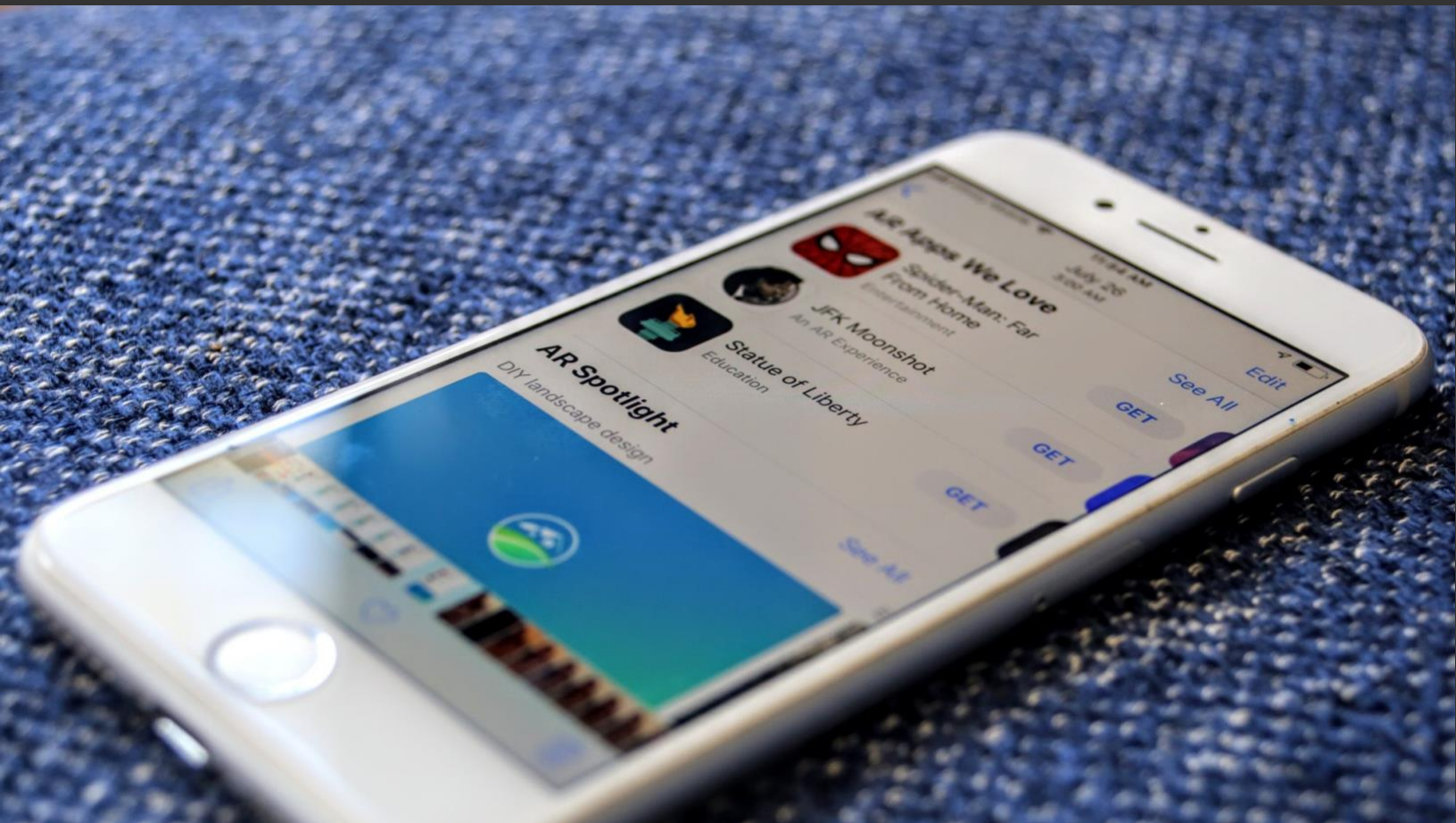


ARtillery Intelligence



ARtillery Data Brief

Hearables Tracker: 3 Million AirPods Sold in Holiday Rush
12/16/19

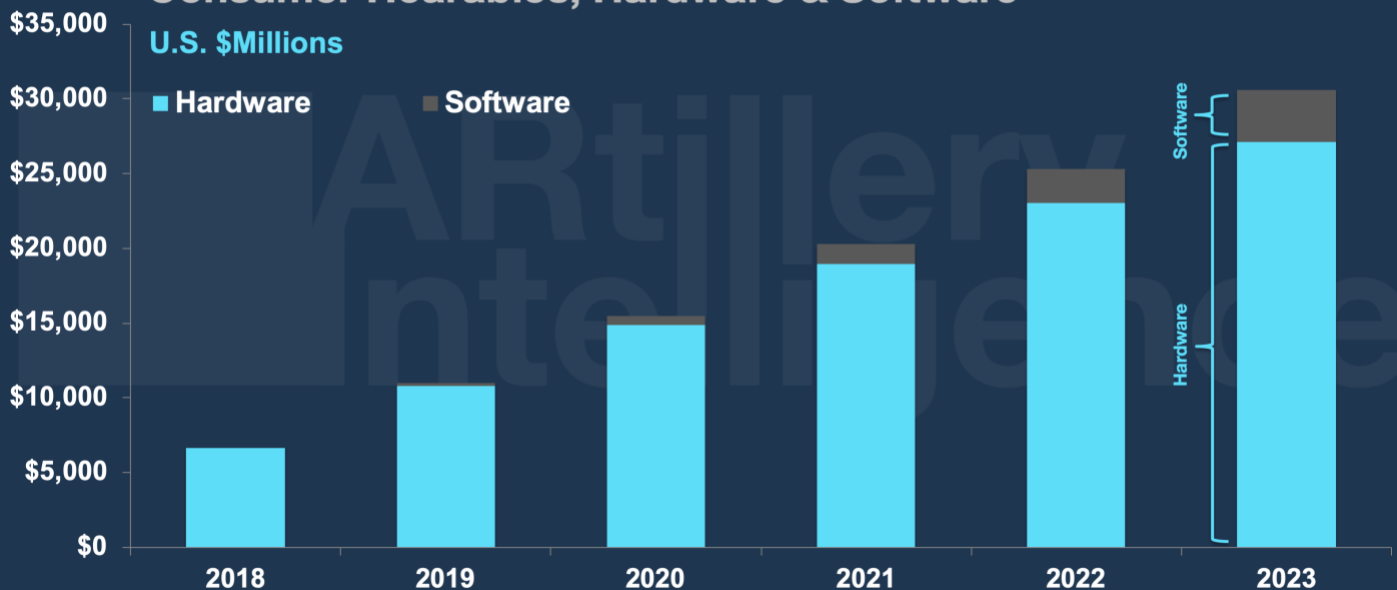
One of our favorite “wild card” topics is Audio AR. Instead of — or in addition to — its graphical cousin, intelligent audio will augment your perception of the world. That’s music and phone calls today, evolving into more textured audio like navigation and local discovery tomorrow.

But for any of that to happen, the hardware installed base has to come first, as it goes with emerging tech. User comfort levels have to be conditioned — a sobering realization that’s set into the AR glasses sector in recent years. Fortunately for audio AR, AirPods are paving the way.

Anecdotally speaking, AirPods are everywhere, and well on the way to achieving that cultural acclimation and acceptance. More empirically, ARtillery Intelligence pegs the “hearables” market at \$10.9 million today, with AirPods as the market share leader.

Hearables Revenue

Consumer Hearables, Hardware & Software*



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

This correlates to AirPods unit sales of 25.2 million last year, growing to 40.4 million this year and 99.7 million in 2023. As often happens when premium players lead early markets, commodity hardware follows to fill demand gaps down-market, thus accelerating aggregate sales.

More recently, Wedbush Securities supported these figures by signaling that AirPods momentum is going strong. Specifically, it estimated that 3 million AirPods were sold since Black Friday. The firm’s methodology includes Apple store checks, inventory levels and shortages.

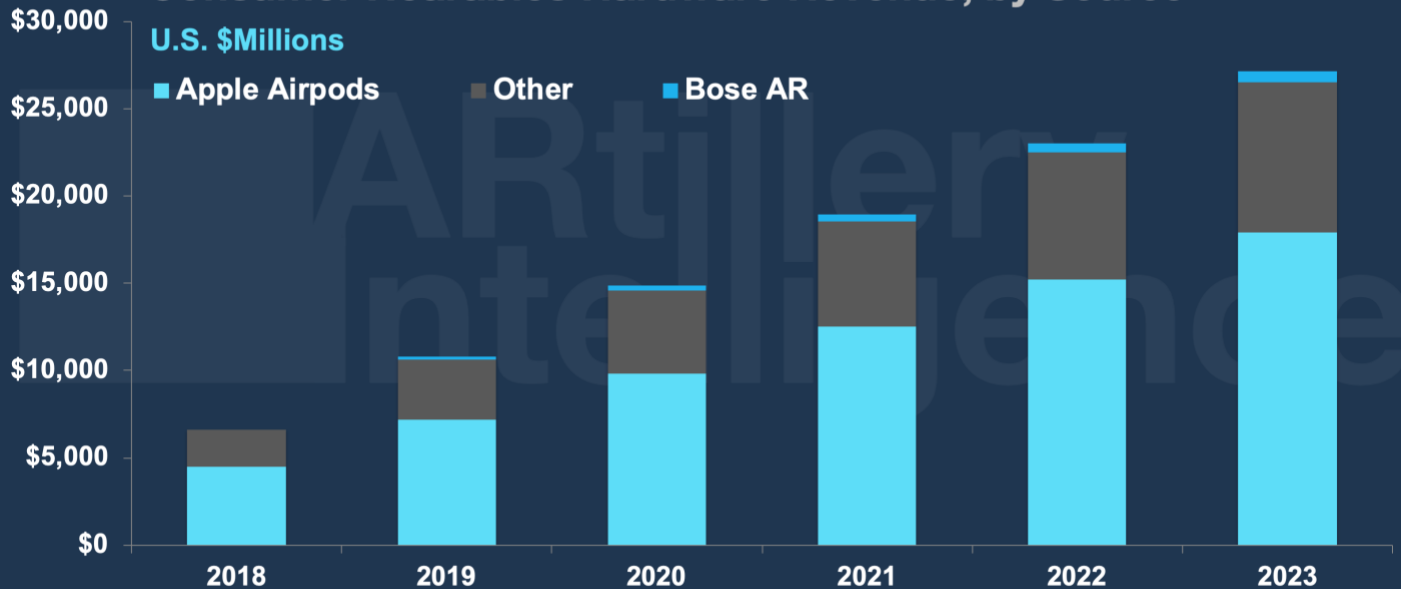
Other evidence of AirPods’ momentum traces back to the broader wearables sector, which could inflect in 2020 based on signals we’re tracking. For one, there’s deep-pocketed motivation, including Apple’s need to diversify revenue and counterbalance iPhone sales declines.

To quantify that sense of motivation and urgency, iPhone sales were down 9 percent year-over-year to \$33.36 billion in Apple's Q4 earnings, while wearables were up 54 percent to \$6.52 billion. This is analogous to where the iPhone once sat relative to maturing Mac sales.

Hearables Hardware

(Simplified View)

Consumer Hearables Hardware Revenue, by Source*



Meanwhile, others are chasing wearables (including hearables). Google acquired Fitbit to buttress its WearOS platform with some hardware skin in the game. Amazon launched Bose Frame-like audio glasses and earbuds, followed by Microsoft's Surface Earbuds.

Then there's Bose itself. It's leaning into hearables with its BoseAR platform. In addition to a strong brand, it's the only player yet to open up a developer platform to scale up the creation of intelligent and sensor-informed audio experiences. And it's in tune with the acclimation concept.

"Start with something people want," said Bose' John Gordon at ARiA. "People want to bring music into their lives, they want to bring sound in, and they will put something on their head to do it. But we wanted to go beyond that... now that we've got something on people's heads, what's next?"

Whether it's hearables or other types of wearables like watches, it will serve AR in the long run. For both audio and visual AR outcomes, wearables penetration in general will acclimate mainstream consumers to putting tech on their bodies. And that could raise all AR boats.

Video Companion

(Click Video to Play)



About ARtillery Intelligence



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, 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 Data Briefs

ARtillery [Data Briefs](#) are research deliverables that are assembled weekly by ARtillery Intelligence analysts to document the market trends and events they're tracking.

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 XRDC. 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](#).



Methodology

This brief highlights *ARtillery Intelligence* viewpoints, gathered from its daily in-depth coverage of spatial computing. To support narratives, data are cited throughout the report. These include *ARtillery Intelligence* original data, as well as that of third parties. Data sources are attributed in each case.

For market sizing and forecasting, *ARtillery Intelligence* follows disciplined best practices, developed and reinforced through its principles' 15 years in tech-sector research and intelligence. This includes the past 3 years covering AR & VR exclusively, as seen in research reports and daily reporting.

Furthermore, devising these figures involves the “bottom-up” market-sizing methodology, which involves granular revenue dynamics such as unit penetration, pricing and growth patterns. More on *ARtillery Intelligence* market-sizing research and methodologies can be read [here](#).

Disclosure and Ethics Policy

ARtillery Intelligence has no financial stake in the companies mentioned in this report, nor was it commissioned to produce it. With respect to market sizing, *ARtillery Intelligence* remains independent of players and practitioners in the sectors it covers, thus mitigating bias in industry revenue calculations and projections.

ARtillery Intelligence's disclosure and ethics policy can be seen in full [here](#).

Contact

Questions and requests for deeper analysis can be submitted [here](#).

