

For Immediate Release
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Internet radio to ignite networked audio market

The rise of connected devices and Internet radio are laying the foundations for multi-room networked audio, according to a new strategic report from Futuresource Consulting.

The digital music market in the USA now accounts for 35% of the country's music revenues, with a subscription market worth nearly US\$3bn (85% derived from satellite radio). The UK is also a significant market, where consumers spend almost twice as much on music per capita than the US and European average. Combine this with a rapid uptake of consumer laptops, notebooks and wifi-enabled broadband, and the market is shaping up for a networked audio revolution.

There are many potential applications for networked audio, including connecting a laptop to a music system's speakers without the need for wiring; a home theatre in a living room playing out music from a remote PC or media server; an AV receiver delivering music streams to wireless devices in other rooms; or a wifi enabled in-wall amplifier piping Internet radio to a speaker system housed within the ceiling.

"Networking solutions are on the brink of revitalising markets for home audio products," says David Watkins, Senior Market Analyst, Futuresource Consulting. "Consumers already own devices which can access Internet music - PCs, personal media players and smartphones - though the unique selling point for embedded Internet radio is convenience and immediacy. There's no need to boot up a PC, you simply hit a button and you're listening to your favourite music or talk show in an instant."

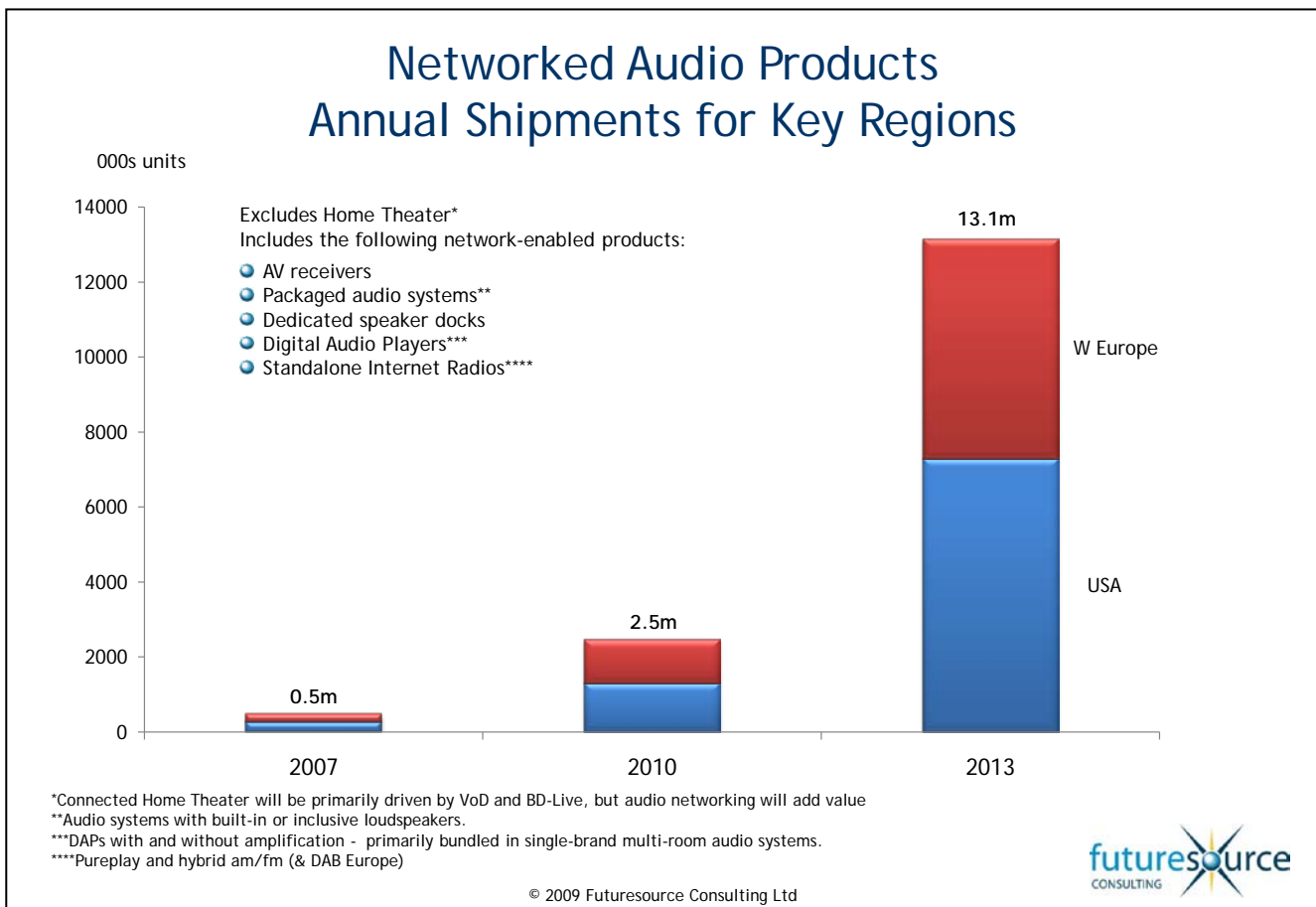
Standalone Internet radio manufacture is currently being driven by innovators like Grace, Roberts, Revo and Magic Box, with the market primarily focused within the US and UK. Hardware is bundled with navigation portals, such as Reciva, so the product is ready to play straight from the box, though online registration allows access to more intuitive station search functionality and an extended number of station presets.

Futuresource forecasts show that the market for Internet radios will grow from a small niche in 2008 (less than 500,000 units worldwide) to close to five million units by 2013.

"Server-to-audio networking combined with wireless multi-room audio systems is just the beginning," says Watkins. "Several vendors are already developing networked solutions which allow remote control of your iPod and other handheld devices across a home

network, effectively turning handheld devices into servers. Throw in the iPhone's capability to act as both a music source and a wireless remote controller and the outlook starts to look very enticing.

"However, there are challenges to overcome. The majority of consumers are currently unwilling to pay for streamed Internet radio services, so the search is on for sustainable business models, particularly with the technology being embedded within an increasing number of devices. Ease of use, seamless user interfaces and robust wireless operation are an essential next step to move the market from niche to high volume. From a slow start, by 2013 networked features on medium range audio devices will be standard fare, and consumers will increasingly become dependant on the Internet for their music. With the continued rise of home networks it is evident that Internet radio is here to stay - and it's just a short leap to networked audio. For the content owners, monetisation has to be the next critical step."



The Business Potential for Networked Audio is a 60+ page strategic report which focuses on market prospects for networked audio, consumer electronics hardware and DLNA. It draws on Futuresource research into global consumer electronics and entertainment media, as well as being based upon dedicated interviews with major equipment vendors and

component suppliers in different segments of the market. For more information or to purchase this report, please contact David Watkins on +44 (0) 1582 500127 or via email at david.watkins@futuresource-hq.com.

Save the date

The Futuresource Entertainment Summit

10-11 June 2010, London, UK

Covering all business opportunities presented by new home entertainment technologies, platforms and delivery systems, this year's conference focuses on the strategic impact of 3D, the rise of IP connected devices and the changing face of retail, plus revenue stream development and optimisation for Blu-ray and online content services.

Find out more at www.futuresource-consulting.com/events.htm

Notes

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