

ARTILLERY DATA BRIEFS

WILL HEARABLES INSTALLED BASE REACH 72M IN 2019?

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One wild card in the world of augmented reality is hearables. Rather than line-of-sight graphics to augment your reality, subtle audio whispers guide you through your day. Advantages include a format that's easy to absorb while multi-tasking; and avoiding AR glasses' style crimes.

That last part is key, as devices like Airpods have proven that consumers will indeed walk around most of the day with hardware hanging out of their ears. That's the first step towards a wearables future. The next step is software and apps that layer in textured content (more on that in a bit).

Worldwide Wearables Forecast by Product Category, including Shipments, Market Share, and 2019-2023 CAGR
(shipments in millions)

Product Category	2019 Shipments*	2019 Market Share*	2023 Shipments*	2023 Market Share*	2019-2023 CAGR*
Watch	91.8	41.2%	131.6	43.5%	9.4%
Earwear	72.0	32.3%	105.3	34.8%	10.0%
Wrist Band	54.2	24.3%	55.0	18.2%	0.3%
Others	5.0	2.2%	10.4	3.4%	20.3%
Total	222.9	100.0%	302.3	100.0%	7.9%

Source: IDC Quarterly Wearable Device Tracker, June 19, 2019

To quantify momentum in the hearables hardware base, IDC projects them to reach 72 million global annual sales by the end of the year, and 105.3 million by 2023. This is up from its March estimate of 54 million, showing a clear uptick in the firm's confidence around hearables.

Apple has a pretty definitive market share lead so far. Counterpoint Research separately estimates 35 million AirPods sold last year. Its survey data also indicate that Apple is the consumer favorite, and it's previous estimates peg Apple's hearable market share at 60 percent.

Backing all of this, our research arm ARtillery Intelligence estimated in its recent AR forecast that hearables hardware revenue will grow to \$27.1 billion by 2023 (see below)* And like the above estimates, Apple will hold a market share lead with \$17.9 billion of that 2023 total.

Apple's lead has a lot to do with the style and lifestyle sell of Airpods, not to mention the superior "it just works" functionality Apple enjoys from vertical integration with iPhones (easier pairing, etc.). That same advantage will play out with Apple's audio AR ambitions and ARkit integration.

As we wrote last week, Apple's rumored AR glasses shouldn't be viewed as a standalone play but a broader move towards a wearables suite that offers holistic sensory augmentation. It's also classic Apple playbook for a multi-device sell that's motivated by better cross-device functionality.

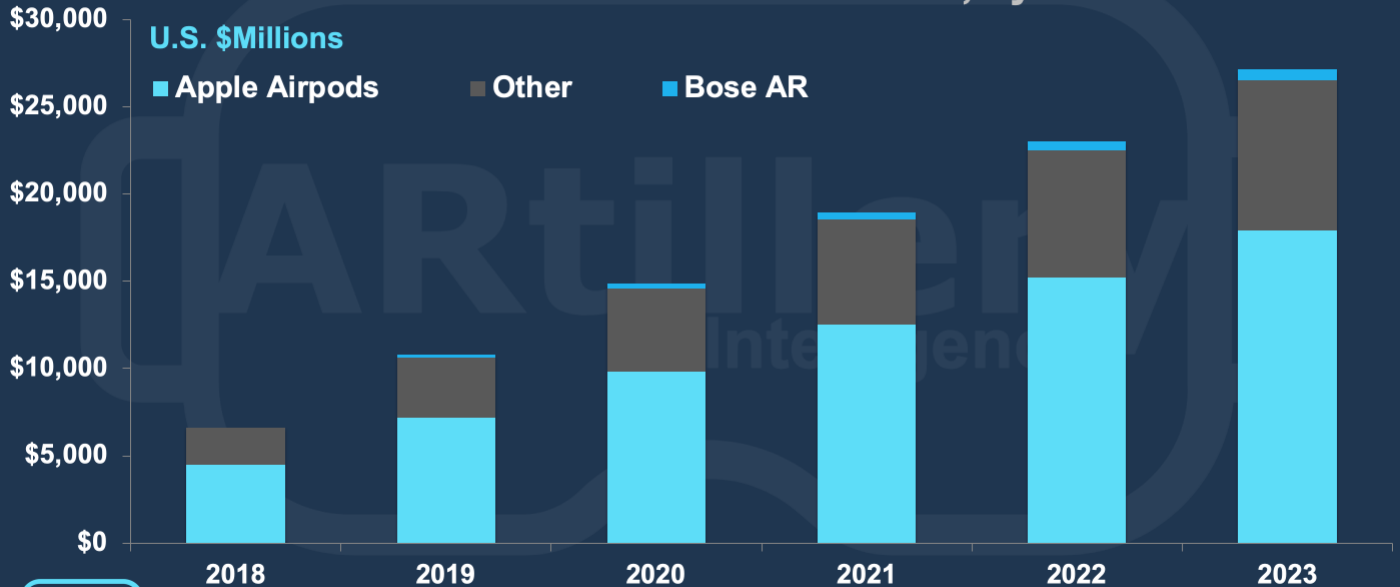
Speaking of Apple, Airpods' hardware blitz is the first step towards a true hearables future as mentioned above, including intelligent/textured audio content. Think of it like the iPhone 1 in 2007 before the App Store. Bose is already there, given the Bose AR developer platform.

The wave of apps that follows will include everything from guided navigation and local discovery to gaming and meditation. An early glimpse can be seen in the development on the Bose AR platform so far, which we recently profiled. There will be a lot more development to watch.

Hearables Hardware

(Simplified View)

Consumer Hearables Hardware Revenue, by Source*



* Hearables revenue is tracked here, but isn't yet counted towards top-level AR revenue totals. See explanation slide.

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Exhibit 2: Global Top 10 Best Selling Models for Q4 2018



Source: Hearables Market Tracker for Q4 2018

Video Companion

(Click Video to Play)



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ARtillery Intelligence chronicles the evolution of spatial computing. Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies.

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 spatial computing such as AR & VR, cultural, technological and financial implications are the primary focus.

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

Learn more [here](#).



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 AWE, VRLA and LeadsCon. He has authored more than 120 reports and market-sizing forecasts on the tech & media landscape. He contributes regularly to 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 read [here](#).



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