ARtillery
Intelligence

ARTILLERY DATA BRIEFS
26 MILLION 'HEARABLES' IN 2018
01/14/19

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Our favorite wildcard in the world of spatial computing is what we call "AR audio." This involves informational overlays that are sound waves instead of photons. In other words, getting informed about your surroundings through an ambient whisper instead of graphics.

Advantages include discreetness and technical simplicity (relatively speaking). And just like graphical AR is evolving from flat overlays, a la Pokémon Go, to world-immersive content, a la AR cloud, AR audio will similarly evolve with intelligent and context-aware informational layers.

But the first step in getting to that vision is to condition the user behavior around an all-day wearable, or "hearable." Apple — a company with multifaceted AR ambitions — is the first to do so with its most successful products in years: AirPods. This will fit into its overall AR hardware mix.

So far, all of the above is an evidence-backed but still theoretical construct we've been playing with for a few years. But the last two months have seen a handful of data points which put more backing behind AR Audio, and the requisite hardware installed base for hearables.

First, Juniper Research estimates that 24 million AirPods were shipped in 2018, about 10 percent of U.S. adults. As often happens, hearables will be commoditized and penetrate much further. Juniper says 417 million by 2022 — 75 percent of which be intelligence-enabled (voice assistants).

Total Hearables in use, Split by 8 Key Regions in 2022: 417 million

Legend:
- North America
- Latin America
- West Europe
- Central & East Europe
- Far East & China
- Indian Subcontinent
- Rest of Asia Pacific
- Africa & Middle East

24 million
AirPods shipments in 2018

>$40 million
Value of Assistive hearables in 2022

JUNIPER
RESEARCH

Prolific TF International Securities analyst Ming-Chi Kuo added the prediction that Apple will have shipped 26 million to 28 million AirPods in 2018. That's up from 14 to 16 million in 2017, with up to 55 million units expected next year, and up to 110 million projected for 2021.

"Over 1 billion iPhone users worldwide offer great potential growth opportunities for AirPods," Kuo said in the research note last month. "We believe that there is a greater likelihood of legacy iPhone users buying AirPods than upgrading to new iPhone models."

Lastly, we heard some telling data right from the horse's mouth. Tim Cook revealed in an interview with Jim Cramer last week that Apple revenue for wearables (which also includes Apple Watch) is already "50 percent more than iPod was at its peak."
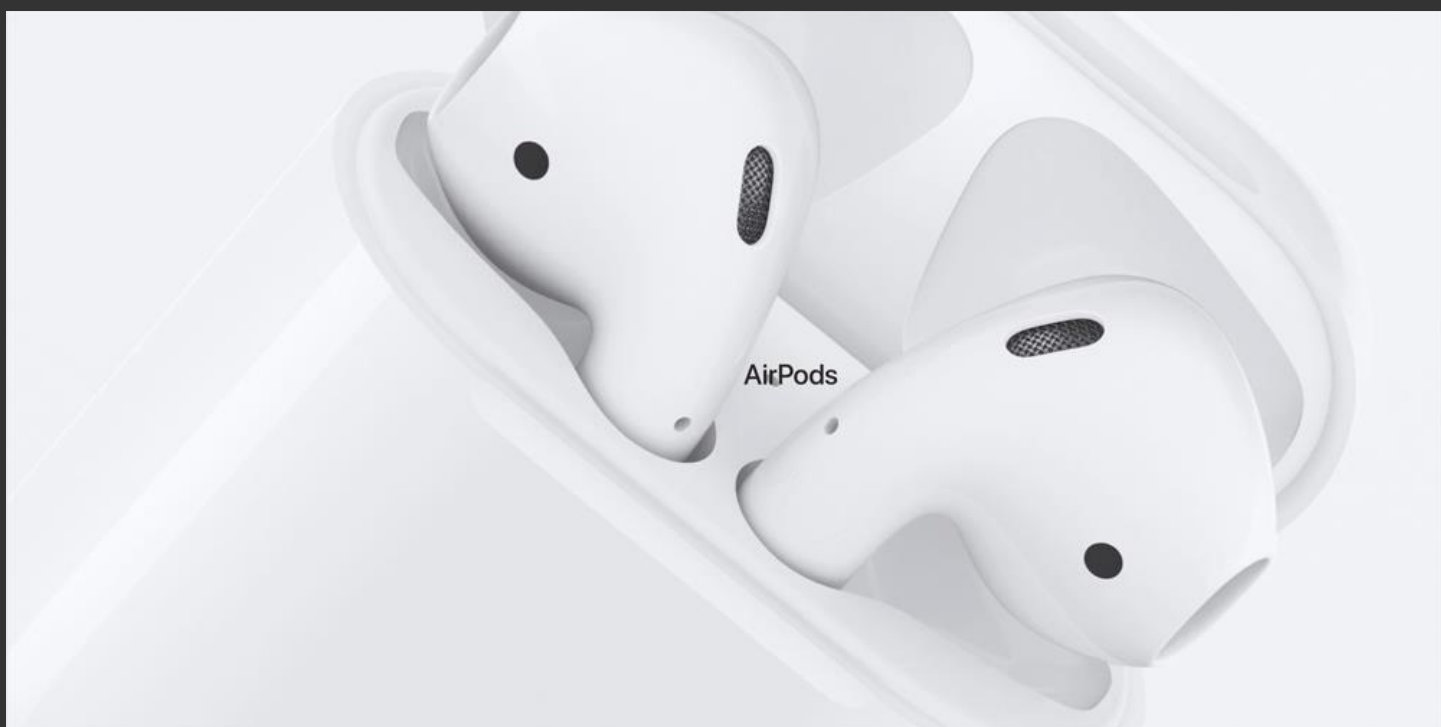
These are admittedly a patchwork of disparate data points, some of which are projections. But there is directional evidence that hearables could be well on their way to an installed base that lays the groundwork for AR audio. It will still take a few years to materialize.

Once it does, logical apps include local information (think: audio tours and Yelp reviews), or background information about people you meet (think: LinkedIn). But the first step is the hardware, and it's clear this foundational step is well underway. We'll be watching it closely.

Video Companion

(click URL to view)

https://youtu.be/sEYrzIY_Q1E

ARtillery Briefs, Episode 22: 2018 Lessons, 2019 Outlook

ARTILLERY BRIEFS, EPISODE 22
2018 LESSONS, 2019 OUTLOOK

About ARtillery Intelligence

ARtillery Intelligence chronicles the evolution of augmented reality (AR) and virtual reality (VR). Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies. It's about insights, not cheerleading.

Run by analysts and former journalists, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though there are lots of fun and games in AR & VR, long-term cultural, technological and financial implications are primary.

Products include the *AR Insider* publication and the *ARtillery PRO* research subscription., which together engender a circular flow of knowledge. Research includes monthly Intelligence Briefings, market-sizing forecasts and consumer survey data, all housed in a robust intelligence vault.

Learn more at **https://artillry.co/about**

About the Author

Mike Boland was one of Silicon Valley's first tech reporters of the Internet age, as a staff reporter for *Forbes* (print) starting in 2000. He has been an industry analyst covering mobile and social media since 2005, and is now Chief Analyst of *ARtillery Intelligence* and Editor-in-Chief of *AR Insider.*

Mike is a frequent speaker at industry conferences such as VRLA, ad:tech and LeadsCon. He has authored in-depth reports and market-sizing forecasts on the changing tech & media landscape. He contributes regularly to highly read online news sources such as *TechCrunch*, *Business Insider* and the *Huffington Post*.

A trusted source for tech journalists, his comments have appeared in A-list publications, including *The New Yorker*, *The Wall Street Journal* and *The New York Times*.

Further background, history and credentials can be found at:
http://www.mikebo.land/

Contact

Questions and requests for deeper analysis can be submitted at:

https://artillry.co/contact/

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