Increasing the Volume on Sound Bars

Prepared for 2016 Energy Star Products Partner Meeting

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Sound bar market overview

- US sound bar sales grew just 7% in 2015 (20% growth in 2014) as demand shifts into lower cost products

- Demand for sound bars is being driven by multiple sources
  - Big screen, 4K TV adoption
  - Promotions/bundling
  - Consumers aged 18-34

- Sound bars are taking on more non-TV use cases as wireless features and streaming services expand

- TV brands continue to account for a majority of sound bar sales
Sound bars are challenging mature home theater categories
Sound bar demand continues to be positive

Home Theater Categories
Unit Growth YoY

- Sound Bars
- Receivers & Amplifiers
- Home Speakers
- Home Theater Audio Systems

Source: The NPD Group/Retail Tracking Service
Sound bars are contributing to some displacement of other audio products.

Replacement/Displacement Devices Using Less Often or Relocated

- Another Soundbar: 46%
- HTIB: 45%
- Home Speakers: 43%
- A/V Receiver: 35%
- Wireless speakers: 26%
- Any: 51%

Base: Sound bar Owners who Own/owned each device
Q. Please indicate which of these home audio products your household is using less often or has stopped using now that you own a sound bar.
Q. Which of these have you relocated/moved to another location in your home or do you no longer own as a result of owning this sound bar?

Source: The NPD Group/Soundbar Ownership & Application Study
Market growth is being driven primarily by lower cost products

Sound Bars
Revenue, YOY Growth by Price Segment
12ME Aug '16

Revenues ($USD Millions)

- Under $200
- $200-$400
- $400-$600
- $600-$1,000
- $1,000+

Revenue Growth (%)

-10% -5% 0% 5% 10% 15%
TV brands account for a majority of sound bar sales

Sound Bars
Dollar Share by Brand, Monthly

- Samsung
- VIZIO
- Bose
- Sony
- Sonos
- LG
- ROM

A third of 18-34 expect to buy a sound bar in the coming 12 months

Likelihood to Purchase Soundbar in Next 12 Months (Extremely/Very Likely)

<table>
<thead>
<tr>
<th>Soundbar Ownership</th>
<th>Gender</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>US rep consumers 18+</td>
<td>Male</td>
<td>18-34</td>
</tr>
<tr>
<td>Soundbar owners</td>
<td>Female</td>
<td>35-54</td>
</tr>
<tr>
<td>Do not own a soundbar</td>
<td></td>
<td>55+</td>
</tr>
</tbody>
</table>

Base: US rep consumers 18+

Q. How likely are you to purchase each type of home audio product in the next 12 months?

Source: The NPD Group/Soundbar Ownership & Application Study
Sound bars installed in bedrooms are more likely to be used for audio

### Living Room Vs Bedroom Usage Insights

#### Share of Time Content Type is Sourced

<table>
<thead>
<tr>
<th></th>
<th>Living room</th>
<th>Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>66%</td>
<td>23%</td>
</tr>
<tr>
<td>8%</td>
<td>11%</td>
<td></td>
</tr>
</tbody>
</table>

#### Incidence of Connecting Portable Devices

<table>
<thead>
<tr>
<th></th>
<th>Living room</th>
<th>Bedroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>31%</td>
<td></td>
<td>47%</td>
</tr>
</tbody>
</table>

- While listening to radio, music, podcasts, etc.
- While playing video games
- While watching TV shows, movies, videos, etc.

**Base:** Soundbar owners

Q. Thinking of all the time your household spends using this soundbar, approximately what share of the time is the soundbar used to listen to each type of content? Q. Which of these portable devices, if any, do you or anyone in your household ever connect to the soundbar?

Source: The NPD Group/Soundbar Ownership & Application Study
Multi-room sound bars now account for 20% of sound bar revenues

Sound Bars
Dollar Share by Expandability

- Multi-room (same brand)
- Multi-room (mult brands)
- Paired Audio (Bluetooth)
- Not Expandable

Source: The NPD Group / Retail Tracking Service
Nearly four in ten (38%) consumers say they have used a digital assistant like Siri or Alexa.
Thank you

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