Qualcomm

The State of Play Report 2020

A global analysis of user behaviors and desires driving consumer audio

What’s inside

Executive summary

The 2020 State of Play report is our fifth annual study featuring user insights based on research data from 5,000 consumers across the U.S, U.K, China, Germany, and Japan—and shines a light on evolving consumer attitudes and behaviors that drive buying decisions for wireless headphones, earbuds, and speakers.

This year, the ultimate freedom offered by truly wireless earbuds has made them the most desired form factor for on-the-go headphone use. Alongside consumer interest in this category is the growing popularity of video consumption and gaming content, along with a desire for noise cancellation—which has risen to the top of many shoppers' must-have feature lists. The shift to true wireless freedom enables users to enjoy more of their favorite content in a wider range of environments, and continues to drive the importance of longer battery life and the need for robust, low-latency connected experiences.

Many consumers are showing increasing interest in improved interoperability between their wireless earbuds (or headphones) and their smartphone, with 35 percent of respondents rating their interest as "high" or "extreme". Our findings also highlighted that lack of smartphone compatibility is now a purchase barrier for 29 percent of those surveyed.

The consumer industry for wireless speakers continues to go through a period of rapid change, fuelled by the adoption of cloud-based voice assistants. This report highlights how smart speaker adoption continues to increase and how speakers with a voice assistant could command a higher purchase price than those without.

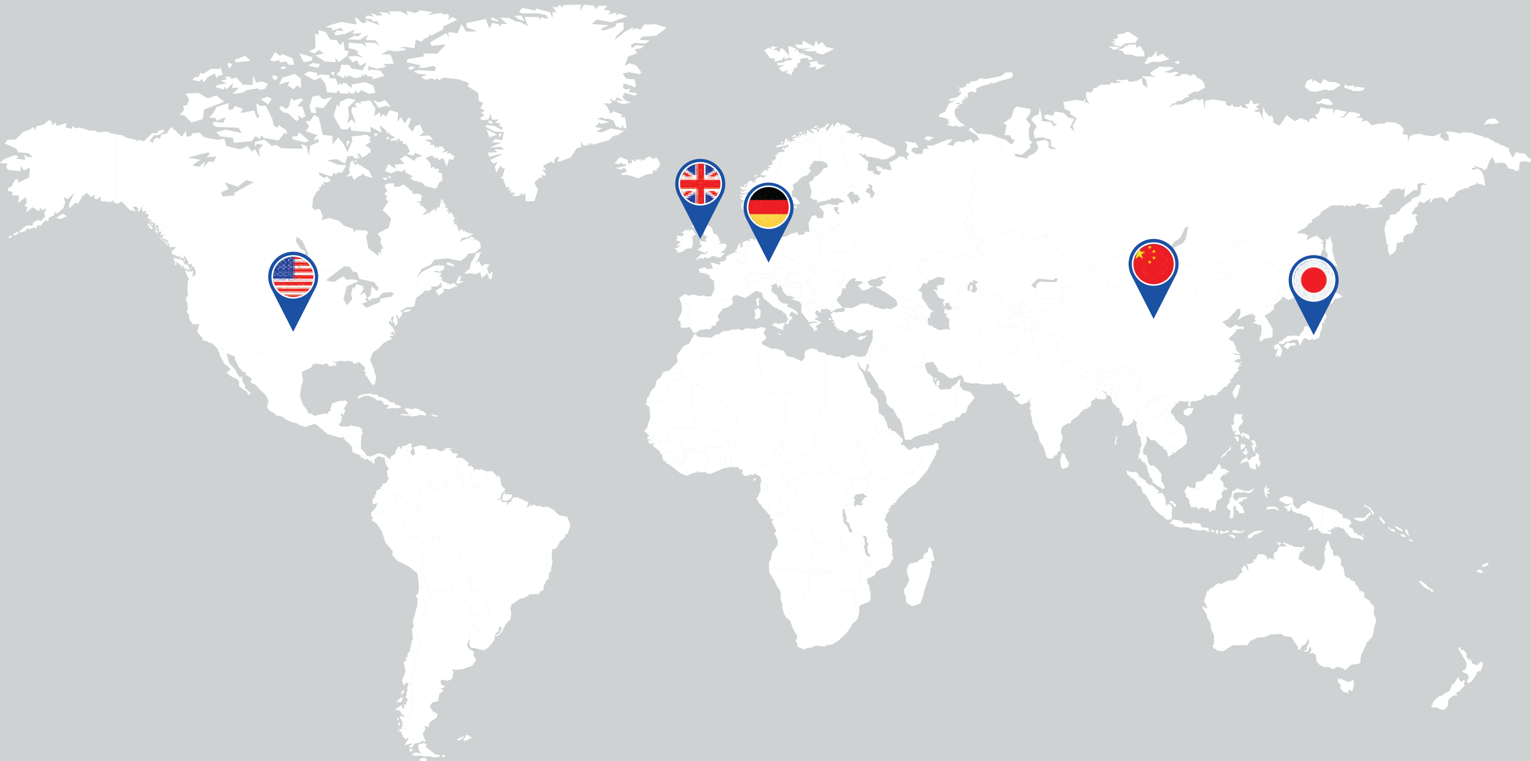
Price has become a more important consideration for many audio shoppers surveyed in 2020, compared to previous State of Play research. The field research in this study took place during May 2020 when many countries had mandated lockdowns for their citizen's safety in response to the COVID-19 pandemic. It is possible that the sudden change in the role price plays in consumer shopping decisions is a result of the global economic effects of the pandemic.

Sound quality remains the single most important factor for audio lovers worldwide, as it has for several years—and is the only purchase criterion that is more influential to consumers that we surveyed than price.

*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

Locations	United States, United Kingdom, Germany, China and Japan
Demographic	Smartphone users aged 18-64 years old
Sample size	1,000 per country
Research conducted	May 2020



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Key findings

The truly wireless age is here

Adoption of truly wireless earbuds has almost doubled compared with our State of Play Report 2019, from 23% to 42% globally, along with strong growth in every geography.

Comfort as important as battery life

This year, comfort joins battery life as the second most important wireless headphone and/or earbud purchase driver, reflecting the growing trend towards longer periods of wireless listening.

Demand for longer battery life near-universal

Our findings show 83% of audio consumers are interested in extended battery life.

Video and gaming audio go wireless

Video media consumption is now the second most popular use case for wireless headphones, and third most popular for earbuds. Almost half of all consumers surveyed reported using wireless audio products while gaming.

Noise cancellation gains critical importance

Now the sixth most important headphone purchase criterion and the fourth most wanted for the future, strong demand for active noise cancellation makes it a key differentiator.

Wireless audio user experience matters

Our data highlights that audio glitching and/or dropouts is a barrier for nearly a quarter of wireless headphone shoppers surveyed.

Continued demand for smart speakers

Smart speakers are the most sought-after product in the speaker category, with strongest uptake in the U.S., China, and the U.K.

Sound quality still #1

Now a five-year trend, sound quality is the single most important purchase driver in consumer audio, with 77% of respondents interested in high-resolution sound quality.

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Sound quality top driver for smart speaker spending

Our findings indicate that smart speaker consumers would pay the largest premium for superior sound quality and second largest for the brand they trust.

Privacy concerns may be decreasing

Privacy and security remain important to surveyed consumers; however, concern has reduced 5% compared to our State of Play Report 2019 (from 50% to 45%).

Continued interest in hearables

54% of consumers surveyed globally said they are likely or extremely likely to purchase wireless headphones or earbuds that offer additional features, such as voice assistance, fitness biometrics, or hearing assistance capabilities.

Impact of COVID-19

The field research in this study took place during May 2020 when many countries had mandated lockdowns in response to the COVID-19 pandemic. It is possible that the sudden change in many people's lifestyles, such as the move to working from home, or unforeseen economic changes may be impacting audio purchase decisions. For example, our data revealed that the importance of price has increased by 10% year-on-year.

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Wireless headphones, earbuds, and hearables

Wireless headphones, earbuds, and hearables

The global wireless headphone industry continues to expand rapidly, with major growth in the truly wireless earbud category. Truly wireless earbuds are now the most desired form factor of all headphone types, with 73 percent of consumers surveyed interested in complete freedom from wires.

Our data shows that the shift towards wire-free, highly portable headphones and earbuds is having a big impact on consumer purchase drivers. According to our 2020 survey, user experience and comfort have risen to join sound quality and battery life at the very top of audio product buying criteria. However, sound quality still matters most to consumers, even over price.

In addition to the must-have purchase drivers, the data shows a broader spread of feature interest emerging across the board. Interest in high-resolution audio and noise cancellation has trended up significantly since our State of Play Report 2019, putting immersive listening experiences on-the-go at the top of consumer desires.

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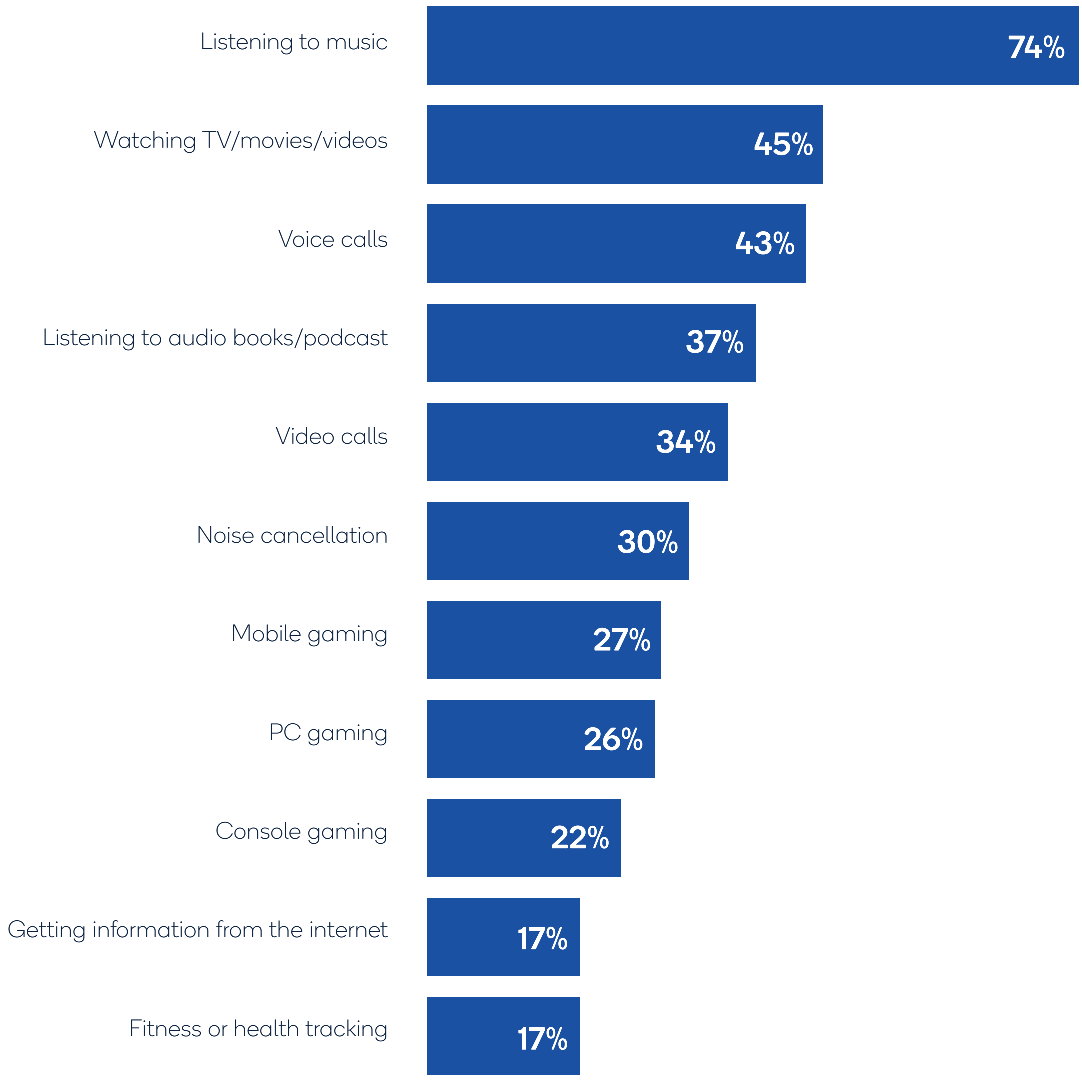
Wireless headphone use

Wireless headphones use



Our 2020 data shows a broader range of top wireless headphone use cases compared with previous years. Accessing audio wirelessly while watching video and gaming content continues to increase globally and, when combined across mobile, PC and console, gaming has overtaken voice calls as the second most popular type of use.

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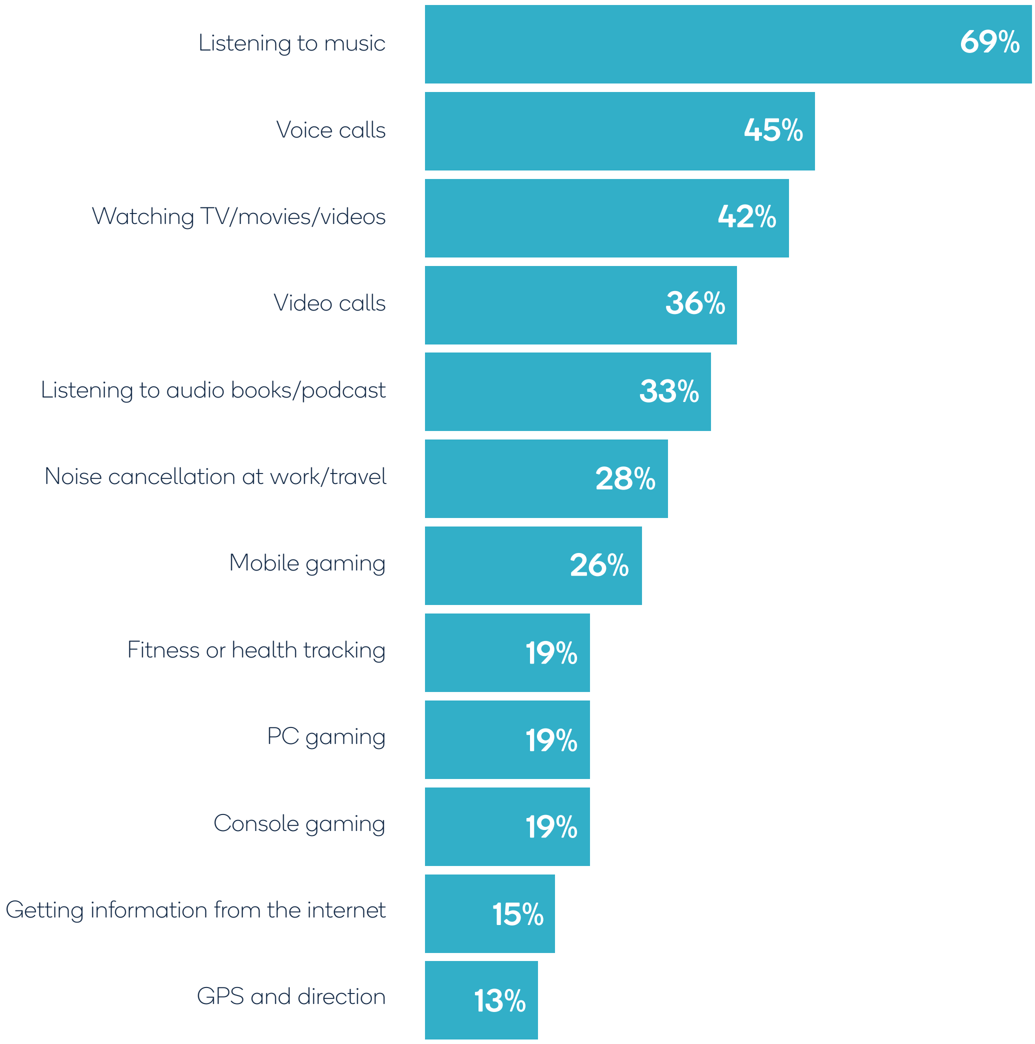
Truly wireless earbud use



Forty-two percent of consumers surveyed use wireless earbuds for watching TV, movies, and other video content, making it the third most common use case for these devices. Both video calls and mobile gaming are rapidly growing in popularity as well. This enthusiasm for enjoying wireless audio with different media types means latency and robustness in the Bluetooth audio connection are increasingly fundamental technical capabilities for headphones and earbuds.

Using wireless headphones and earbuds for voice calling is another use case that is on the rise, now the second most popular use case for truly wireless earbuds globally. This means preserving wireless voice call audio quality matters more than ever and could help manufacturers create strong differentiation.

Consumers surveyed in China showed the broadest range of usage overall and have widely embraced the use of truly wireless earbuds for voice calling.

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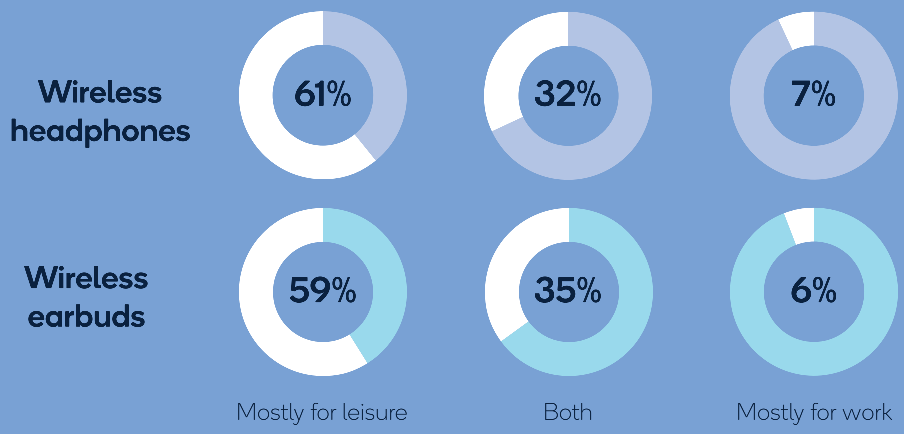
Globally, wireless headphone use is primarily for leisure (61%), with just over 30% of consumers surveyed using their wireless headphones or earbuds for work as well.

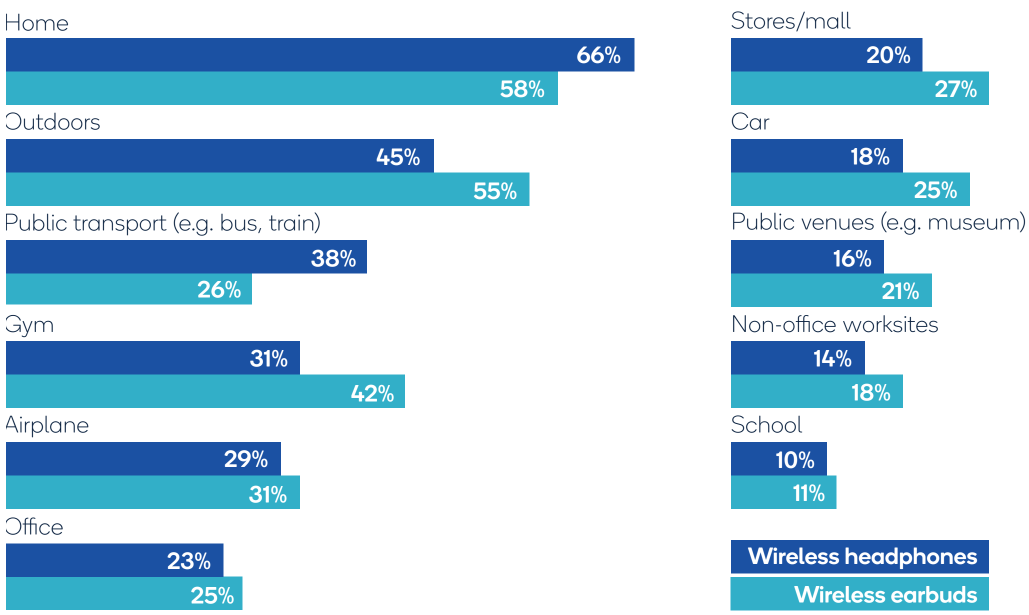
Use of wireless headphones or earbuds for work and leisure



Our survey showed that the most common location for wireless headphone use is in the home, with data suggesting that at-home listening preferences are diverging from on-the-go listening preferences.

While all types of wireless headphones are used in an increasingly diverse range of locations, our survey showed that truly wireless earbuds have become the form factor of choice for virtually all outdoor environments.

Wireless headphones and earbuds usage location



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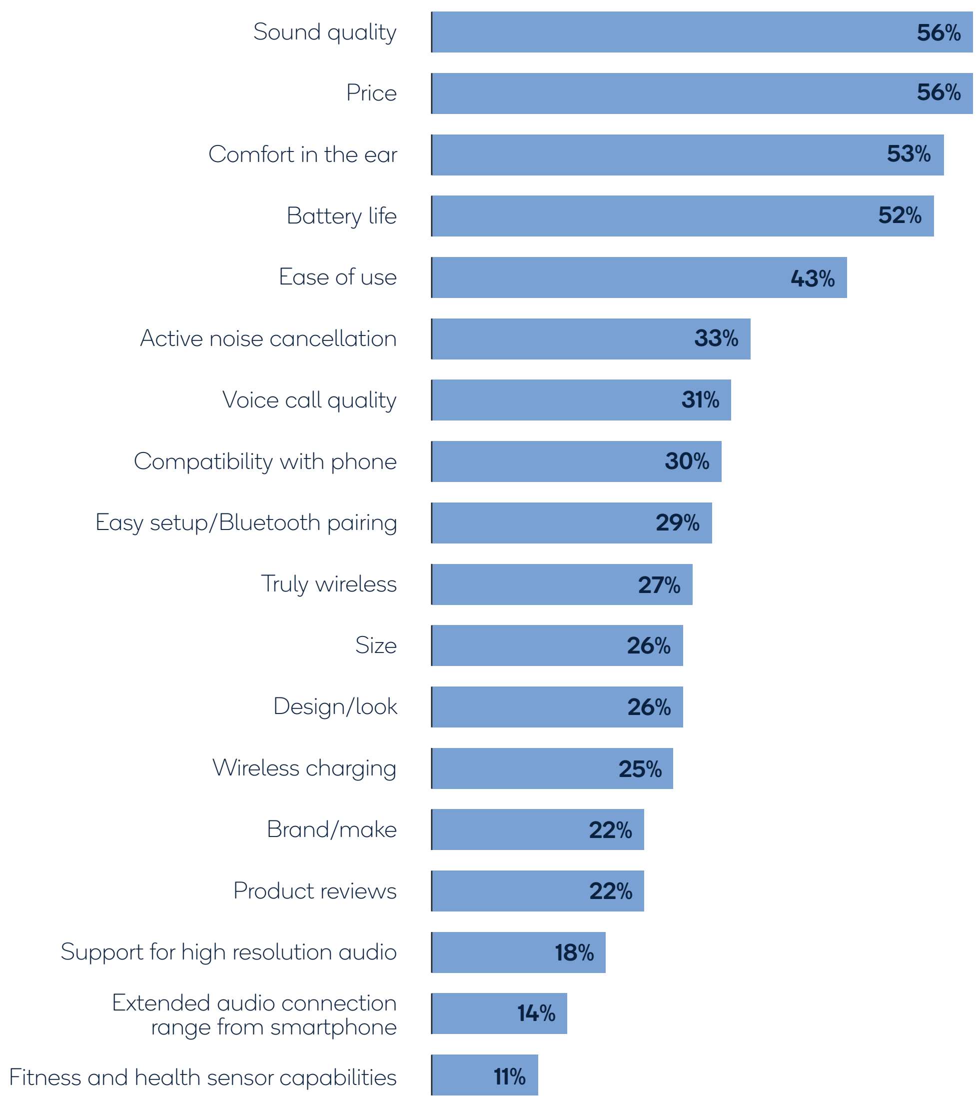
Wireless headphone and earbud purchase drivers

The diversification of wireless headphone use cases and locations has impacted consumer shopping decisions dramatically in 2020. Sound quality remains the most important criterion, but increasingly a broader range of considerations are rising including price, comfort, long battery life, and user experience.

Price has become a more important consideration (up 10% compared with our 2019 report) for all audio shoppers in 2020. It is possible that this change is an effect of global economic downturns caused by the global response to the COVID-19 pandemic.

Purchase criteria when choosing wireless headphones or earbuds



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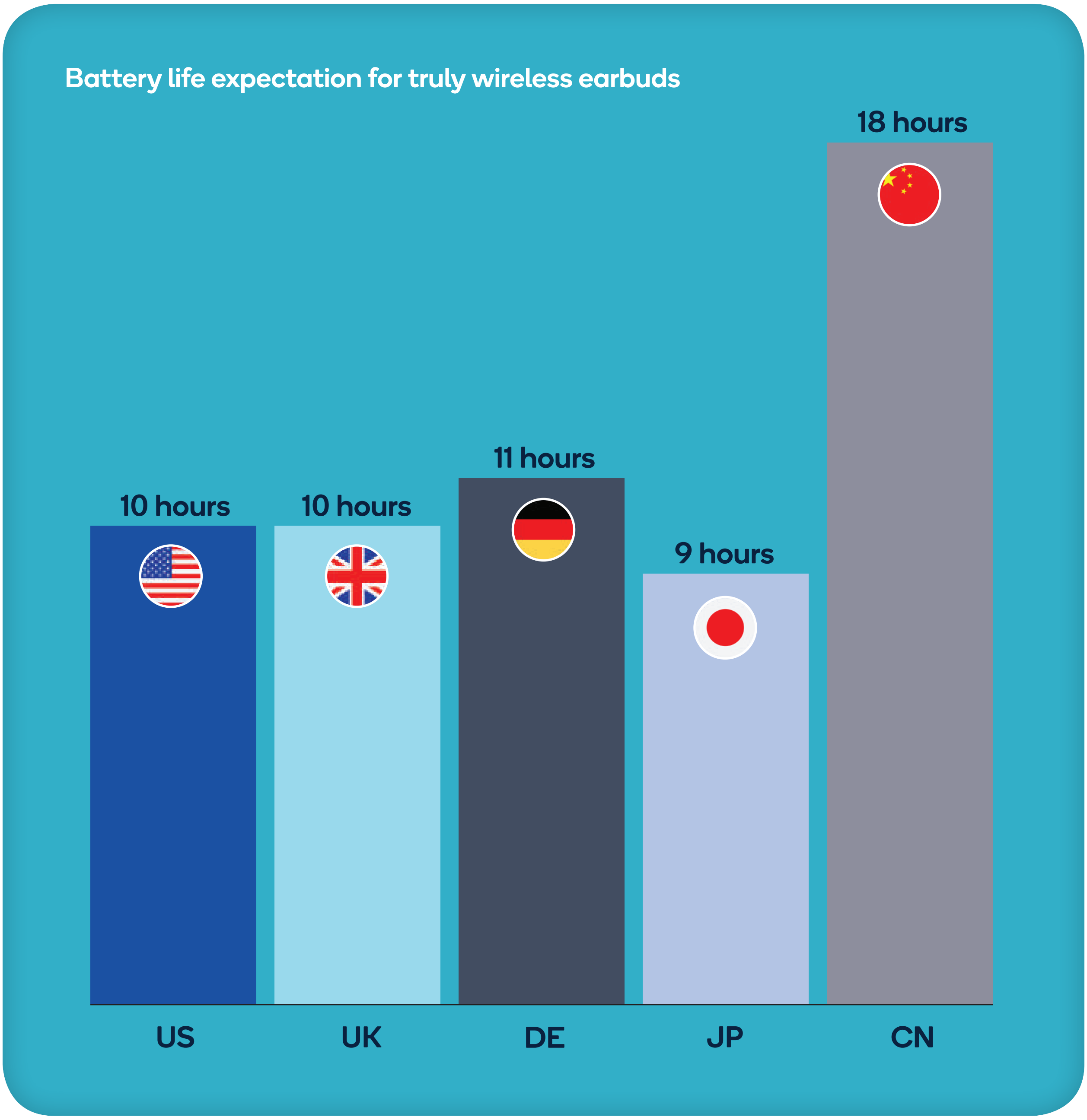
In China, those surveyed value comfort more than sound quality, price, and battery life—and indicate the broadest range of desired features and benefits.

As seen in previous State of Play reports, consumer demand for ever-longer battery life has been increasing sharply year-on-year, as audio enthusiasts seek to use their devices more often and for a wider range of applications. To meet this demand, truly wireless earbuds are now expected to deliver a minimum of nine hours of playback time before being returned to the charging case. Double that duration in battery life is expected by earbud users surveyed in China.

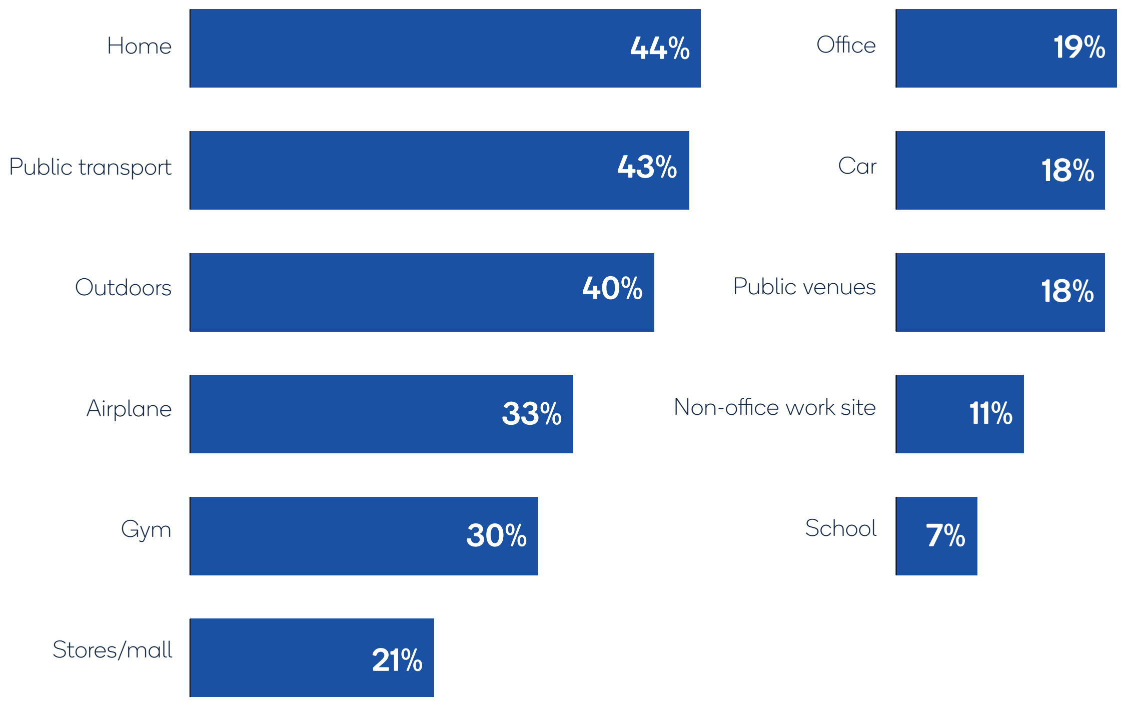


The increasing significance of active noise cancellation

Noise cancellation is gaining importance in 2020, and our data indicates that it will be even more critical in years to come.

- **71 percent** of consumers surveyed said they are interested in active noise cancellation as a feature—illustrating very high demand
- Noise cancellation is the sixth most important headphone purchase criteria this year, compared to ninth in 2019.
- Ranked fourth most needed for future use for wireless headphones, compared to the sixth most common current use.
- Improved sound quality is the top reason that consumers say they are seeking active noise cancellation.
- 70% of consumers are interested in active noise cancellation technology that allows them to hear or control certain sounds from their surrounding environment.
- Home, public transport, and outdoor environments are key locations for noise cancellation features to be supported.

Noise cancellation usage location



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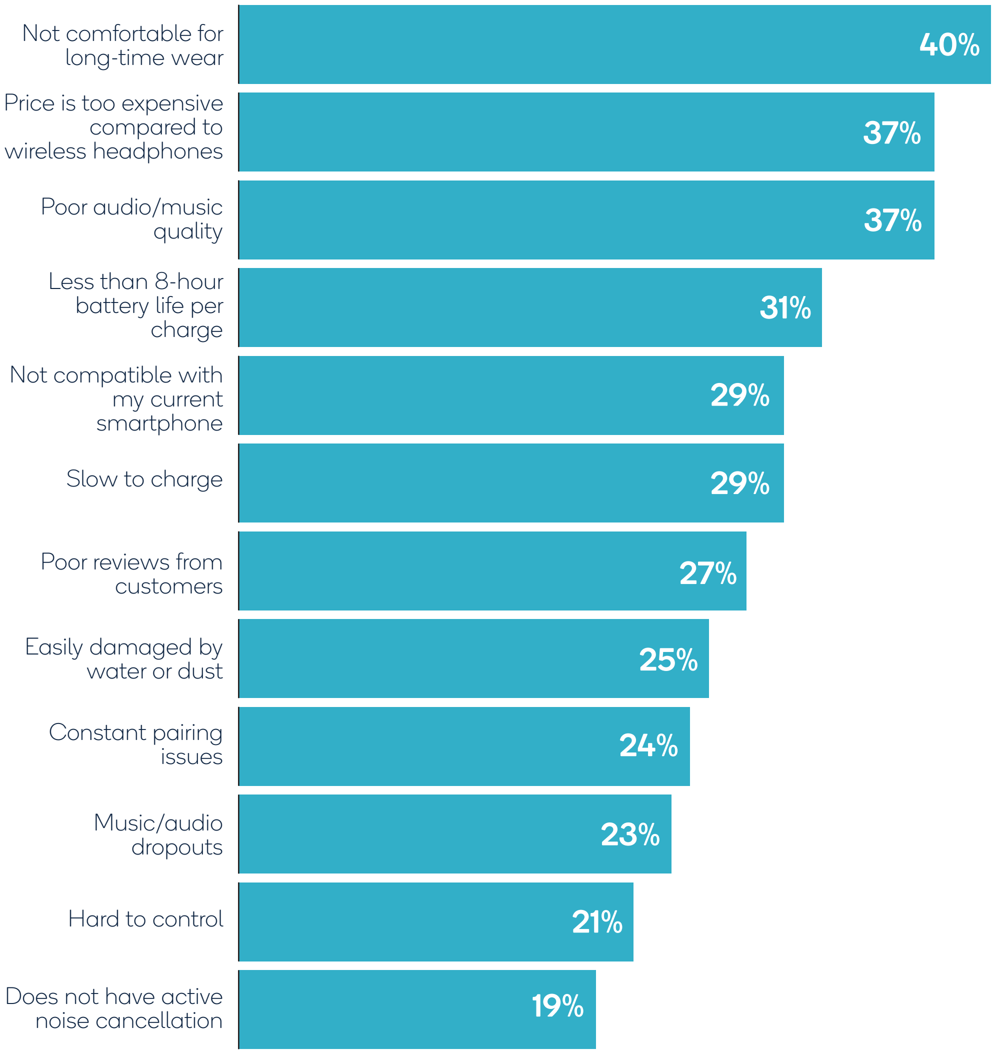
Specific to truly wireless earbuds, the top barrier that may prevent consumers from purchasing a pair is if they feel they are not comfortable to wear for an extended period of time. Our data also revealed that the current average time before consumers experience earbud discomfort with current models is three hours.

Truly wireless earbud purchase barriers



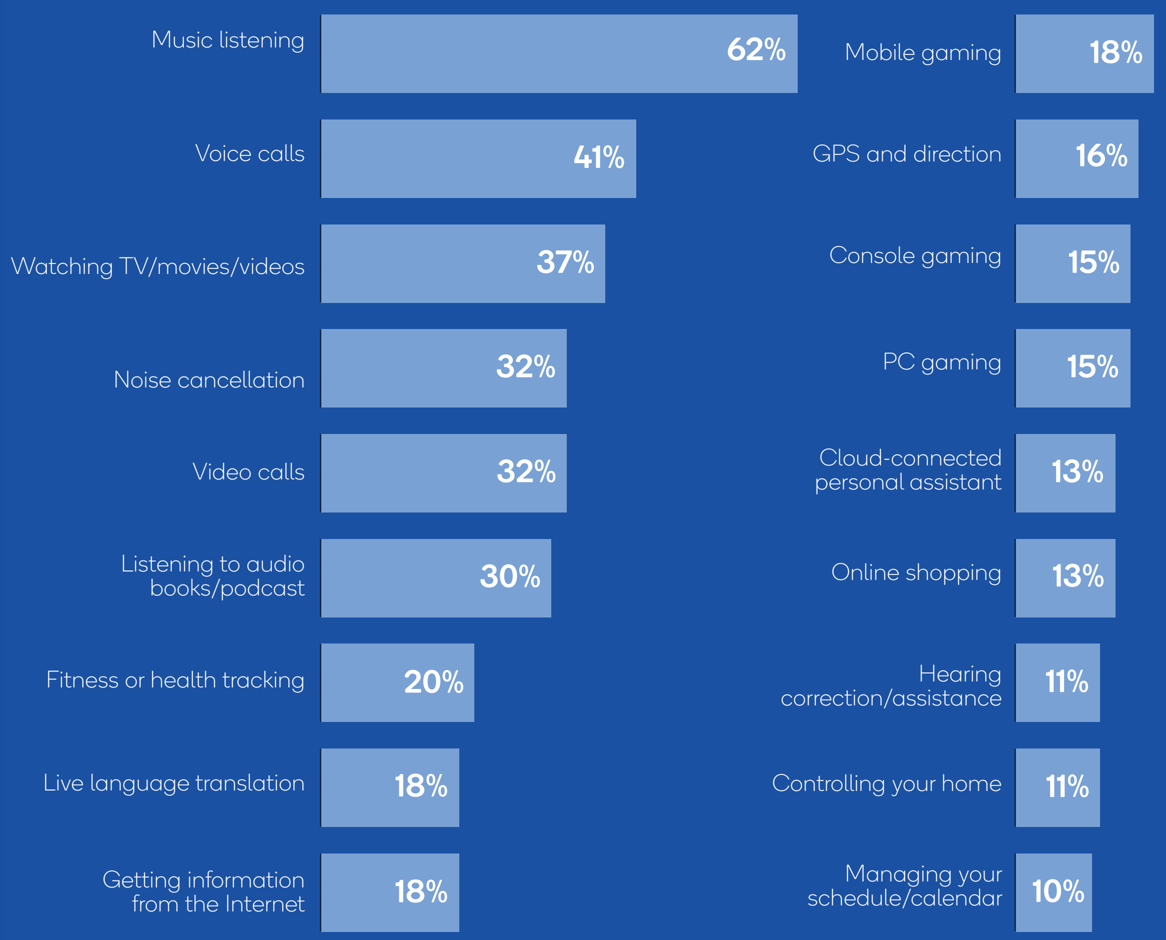
Along with price, audio quality is the second most important barrier for truly wireless earbud purchase, with almost a quarter of shoppers surveyed highlighting audio dropouts as a negative quality criterion.

Wireless headphones and smart features

More than half (54%) of consumers surveyed globally said they are likely or extremely likely to purchase wireless headphones or earbuds that offer additional features, such as voice assistance, fitness biometrics, or hearing assistance capabilities.

Our data indicates that fitness or health tracking, live language translation, mobile gaming, and getting information or directions from the Internet are important wireless headphone capabilities for the future, with around 20 percent of consumers surveyed saying they can see themselves adopting these use cases. These are the top-rated future applications outside of music/audio streaming, making calls, watching video content, and noise cancellation.

Future uses for wireless headphones



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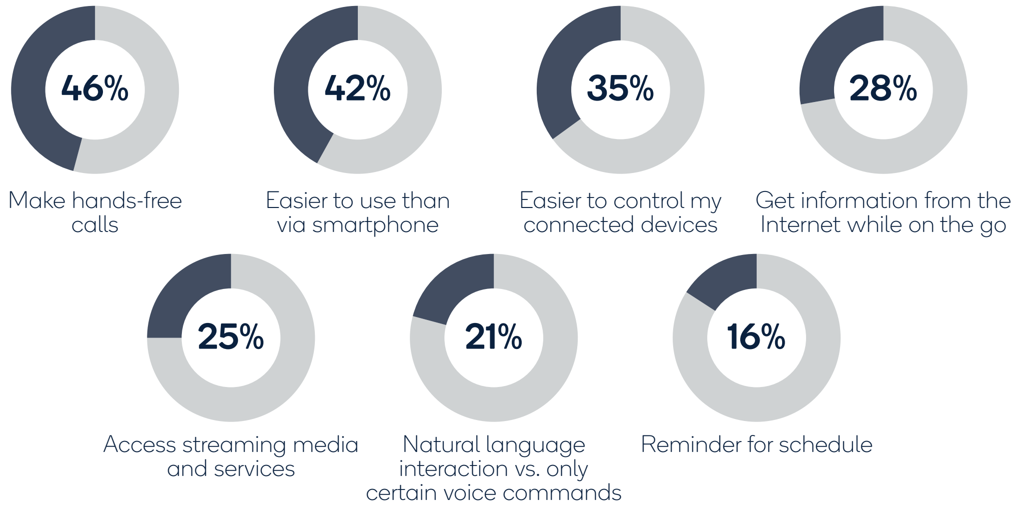
The adoption of voice assistants in these devices is largely driven by the convenience factor of completely hands-free use.

Drivers for voice assistants in headphones

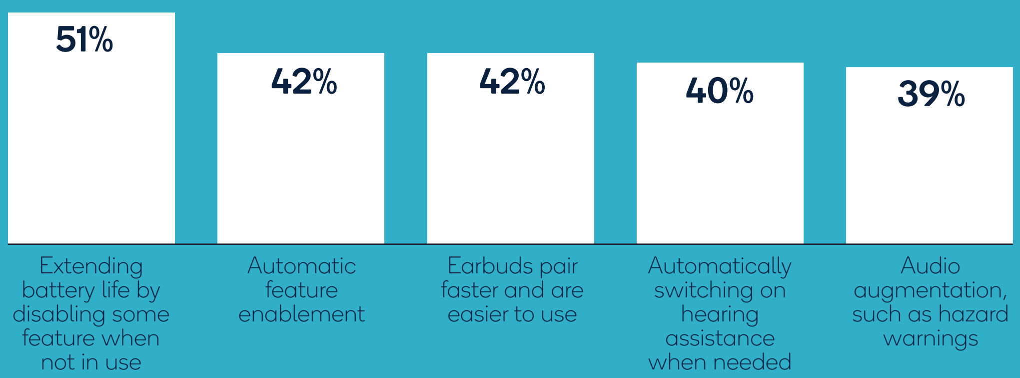


Privacy and security concerns seem to be a less critical barrier for voice assistant adoption compared to previous years. We believe this is because many consumers are becoming familiar with this method of interface. Twenty percent of consumers surveyed indicated they don't want a voice assistant in their headphones because they didn't have a need for it.

Context aware wireless headphones and earbuds

- This year 58% of consumers surveyed said they are interested in context aware earbuds or headphones.
- Interest for context awareness capabilities is significantly higher in China, where 86% of those surveyed are interested in earbuds or headphones that can offer the benefits of context awareness.

Wireless headphones and earbuds with context awareness



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Smart and wireless speakers

Smart and wireless speaker use

The consumer industry for wireless speakers is going through a period of rapid change, fuelled by the increasing adoption of cloud-based voice assistants. Globally, fifty-one percent of participants in our 2020 research reported that they currently own a smart speaker, an increase of sixteen percent year-on-year.

Sound quality remains the number one purchase driver for both Bluetooth and smart speakers. Additionally, ease-of-use has emerged as an important criterion for smart speaker shoppers we surveyed in 2020, and is now equal with battery life. This may reflect a factor identified in our State of Play Report 2019, which indicated that driving improvements in the voice wake-up, responsiveness, and accuracy for smart speakers could be important in appealing to a broader range of consumers.

Our data this year identified that smart speakers (those with a voice assistant) can command a higher price than traditional speakers, particularly if they deliver on superior sound quality and/or brand recognition.

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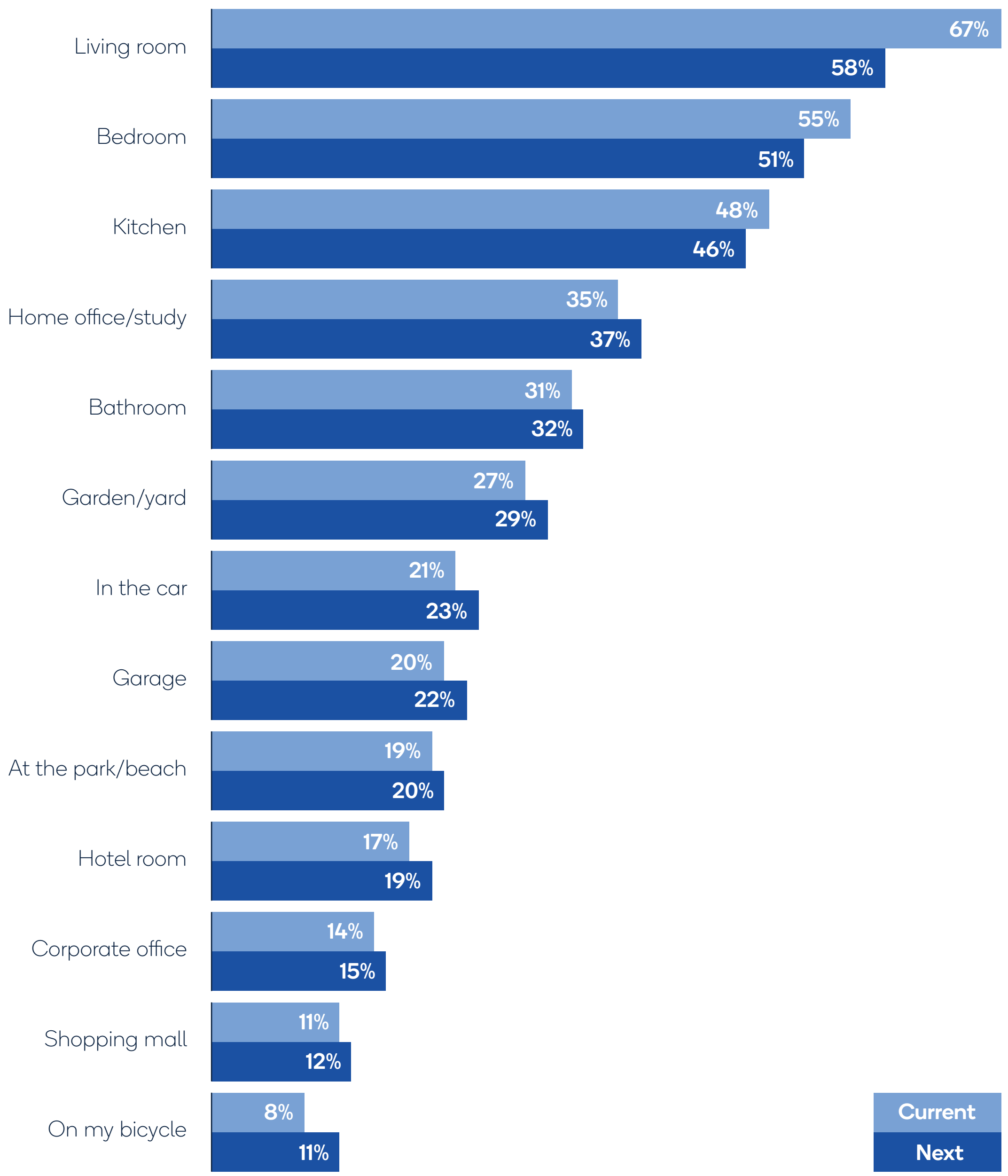
Smart and wireless speaker usage

This years' findings suggest that the use of smart speakers is on the verge of shifting toward more outdoor and on-the-go environments, and that these devices could also begin to play a larger role in the home office for conference calls and other applications. Our data indicates that the second and third smart speakers purchased by a household will most likely be used outside of the living room, for example at work, in the car, at the beach, and in hotel rooms.

Smart speaker usage location



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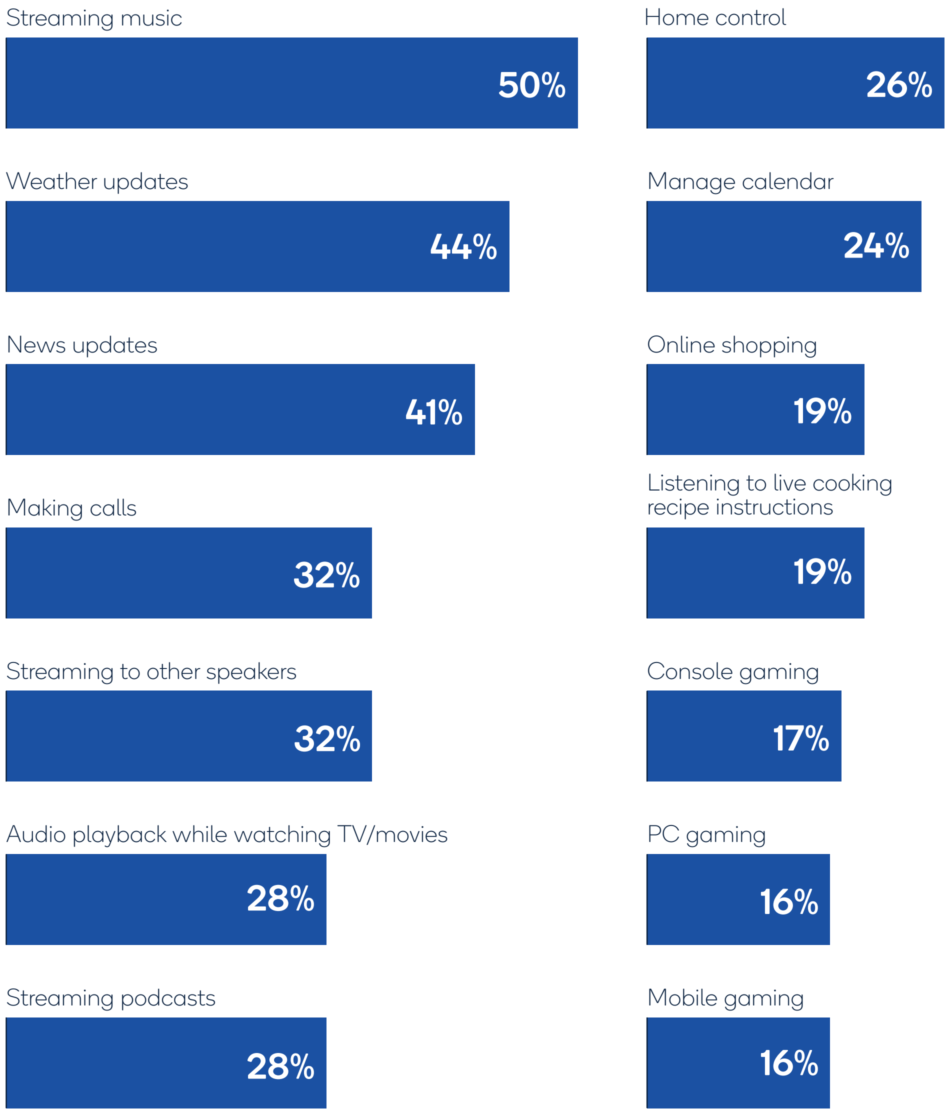
This shift emphasizes the potential need for more portable smart speaker designs, long battery life, advanced connectivity, and robust wake word detection to accommodate a range of surroundings.

Despite an increasing range of use locations, our data suggests that the top applications for smart speakers have remained similar year-on-year, with streaming music, basic information requests, and making calls most popular. Offering superior performance in these core capabilities, while meeting the desire for portability, provides an important opportunity for speaker manufacturers to appeal to today's audio consumers.

Smart speaker use cases



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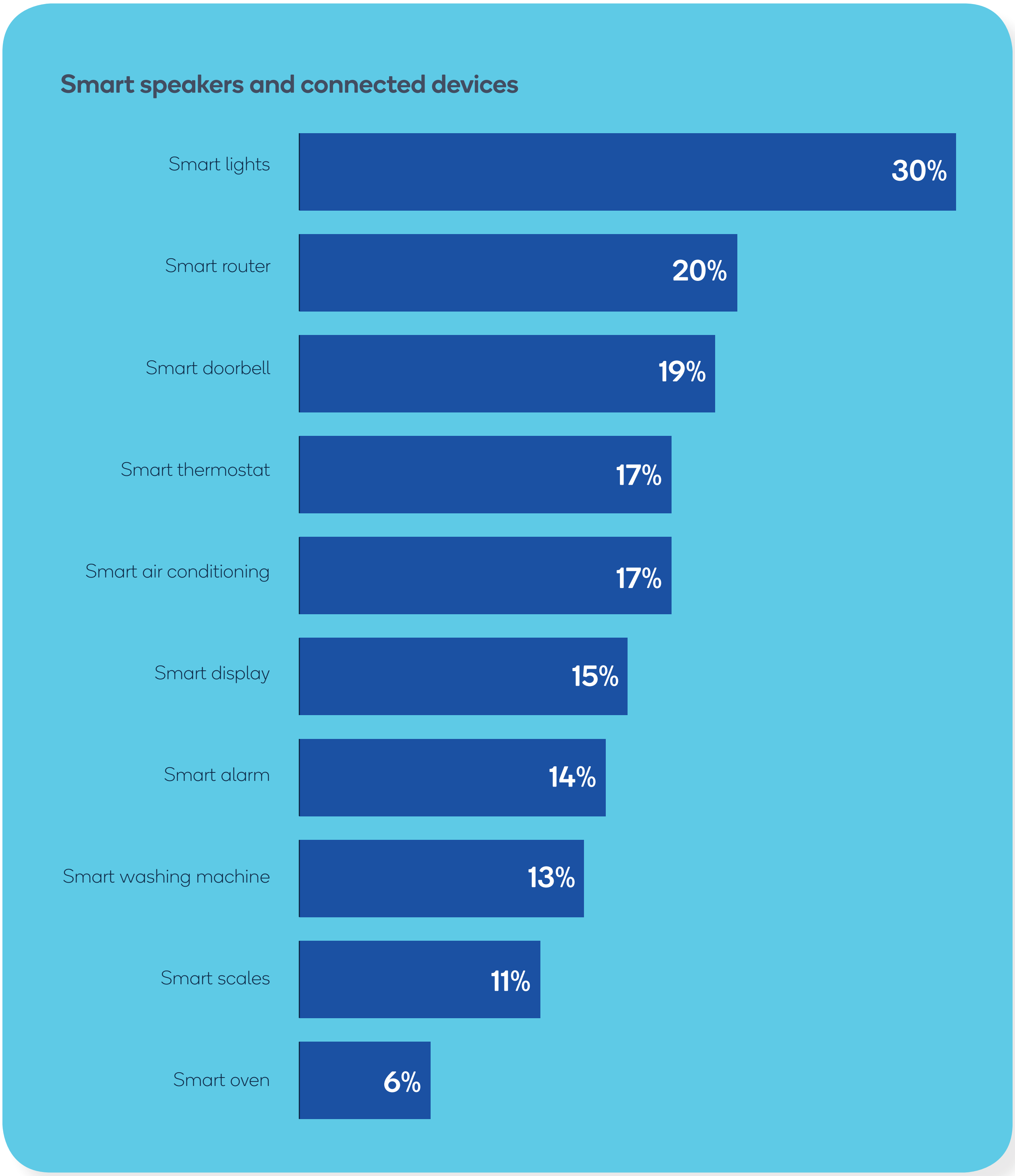
Using smart speakers for smart home control has risen from the twelfth to eighth most common use in the last 12 months. Smart lights are the most desired home Internet of Things (IoT) device to control with a smart speaker.



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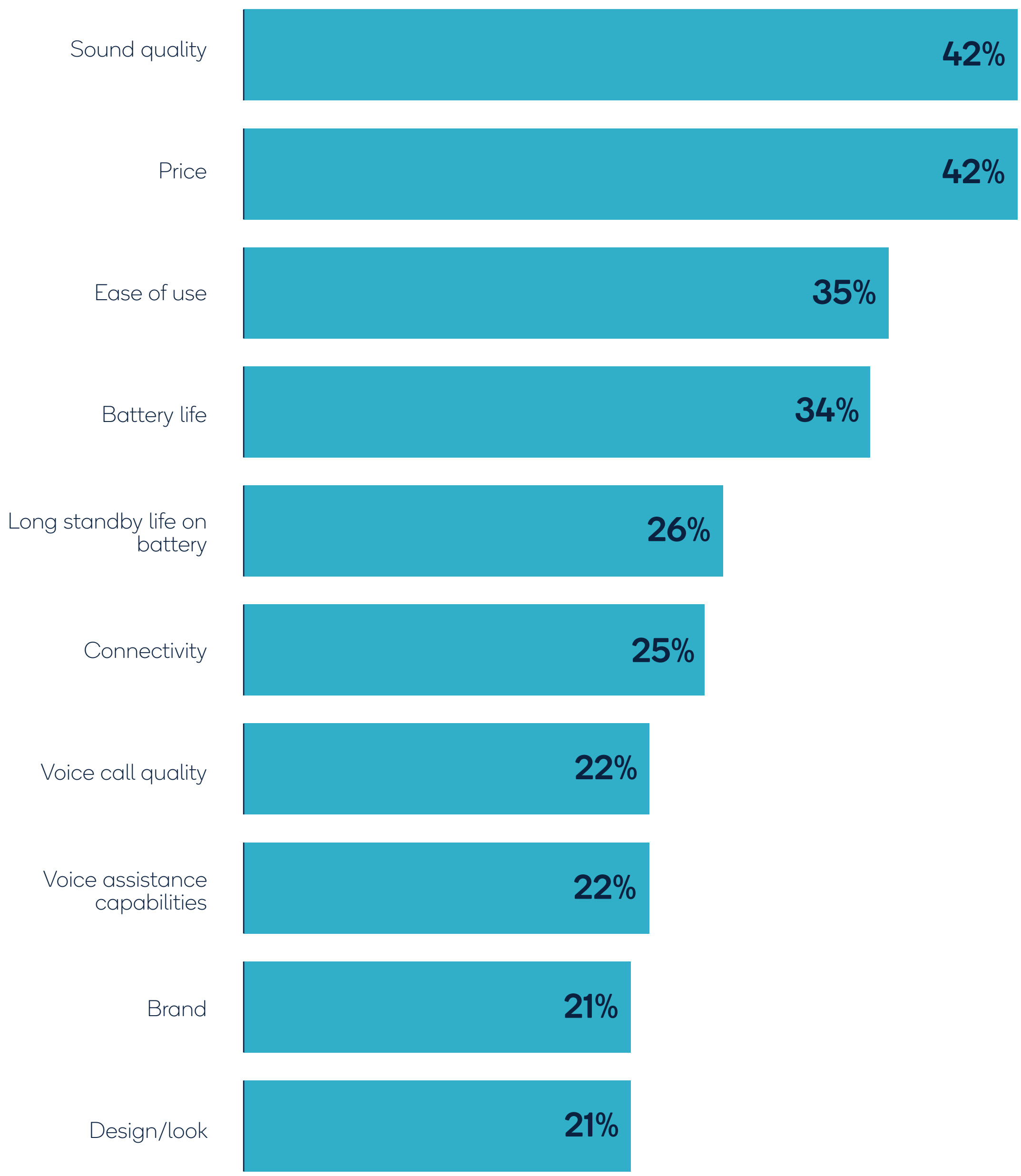
Wireless speaker purchase drivers

Sound quality remains the most important factor in purchase decisions for audio enthusiasts, reflecting the most popular use for smart and Bluetooth wireless speakers for music streaming—however, value for money has become equally important for many consumers in 2020.

Smart and wireless speaker purchase drivers



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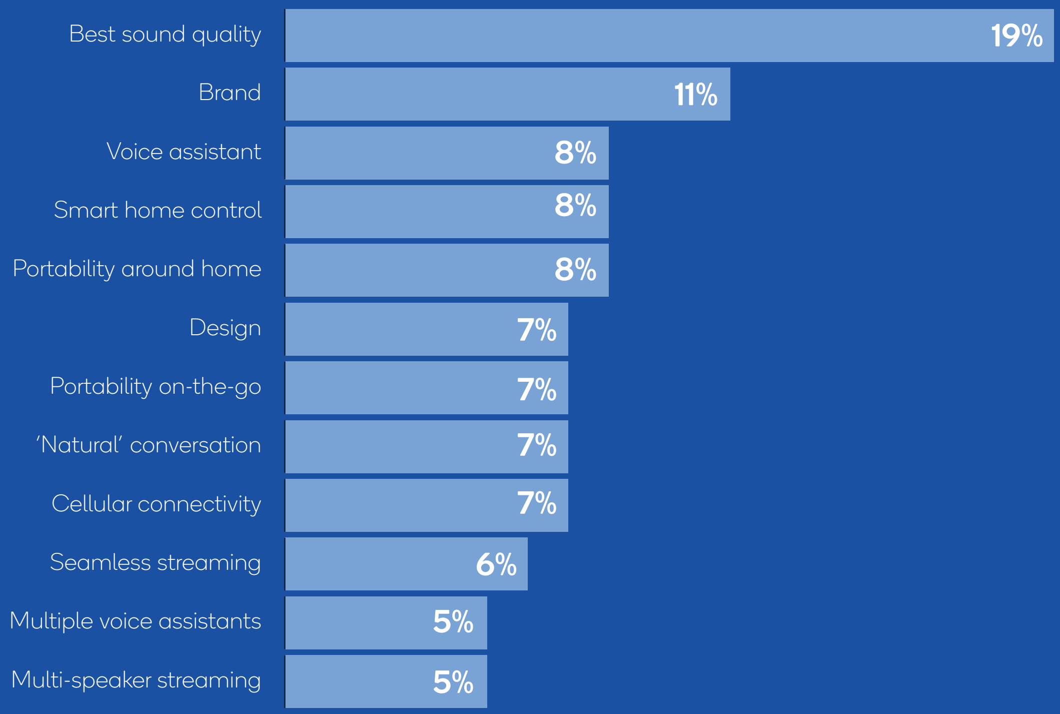
Not only is sound quality most important for smart speaker consumers, but it also attracts the largest potential price premium.

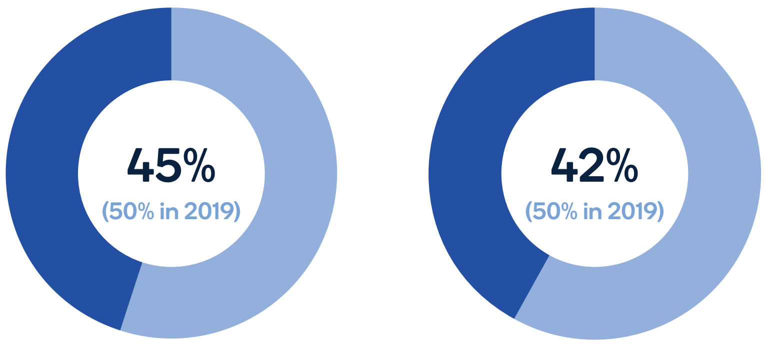
Percentage price premium per feature



Voice capabilities appear to have less impact on consumer buying choices between different smart speakers, but they are critical for supporting new features and cloud-based services—thereby differentiating from more traditional speakers.

This data also highlights that while privacy and security features are important, the level of concern around privacy for smart speaker shoppers has slightly decreased in intensity this year.

Privacy and security concern



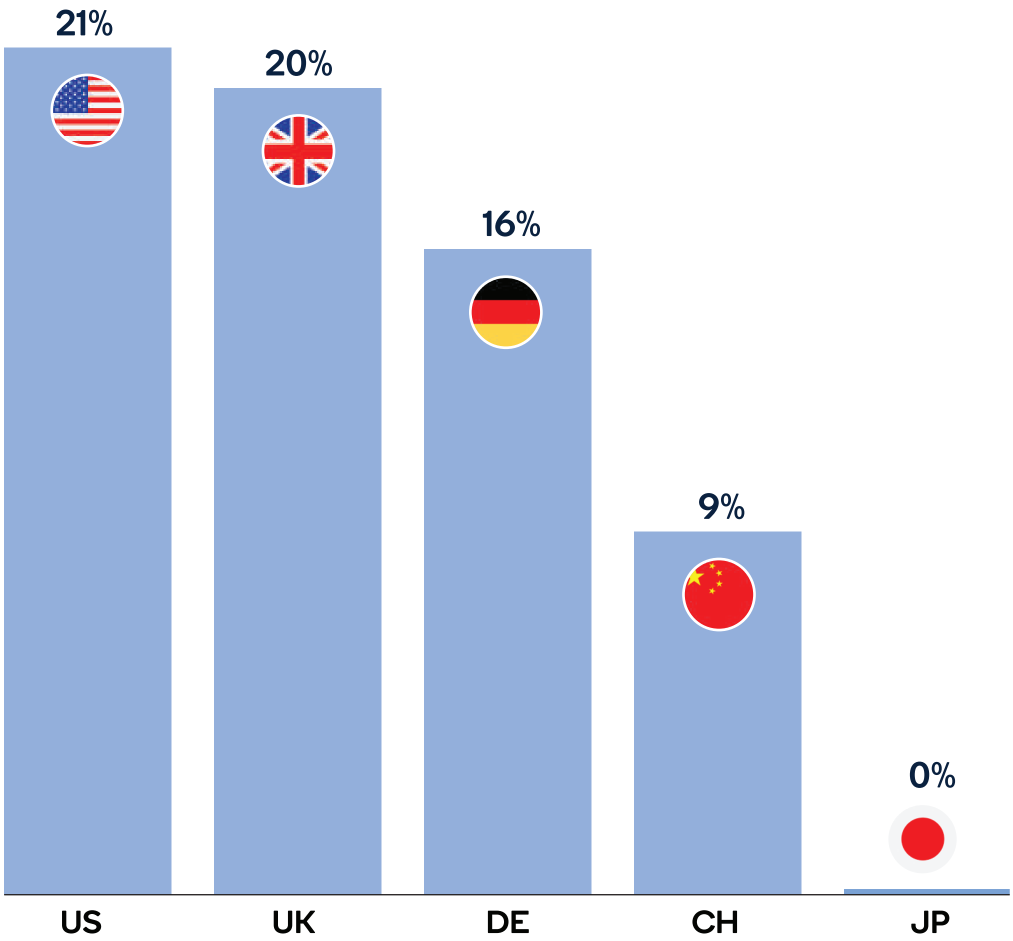
Privacy when using a voice assistant

Smart devices could be hacked

Spending attitudes for smart and traditional wireless speakers

Our findings suggest that consumers in the U.S, U.K, Germany and China are prepared to pay a premium for a smart speaker (one integrated with a cloud-based voice service) compared to a traditional wireless speaker.

% increase in spending on smart speaker vs traditional speaker:



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