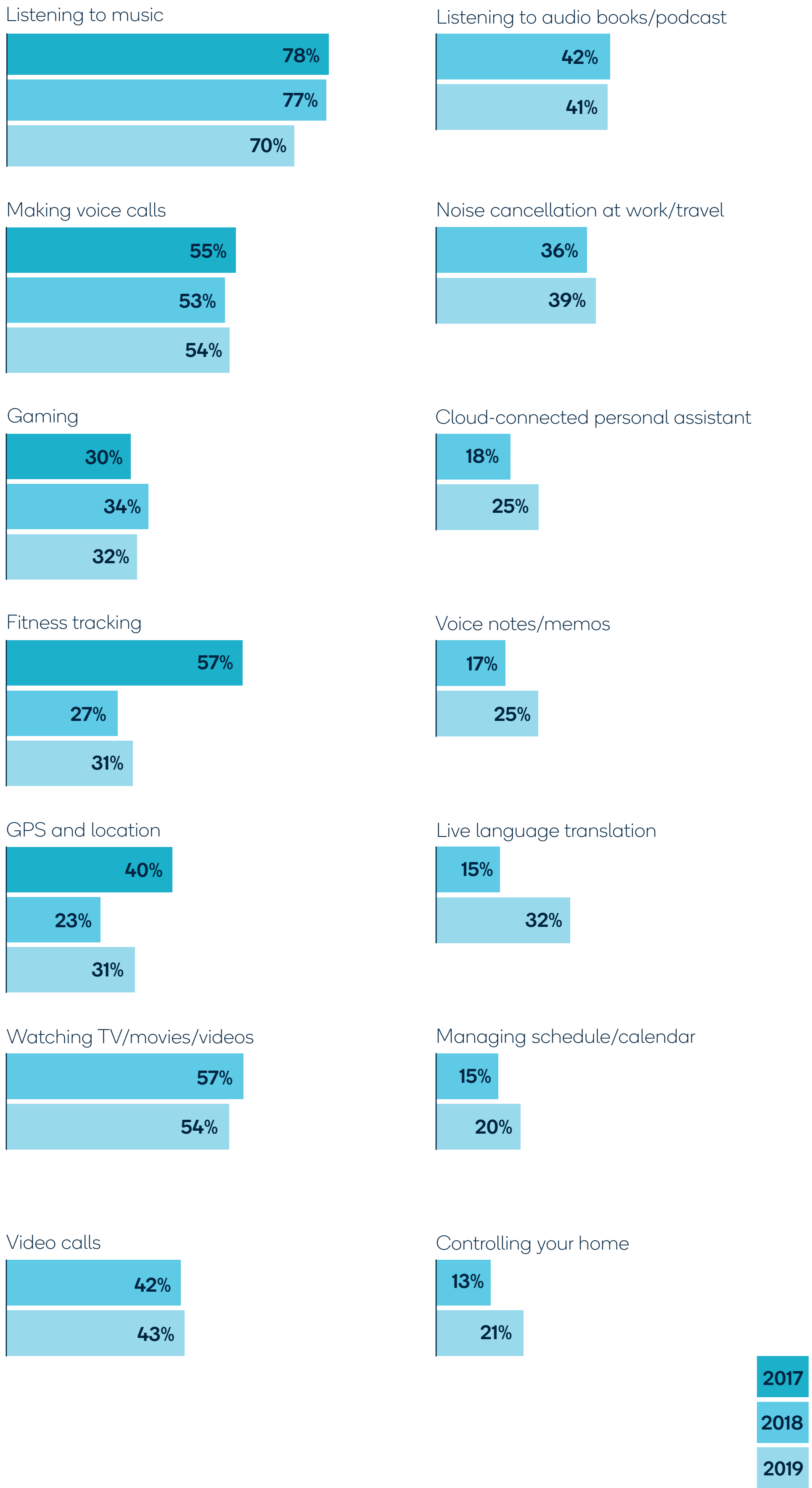
How do you use your wireless headphones/earbuds?



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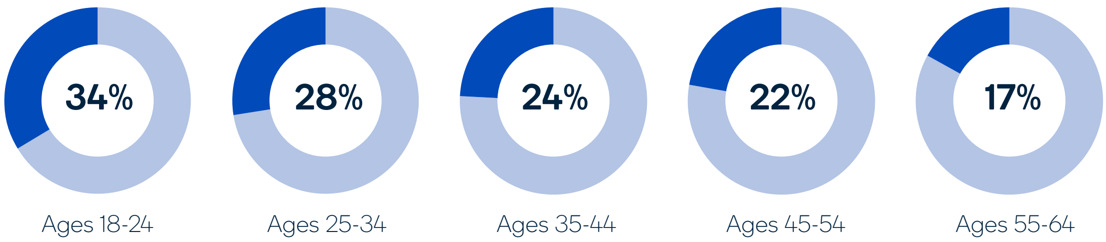
Truly wireless earbuds take over

More than 50% of consumers say they are aware of “hearables” as a product category.

27% already own a pair of truly wireless headphones.

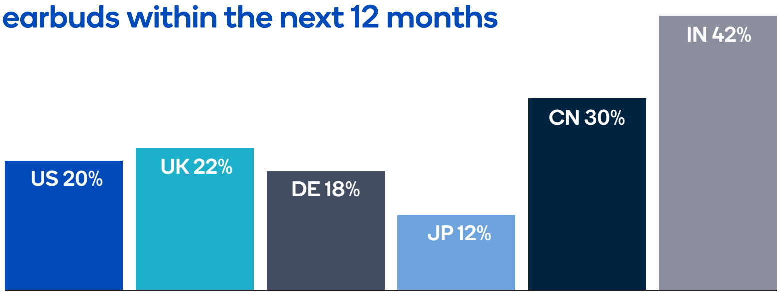
Almost a quarter (and over one-third of those aged 18 to 24) plan to purchase truly wireless headphones within the next 12 months.

Age group intent to purchase truly wireless earbuds within the next 12 months



Highest demand for truly wireless earbuds is in India (73%), and lowest is in Japan (12%).

Global intent to purchase truly wireless earbuds within the next 12 months



Earbud features in strong demand include high resolution audio, complete freedom from wires, and active noise cancellation.

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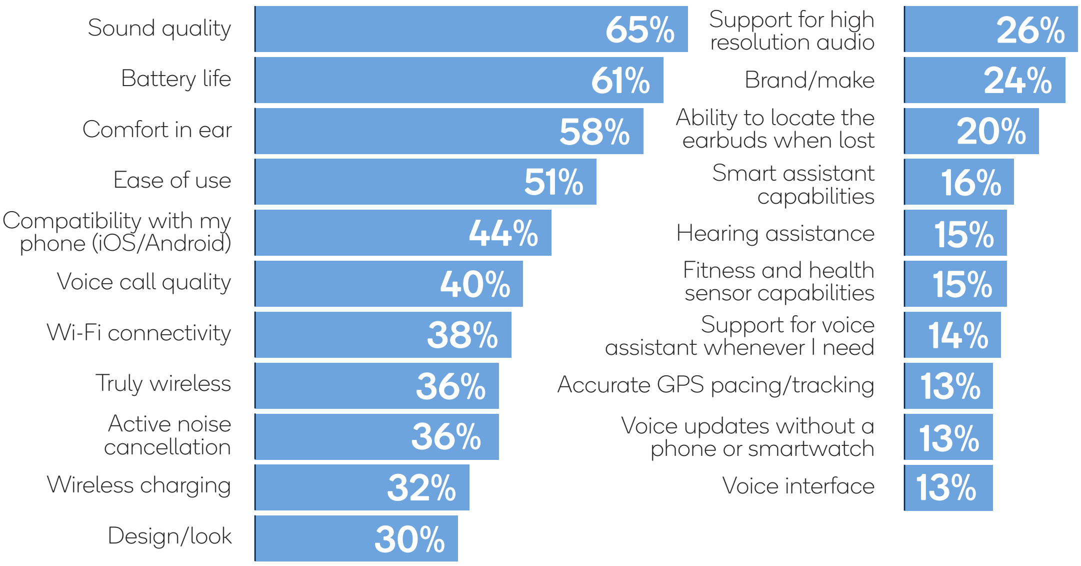
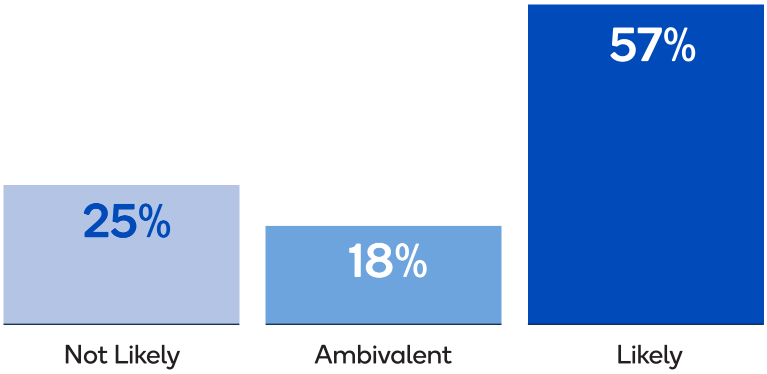
Wireless headphones purchase drivers

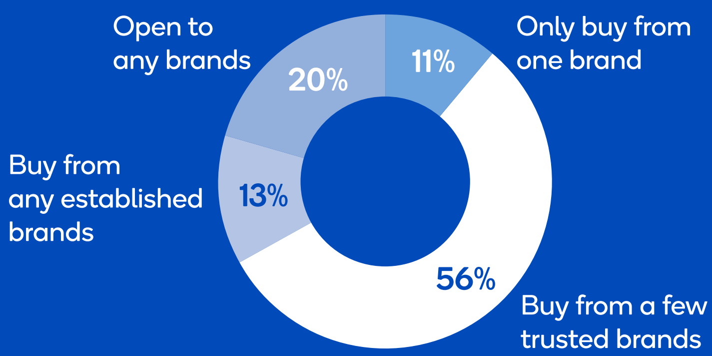
Sound quality, battery life, and comfort remain the most important headphone features to shoppers in 2019.



57% of respondents said they would be more likely to purchase truly wireless headphones that could also support additional features, such as hearing assistance, fitness tracking, and voice assistant capabilities.



20% of consumers said they purchase headphones from any brand that meets their needs, but most buy from a few brands that they trust.



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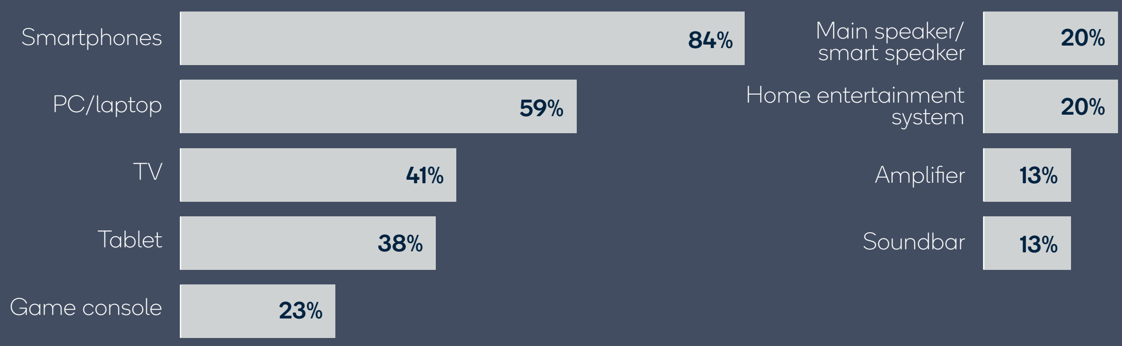
Headphones are smartphone accessories

Smartphones are the #1 device to which wireless headphones or earbuds are connected.

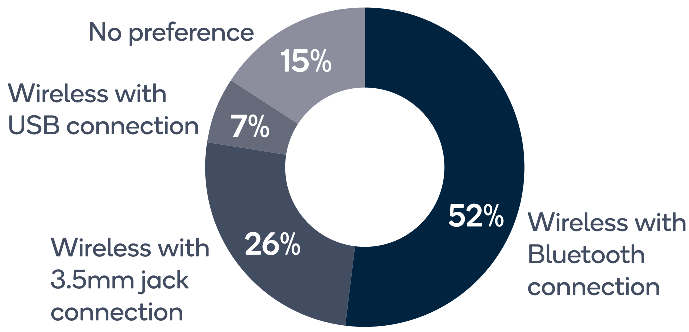
Devices most often connected or desired to be connected to wireless headphones or earbuds



This suggests that consumers could find value in a superior user experience between their smartphone and audio accessories.

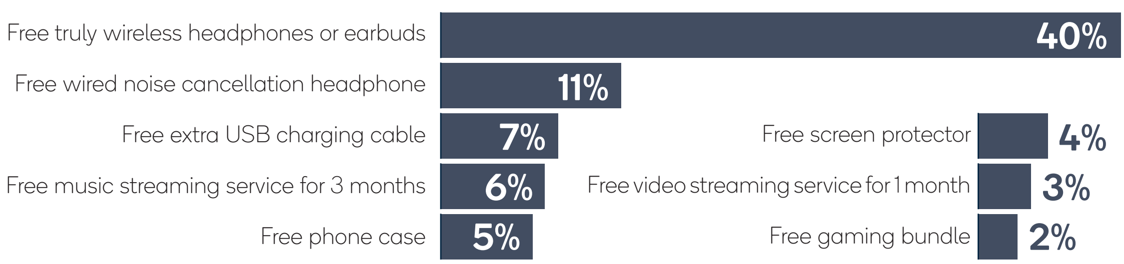
52% of smartphone owners said they would prefer to receive Bluetooth wireless headphones bundled with their next phone.

Preferred choice of headphones to receive with your smartphone or buy for your smartphone separately



40% stated that a bundled Bluetooth headphone offering would drive them to select that smartphone compared with others.

Factors influencing choice of one smartphone over others for next purchase



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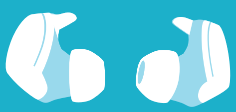
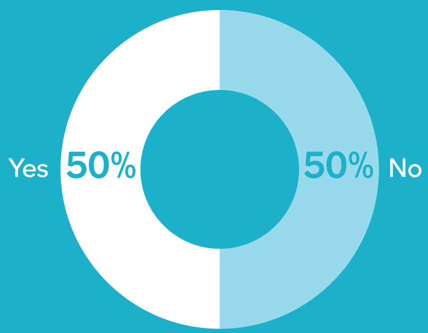
Wireless headphone consumption

On average, half of consumers replace their wireless headphones every two years, even if they're not damaged.

Wireless headphone/ earbuds



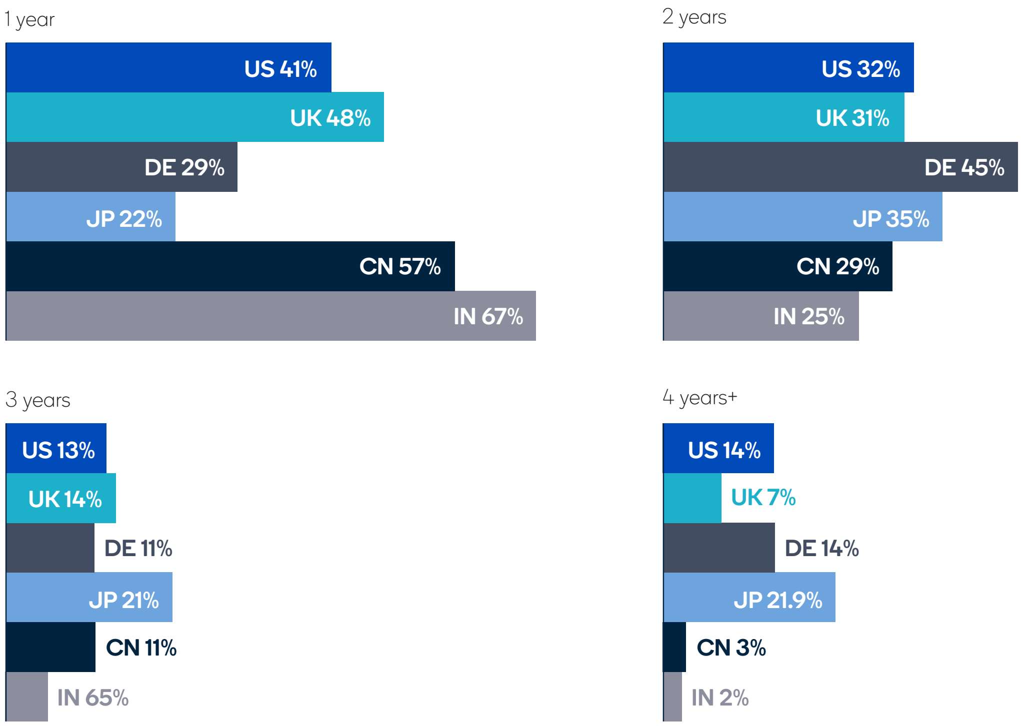
Replace only when damaged



Average replacement cycle

2
Years

Frequency of replacing wireless earbuds/headphones



Those in Germany and Japan wait the longest before replacing.

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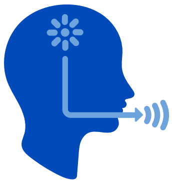
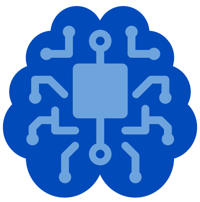
Future-forward headphone features



Voice controlled

53% of consumers rated Voice UI as a feature of interest for their wireless headphones.



Context aware

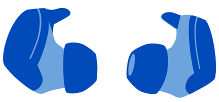
More than half (55%) of those surveyed rated themselves as interested in “context aware” smart headphones or earbuds.

Background noise reduction and dynamic volume adjustment were seen to be the most useful context awareness capabilities.

Augmented hearing

55% of respondents showed interest in live language translation as a wireless headphone feature.

50% said they would be interested in earbuds that could offer hearing enhancement features.



Increased freedom

57% rated themselves as interested or extremely interested in the ability to use their wireless headphones without a smartphone or a watch.

62% said wireless charging was a feature of interest for wireless earbuds or headphones.

63% **of audio consumers surveyed care about active noise cancellation (ANC) in their wireless headphones.**

As well as supporting more immersive listening experiences, ANC can help reduce listener fatigue.

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Smart Speakers

Smart and wireless speakers

Over the past year, smart speakers was one of the most talked about categories in consumer audio — and with good reason. This exciting space is at the beginning of a major growth cycle, and is quickly evolving in terms of features and applications. It seems likely that the future of all wireless speakers will be voice controlled, and that smart speakers will be able to offer value across an array of industry sectors.

Thirty-five percent of global consumers say they already own a smart speaker or smart soundbar, and a further twenty-three percent are planning to buy a smart audio device in the next twelve months. Interactions with cloud-based voice assistants have become the top use for smart speakers, equal to music streaming, but there is still a way to go in realizing the vision of the fully connected smart home.

This year's findings suggest that offering smart speakers with support for superior sound quality and longer battery life, as well as additional privacy features like local voice processing, could give audio OEMs a way to capitalize on the vast opportunities in this product category.

Although we're just beginning the journey into the many possibilities for voice-enabled speakers, improvements in on-board compute, connectivity, and privacy, as well as a broader choice of voice assistants, are important next steps for meeting changing user expectations.

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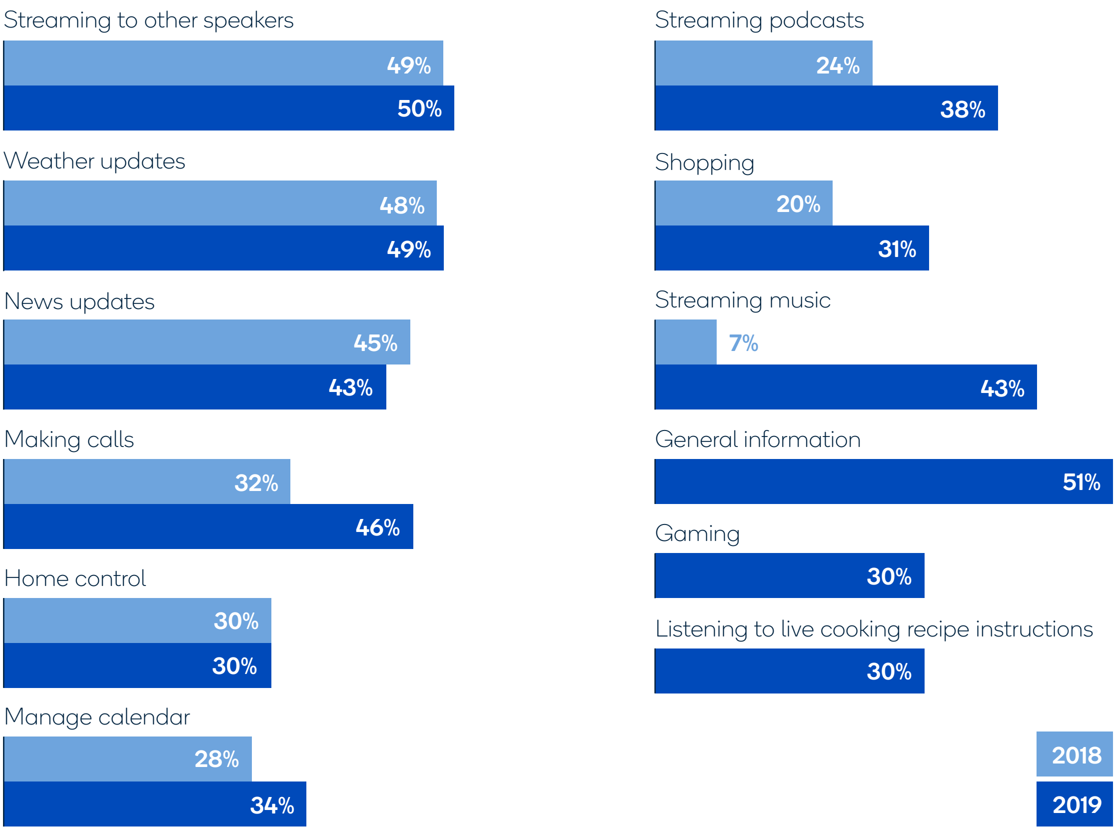
Trending uses for smart speakers

Requesting general information (51%) and music streaming (50%) are the top two uses for smart speakers.

Common uses for smart speakers



Use of home control features remains stable year-on-year compared to 2018.

Gaming has emerged as an important use for 30% of smart speaker owners.

12+ hours

Consumers expect their portable or smart speaker to last for half a day without needing to be charged.

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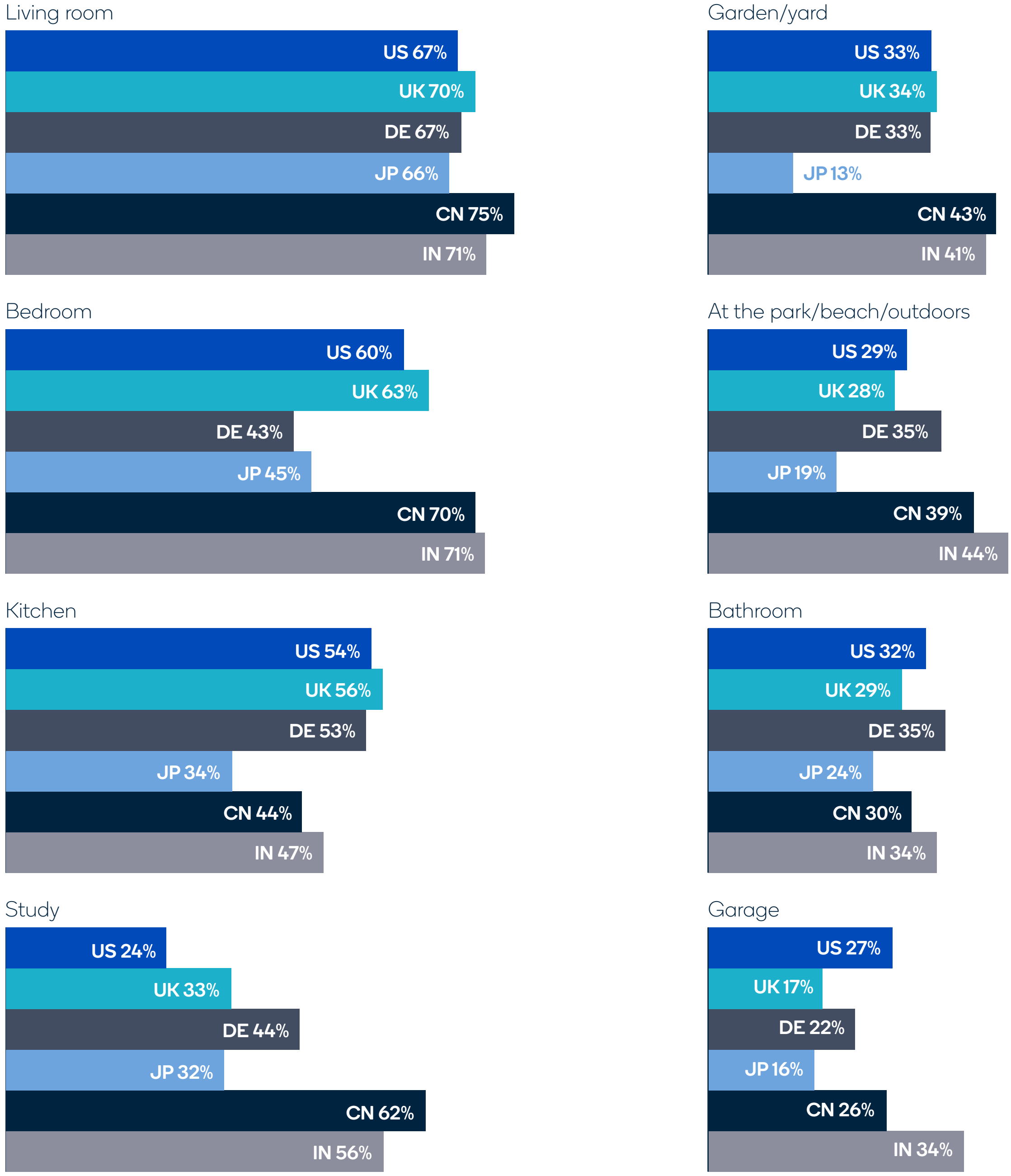
Trending uses for smart speakers

63% of smart speaker owners surveyed use their device every day, and an additional 29% use it several times a week.

Most common locations when using smart speakers



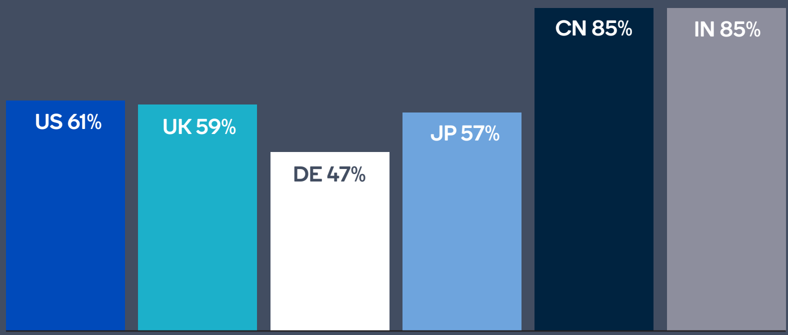
Japanese consumers are less likely than those in other geographies to use their speaker outdoors or on-the-go.

Life with voice assistants

Requesting general information has overtaken music streaming as the top use for smart speakers in 2019. This suggests that regular smart speaker owners have grown more comfortable interacting with their voice assistant.

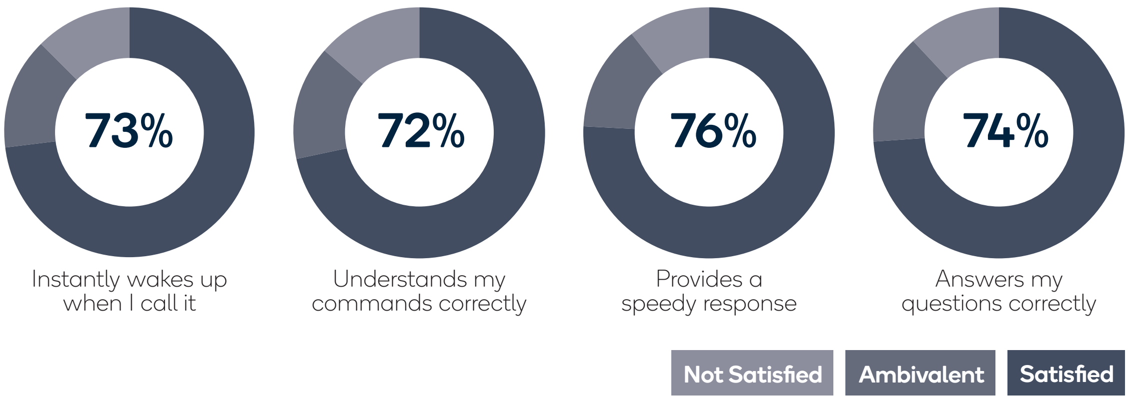
66% of consumers agree that using Voice or natural language to interface with a smart speaker, home hub, or other electronic device makes life easier. In China and India this sentiment rises to 85%.

Agree that using Voice makes life easier



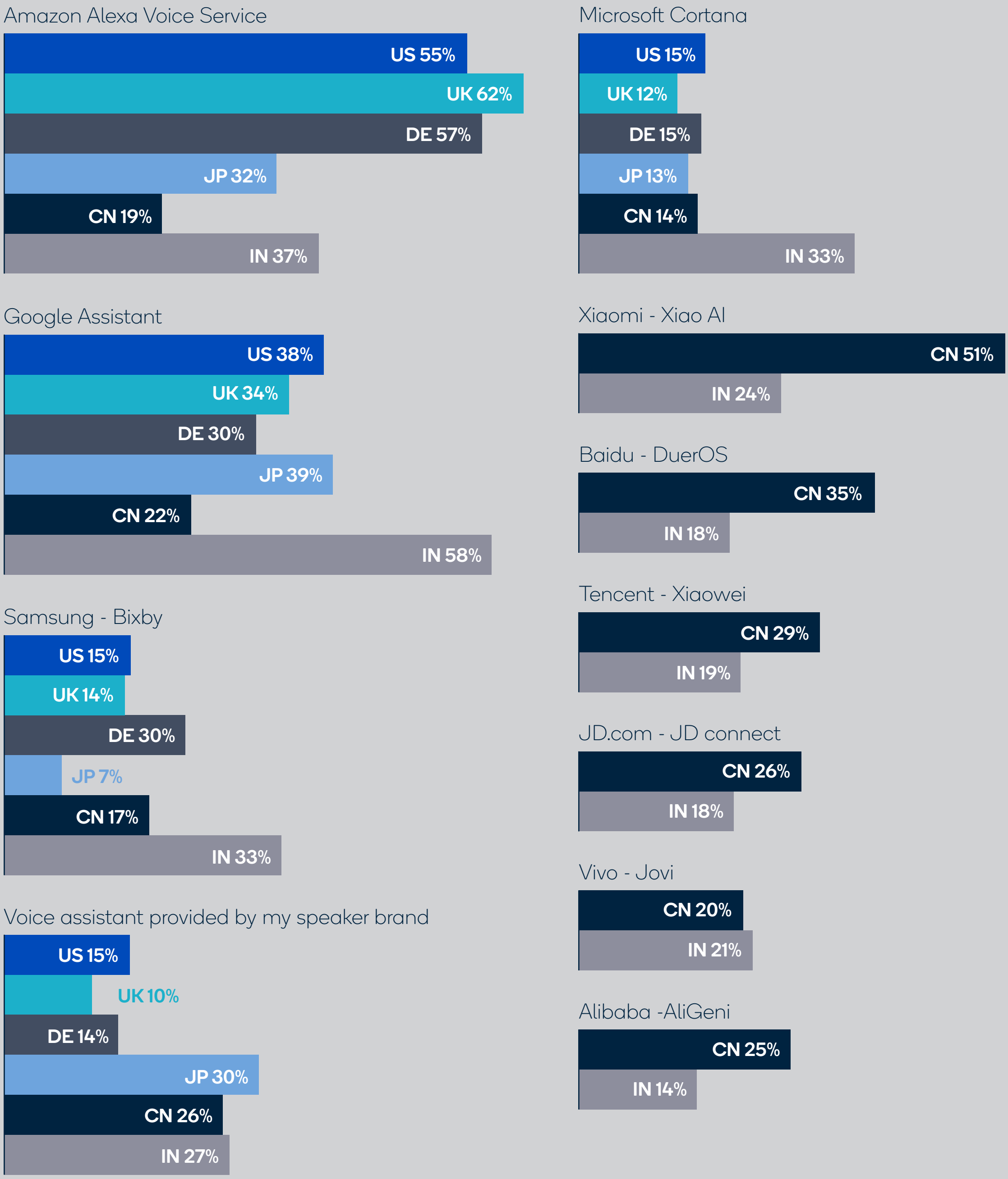
Most users are happy with the performance of the Voice UI in their smart speaker, however only around 20% are "extremely satisfied". This indicates that there is still room for improvement in voice wake up, responsiveness, and accuracy.

Satisfaction with Voice performance



Life with voice assistants

Voice assistant supported on smart speaker



The diversity of cloud-based voice assistants in China and India is much greater than in other geographies surveyed.

There is high overall interest (53%) in Voice UI as a feature; but 15% of consumers say they're not at all interested, suggesting there could be a small portion of non-adopters in this space.

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Spending on smart speakers

Sound quality is more important than price for smart speaker shoppers. While rarely a key feature of early smart speakers, 64% of shoppers overall said sound quality is important to their purchase decision. 54% said price mattered.

Most important criteria when choosing a wireless speaker

US & UK

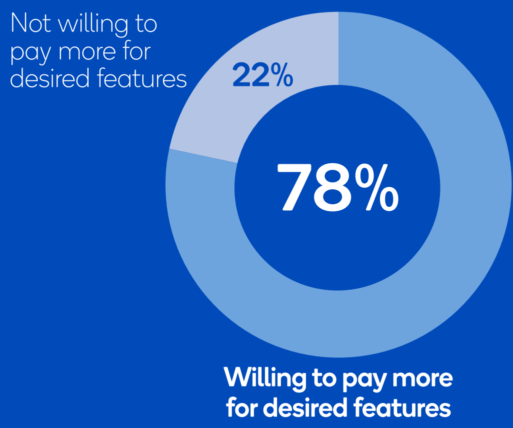
consumers spend the most on truly wireless earbuds.

44% of US and UK consumers will pay over $75 for a pair of truly wireless earbuds, compared to 25% in Japan and China, and only 8% in India.

Spending on smart speakers

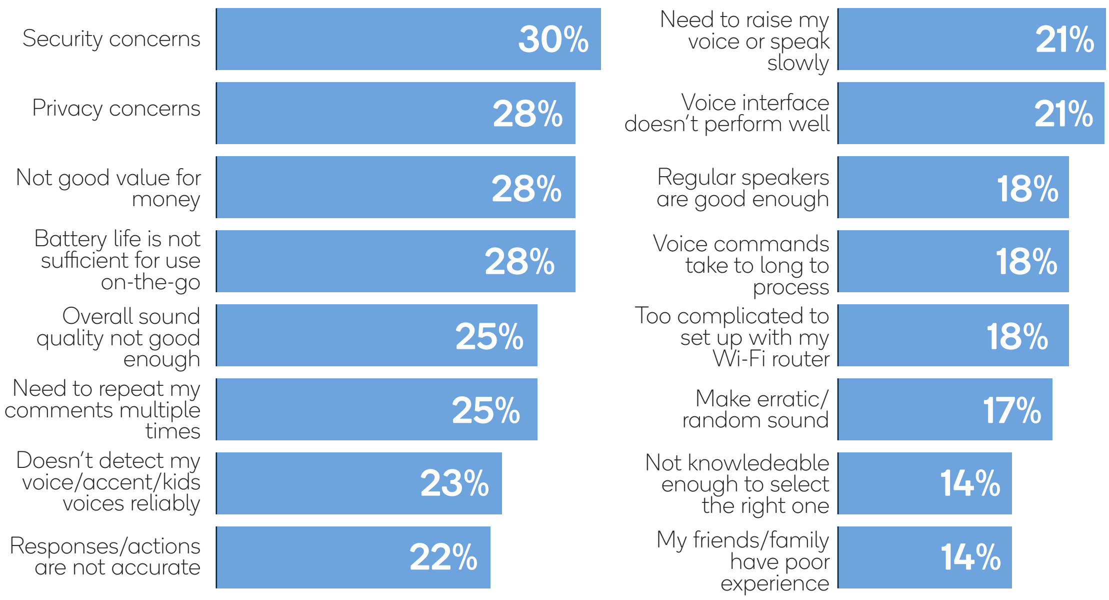
Support for a voice assistant was rated less important to shoppers than sound quality, battery life, high-volume playback, and even design. This indicates that Voice is increasingly perceived as a "default" smart speaker capability.

78% of consumers are willing to pay more for a smart or wireless speaker that supports their desired features.



Poor sound quality and insufficient battery life are among the top barriers to smart speaker purchase.

Issues that would prevent a smart speaker purchase



73% **of users expect their portable / wireless speaker to be able to play music at a very loud volume without distortion or loss of audio quality.**

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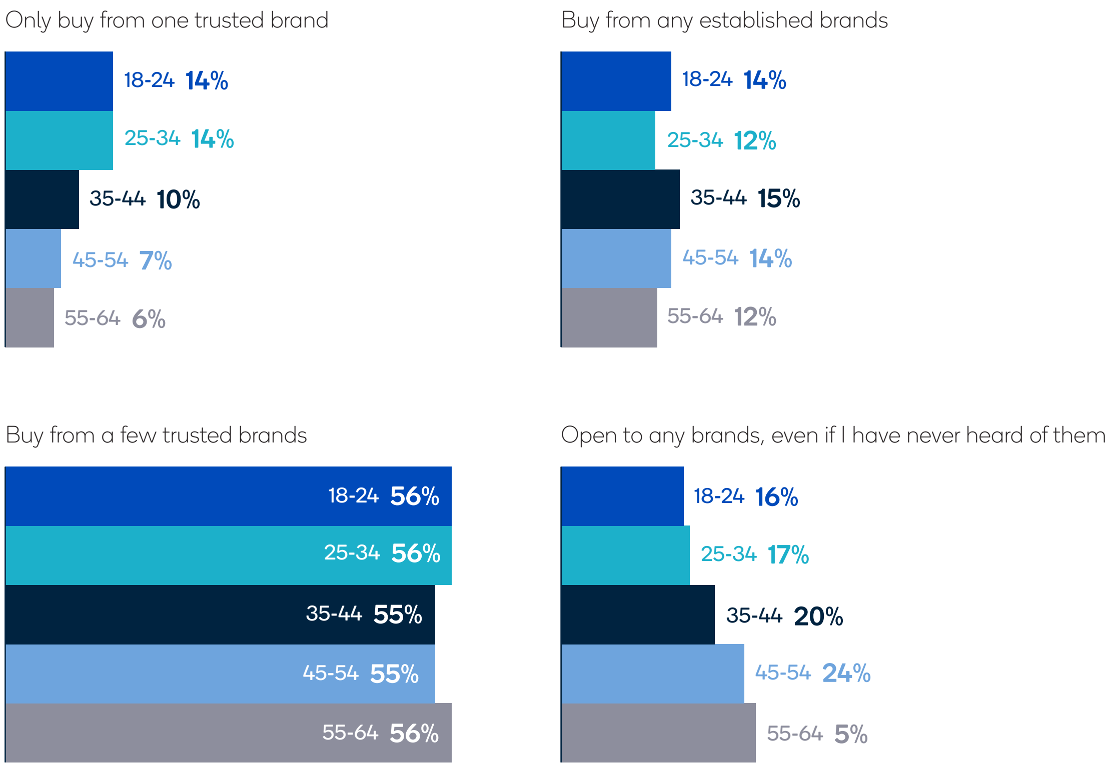
Spending on smart speakers

Those aged 55 to 64 are 10% more likely to purchase a speaker from any brand (even one they've never heard of) than those aged 18 to 24.

Consumer approach to purchasing new devices



Low latency

67% - the ability to stream audio smoothly to other audio devices without any lags is important to over two-thirds of soundbar shoppers.

43% - nearly half of smart speaker owners say they stream music from their smart speaker to other connected speakers around their home.

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