

Headphone sales make a noisy comeback at the holidays

December 25 2013, by Maria Halkias

Here's one trend Apple missed: headphones, a music lover's accessory that's as old as home stereo sound.

Headphones made a huge comeback this [holiday season](#), climbing up in the rankings of hot consumer electronics items.

"For years, earplugs and headphones were stuck as \$10 to \$15 throwaway products," said Stephen Baker, vice president of industry analysis at The NPD Group.

You can still find inexpensive white earbuds, but they're being displaced by pricey versions that cost \$150 to \$300 and come in statement colors like red, purple and teal.

As recently as 2010, the category wasn't even in the top 50 for consumer electronics sales, Baker said.

This year, headphones landed in the top five consumer electronics categories over Black Friday weekend, falling just behind TVs, tablets and notebooks on NPD's list. (The list doesn't include video game consoles, this year's other emerging hot category.)

Two companies led the charge to turn headphones into lifestyle products, Baker said: Beats Electronics and Sol Republic.

They turned an old, functional product into a stylish accessory to use

with new mobile devices. As a result, every retailer from RadioShack to Nordstrom featured Beats by Dr. Dre and Sol Republic headphones prominently this holiday season.

Beats Electronics, founded in 2008 by artist and producer Dr. Dre and Interscope Geffen A&M Records Chairman Jimmy Iovine, led the premium consumer headphone trend. It was especially aggressive the last two years about bringing expensive headphones into the market and expanding distribution, Baker said.

Headphone sales are also helping Fort Worth, Texas-based RadioShack, which has struggled with declining sales and profits. They are a key category in the chain's current plan to reinvent itself. Some of its new concept stores include interactive spaces where shoppers can test headphones with their own devices.

RadioShack spent a chunk of its advertising money promoting Beats headphones in television ads as early as April. "The whole category of music is hot again, and sound is huge for RadioShack," said RadioShack spokeswoman Merianne Roth.

Beats and Sol Republic, which was founded in 2011, are reinventing the headphone category, she said. "We have the prestige products and good relationships with them, along with our proprietary brands."

RadioShack matched prices this holiday season, and it faced a lot of competition. A dozen major chains featured the Beats by Dr. Dre Solo model prominently in Black Friday ads, including Target, Kohl's and Wal-Mart. Wal-Mart made it one of its one-hour in-stock guaranteed items on Thanksgiving and lowered the price from \$199.95 to \$114.95.

A ranking released Monday by Dallas-based Parks Associates listed headphones as the No. 6 consumer electronics item, right behind video

game consoles. And among [consumer electronics](#) accessories, headphones ranked as the most desired item.

Parks' research shows that about 21 percent of U.S. households with Internet access intend to buy headphones or earbuds this holiday season. That ranks [headphones](#) above a mouse, keyboard, motion controller and networked security camera, Parks said.

"The headphone market has really benefited from the boom in tablets and smartphones," said John Barrett, Parks' director of consumer analytics. "People are using these devices for music and video, and it's not always practical, or polite, to use the built-in speakers."

TOP ELECTRONIC GIFTS:

Headphones have been rising in popularity since last year. This year, they were featured widely by retailers as a hot holiday gift item and ranked sixth in Parks Associates' holiday rankings. Last year they were fifth. The NPD Group said the category made its Top 5 for the first time this year.

- 1. Tablet
- 2. Smartphone
- 3. Laptop/netbook/ultrabook
- 4. Flat-panel TV
- 5. Gaming console
- 6. Headphones/earbuds

-7. E-book reader

-8. Blu-ray player

-9. MP3 player

-10. Wireless speakers

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