

# Portfolio Assessment & Restructuring





About Harman Kardon:

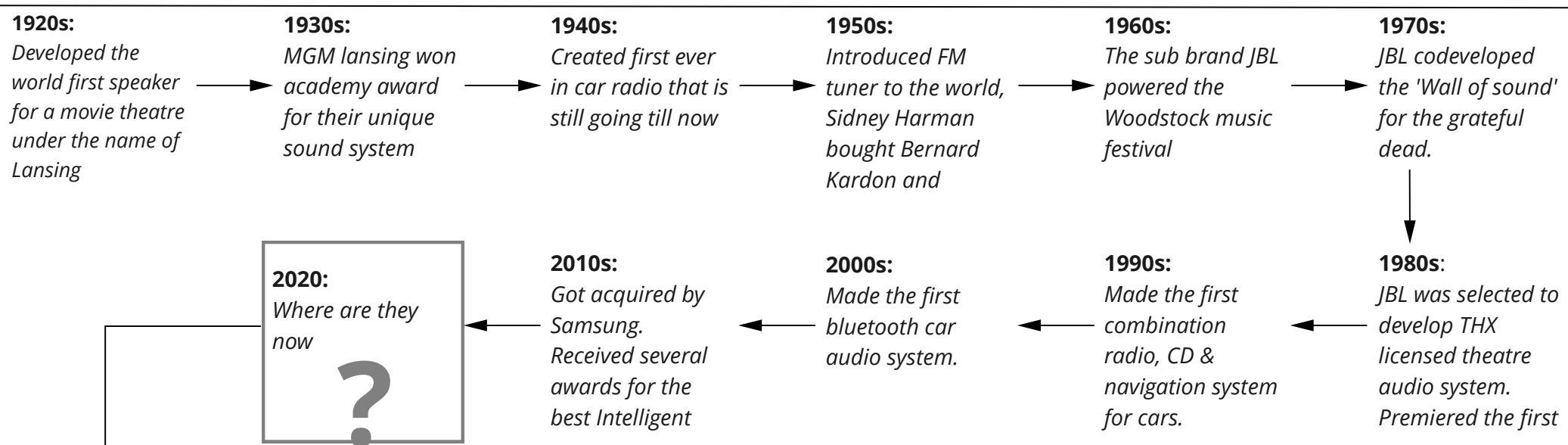
Harman Kardon is considered one of the best in class audio brands since 1953 specializing in speakers, headphones and automotive sound systems. Currently they are owned by Samsung and have several audio equipment brands under it like JBL, AKG, Mark Levinson, Infinity, and Crown Amplifiers.

They have recently ventured into the smart speaker market, however their current share is a fraction of the potential market.

The problem also lays in the fact that their speakers smartness is dependent on what their competition is offering.



Historic timeline



Their current offerings:

- Consumers audio electronics
- Automotive audio solutions
- Professional studio audio solutions
- Theatre audio solutions
- Office & conferencing audio video solutions

**Aim:**  
To find the next opportunity of interactable smart technology in Harman Kardons portfolio.



# How do Harman products compare to the Competitive companies?

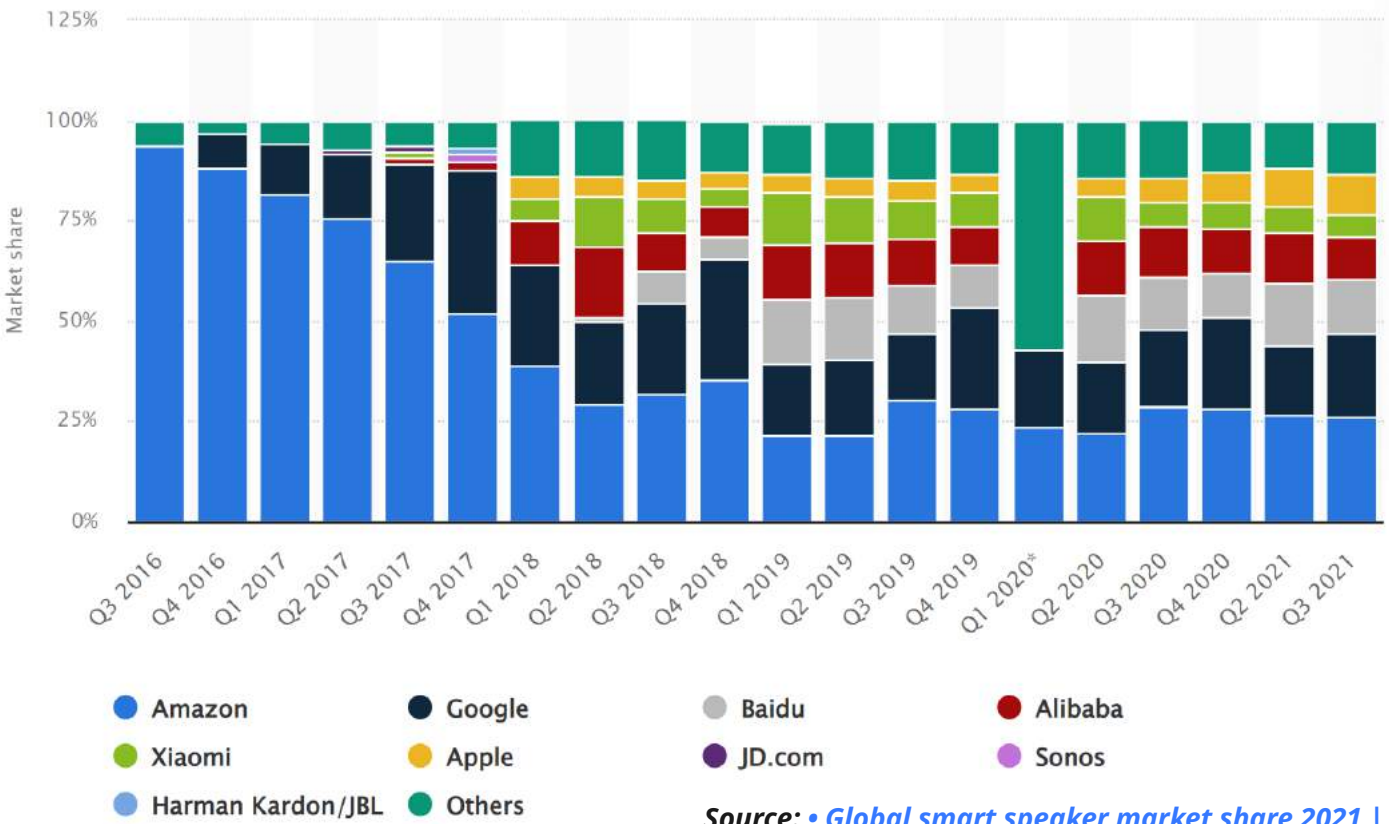
## In terms of sound quality:

Harman Kardon products are mostly popular among audio enthusiasts. According to [DXOMark](#) a French engineering company specializing in comparing hardware technology, the Citation 200 is one of the best smart speakers in the premium range (200€ to 499€)

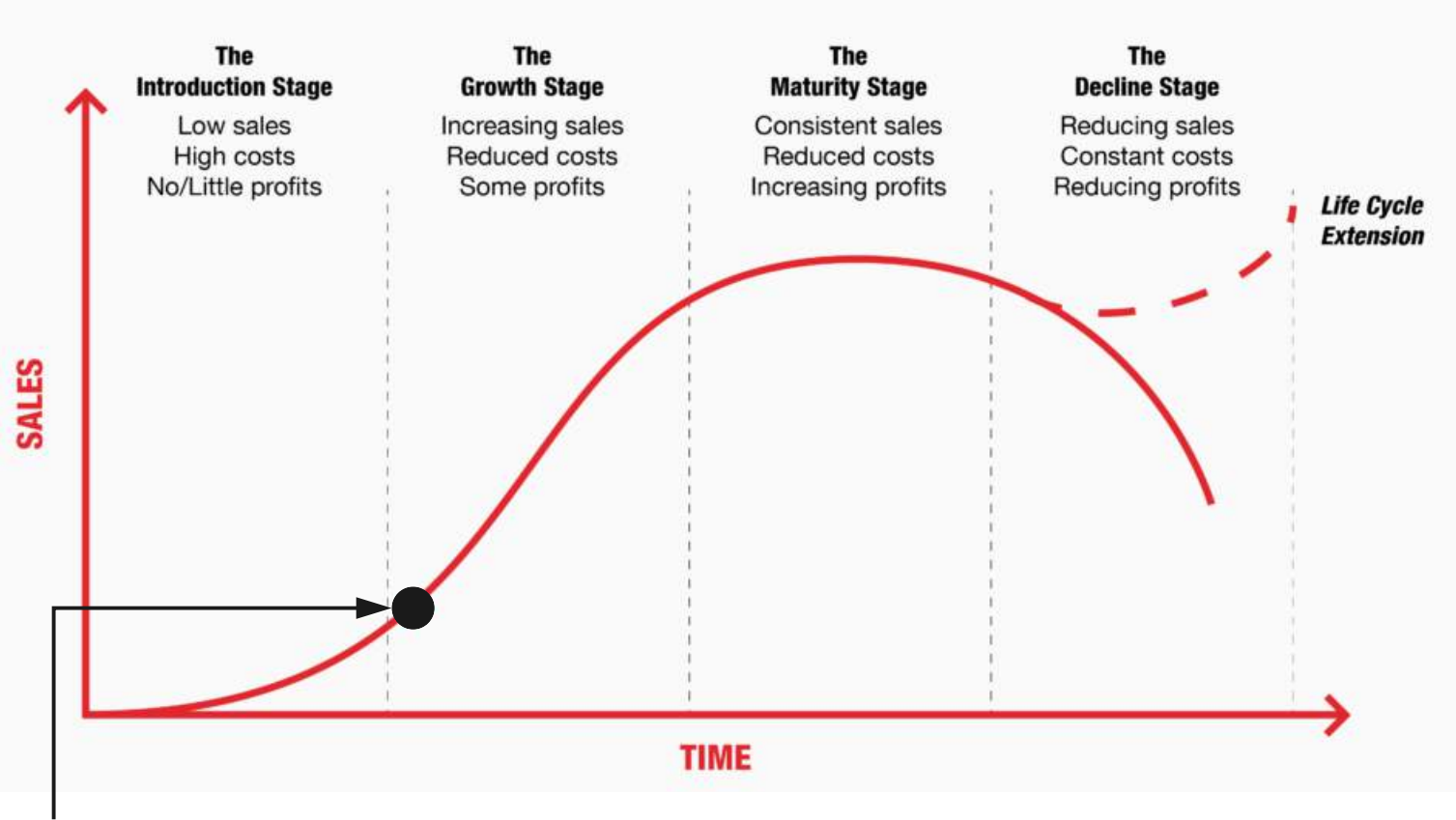
| BRAND         | MODEL            | OVERALL SCORE | ATTRIBUTE SCORES |          |         |        |           |
|---------------|------------------|---------------|------------------|----------|---------|--------|-----------|
|               |                  |               | Timbre           | Dynamics | Spatial | Volume | Artifacts |
| Harman Kardon | Citation 200     | 147           | 148              | 127      | 78      | 114    | 110       |
| Google        | Home Max         | 145           | 146              | 124      | 98      | 132    | 95        |
| Bose          | Home Speaker 500 | 130           | 130              | 116      | 99      | 82     | 63        |
| Sonos         | One              | 129           | 129              | 116      | 79      | 119    | 93        |
| Huawei        | Sound X          | 126           | 126              | 111      | 84      | 104    | 107       |
| Apple         | HomePod          | 113           | 122              | 100      | 83      | 99     | 56        |

## In terms of smartness:

Harman Kardon although owned by Samsung doesn't use Samsung's own Bixby voice assistant, instead they use Google assistant because of better user experience. Also as seen in the chart below the share of Harman Kardon is negligible compared to the competition.



Source: [Global smart speaker market share 2021 | Statista](#)



## Where is the Market today?

The smart speaker market growth has just started, there is still a lot of catching up to do in terms of accuracy, features and conversation quality of all the current digital assistants. There have been tech concepts that have been suggested 3 years back and are yet to be implemented for consumers. Even the smart speaker concepts are changing leading to a variety of form factors, be it an audio only system, a speaker with a display, or a television with smart assistant, it's always changing and that the perfect idea of a smart speaker isn't there yet.

## What's Changing?

There's been entry of new players in this market across the world, along with it there's high volume of adoption of smart speakers. **There is a lot of opportunity in identifying new customer needs, preferences and cater to them. Although the share of Harman Kardon is lower than 1% of the market it can use this growth stage to identify new opportunities in providing value to people.**

Who are your current customers?

53%

Millennials (Age 25-40)

Motivated to use tech:  
Has grown up within the development of computational products

52%

Educated with a bachelors degree

Understanding: Has an understanding of how tech products function so there is trust.

74%

Married & likely to have children

Long term planning: They are planning how the tech can support as they grow their family.

58%

Income over \$75000/yr

Good financial standing: They have money to invest in products provided its providing value beyond gimmicks.

77%

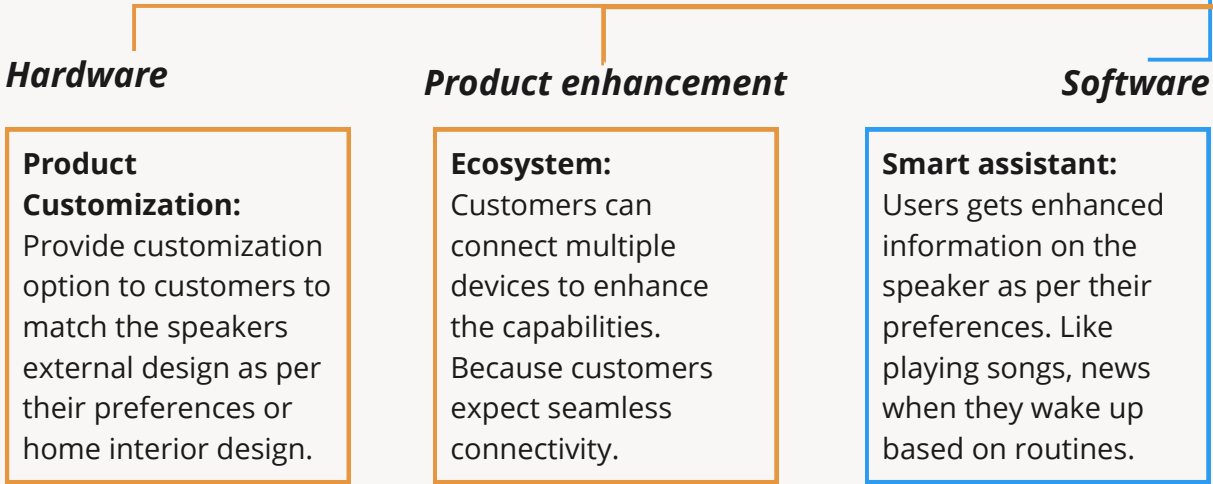
Own a home

Permanent decisions: The purchase decisions pertain to making the products a long-term part of their home.

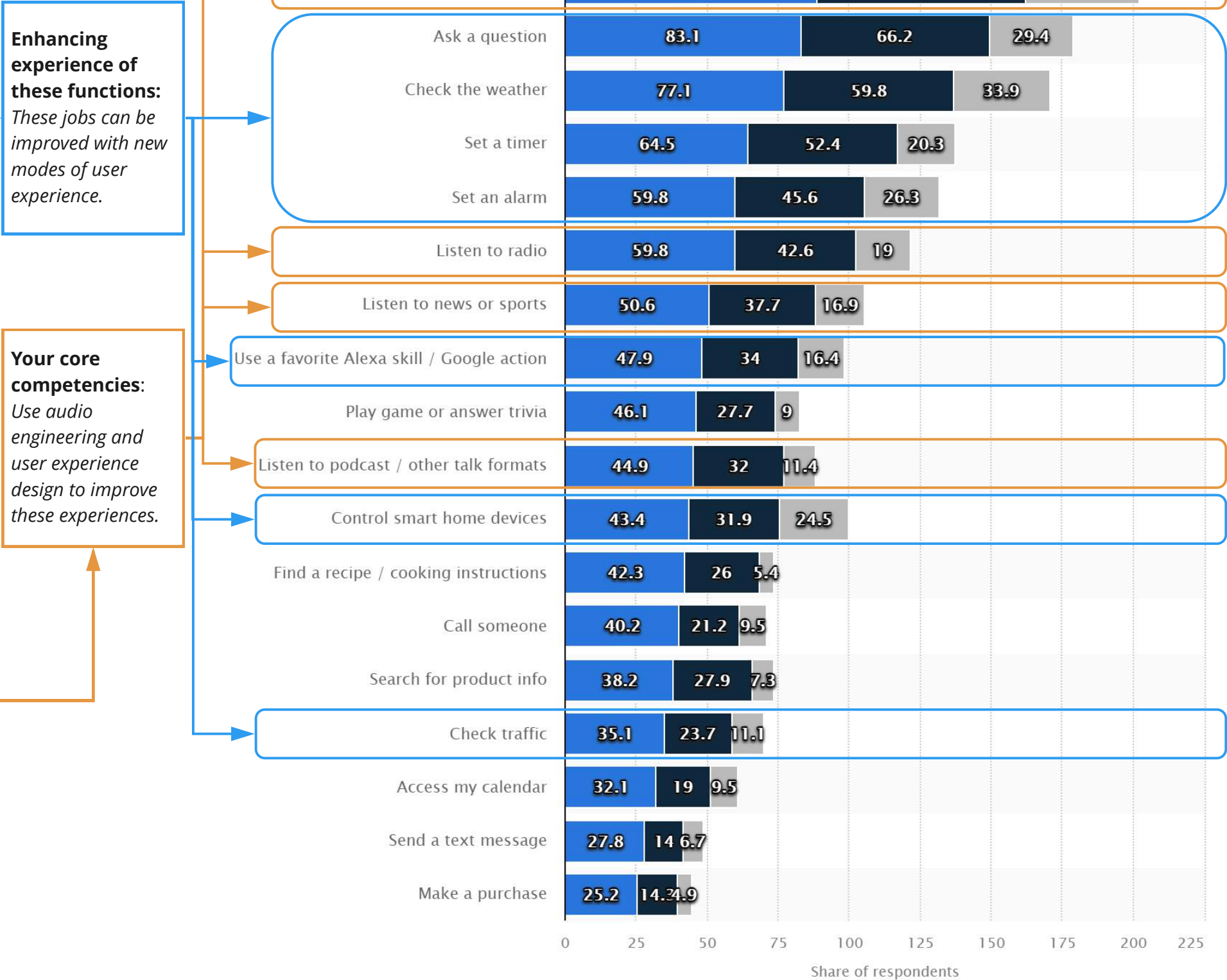
Source: [Voice Assistant Demographic Data - Young Consumers More Likely to Own Smart Speakers While Over 60 Bias Toward Alexa and Siri - Voicebot.ai](#)

Jobs to be done for customers:

New opportunities:










Most used smart speaker features:



Source: • [Smart speakers: use case frequency U.S. 2020 | Statista](#)

● Ever tried ● Monthly ● Daily

# What is your competition doing?

| Position           | Competitors  | Value they provide to customers  |
|--------------------|--|--|
| Market Leader      | <div> Alexa</div> <div> Google Assistant</div> <p>The market leader is dominant in its industry. It has substantial market share and extensive distribution arrangements. It is typically the industry leader in developing innovative new products and business methods.</p>  | <div><b>Customer oriented</b><p>Has the best AI at the moment with human like voice interaction that resonates with the users.</p></div> <div><b>Market oriented</b><p>The products are in the affordable range of 25-100\$. The companies also offer compounded deals to increase their product outreach.</p></div> |
| Market Challengers | <div> Siri on Homepod</div> <p>A market challenger is an organization a strong, but not dominant position that is following an aggressive strategy of trying to gain market share. It typically targets the industry leader.</p>  | <div><b>Customer oriented</b><p>Appeals to customers who are devoted or want something to work within apples ecosystem.</p></div> <div><b>Branding oriented</b><p>The AI is at a fraction of capabilities that Google and Alexa have but they brand privacy and design as an unique factor to them.</p></div>        |
| Market Followers   | <div> Xiaomi smart speaker</div> <p>The rationale is that by developing strategies parallel to those of the market leader, they will gain a good share of the market while being exposed to very little risk.</p>   | <div><b>Customer oriented</b><p>They offer similar features as their competitors for affordable prices.</p></div> <div><b>Resource oriented</b><p>Uses low cost manufacturing to stay profitable in the long run.</p></div>  |
| Market Niche       | <div> Harman smart audio</div> <div> Sonos speakers</div> <div> Bose speakers</div> <p>The objective is focusing marketing efforts on one or two narrow market segments and tailoring the marketing mix. The firm typically looks to gain a competitive advantage through effectiveness rather than efficiency.</p> | <div><b>Customer oriented</b><p>They offer products where the market leader is not focusing. Their strength lies in high end audio experiences.</p></div> <p>Bose gives the option between choosing the smart assistants like Google or Alexa.</p>   |

## The competition:

- Google Assistant
- Amazon Alexa
- Apple Homepod
- Xaiomi
- Sonos
- Bose

The products by the market leaders Amazon and Google cater to the Masses who care mostly about the assistant, your products on the other hand are currently for a niche audience. Your customers know you for your audio quality.













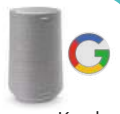













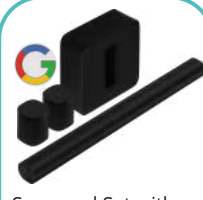
*One thing that is missing from your products however is to be able to communicate with each other to form an ecosystem where we can add a product to upgrade the experience. Apple has been holding their customers just with this strategy despite having a limited assistant, so it's worth exploring.*

Google is your partner for your smart assistant in the speakers who is excelling at voice assistant technology. **However, you with your audio engineering capabilities can focus to enhancing the smart assistants experience by integrating user's audio preferences with assistant's functions like playing your users favorite song when they get back home.**

Keeping the premium pricing will also help you keep up the products aspiration in the minds of your customers as something they want to get to eventually once they find the technology works. At this stage the barriers to adoption will also be less because the customers already know the assistant works, and thus they will focus on the audio features which is your core strength.



Current product map vs the competition.

| Price Range in USD | First time users or users opting for complete home automation.  | Users needing balance between value for money & Audio quality   | Users looking for a smart home theater system  | Audiophiles looking for high quality music   | Portability  |
|--------------------|---|---|--|--|--|
| 0-50               | <div><br/>Google Nest Mini Smart Speaker<br/>Price: 49\$</div> <div><br/>Echo Dot (3rd Gen) - Smart speaker with Alexa<br/>Price: 40\$</div>  |   |  |  |  |
| 50-150             | <div><br/>Echo dot (4th Gen)   With premium sound<br/>Price: 60\$</div> <div><br/>Xaiomi Smart speaker<br/>Price: 55\$</div> <div>Priority 4</div>  |   | Priority 2   | Priority 3   | Priority 1   |
| 150-250            | <div><br/>Google Nest Audio Smart Speaker<br/>Price: 100\$</div> <div><br/>Echo (4th Gen) With premium sound, and Alexa<br/>Price: 100\$</div> <div><br/>Apple Homepod<br/>Price: 100\$</div> <div><br/>Harman Kardon Citation ONE<br/>Price: 230\$</div> <div><br/>Sonos One<br/>Price: 219\$</div> <div><br/>Echo Studio - High-fidelity smart speaker<br/>Price: 200\$</div> <div><br/>Bose home speaker 300<br/>Price: 200\$</div> |   |  |  | <div><br/>Sonos Roam<br/>Price: 180\$</div>   |
| 250-350            |   | <div><br/>Harman Kardon Citation 100<br/>Price: 350\$</div> <div><br/>HK Aura Studio 3<br/>Price: 300\$</div> <div><br/>Bose smart speaker 500<br/>Price: 350\$</div> |  |  |  |
| 350-500            |   |   | <div><br/>Citation surround<br/>Price: 500\$</div> <div><br/>Citation 300<br/>Price: 500\$</div> <div><br/>Sonos 2 room set with one<br/>Price: 419\$</div> | <div><br/>Citation sub<br/>Price: 400\$</div> <div><br/>Citation Bar<br/>Price: 500\$</div> <div><br/>Bose Sound Bar 300<br/>Price: 450\$</div> | <div><br/>Sonos Roam<br/>Price: 400\$</div> <div><br/>Bose portable<br/>Price: 400\$</div> |
| 500+               |   |   | <div><br/>Citation 500<br/>Price: 700\$</div> <div><br/>Bose SoundBar 700<br/>Price: 800\$</div>   | <div><br/>Citation tower<br/>Price: 2000\$</div> <div><br/>Surround Set with Arc + Sub<br/>Price: 2046\$</div>   |  |

**Short term product strategy:**

Categories where you should bring competing products or requires more product options if you already have some.

Priority 1: No products on offer, good expansion opportunity

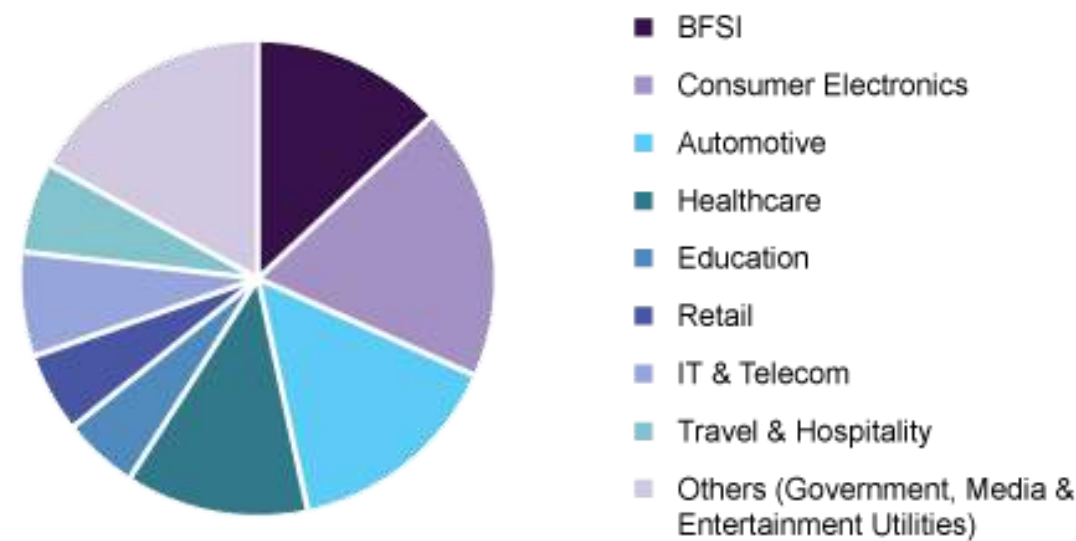
Priority 2: Can offer some products in 250-350\$ range as starting products

Priority 3: Offer products that are the best of their class, consumers here are ready to pay for audio quality.

Priority 4: Offer products that serves the first time buyers with better audio expectations.

New Growth Options:

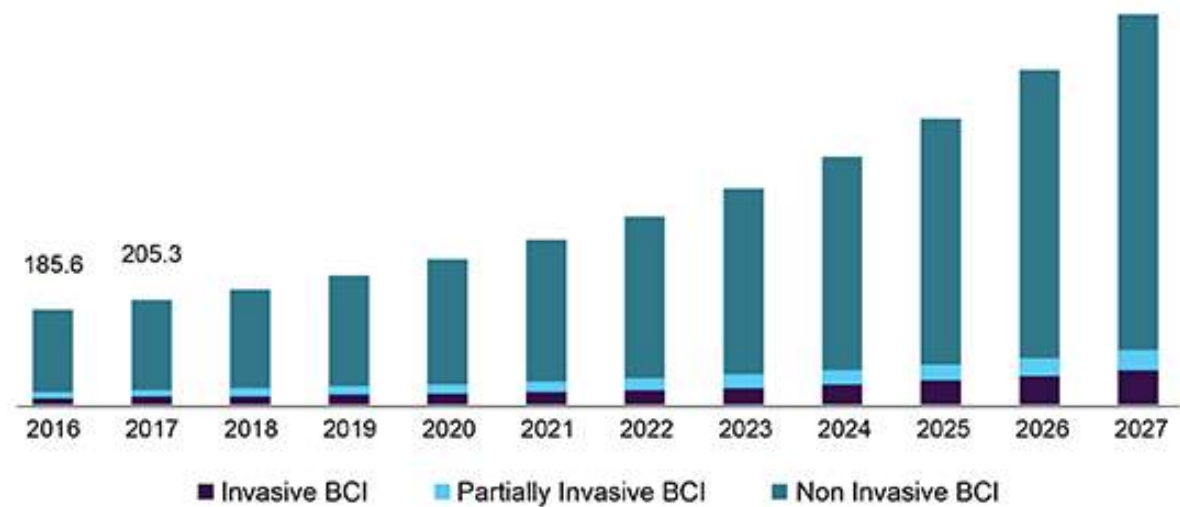
Virtual assistant market share by application, 2020. [www.grandviewreseach.com](http://www.grandviewreseach.com)



Identifying new growth avenues:

A research article shows that **Automotive audio usage is a big opportunity for smart speaker** technology besides consumer electronics. **Harman Kardon has already managed to grow 3 times the market growth rate of automotive audio in China**, and you are leading in automotive audio products. Voice assistant application in automobiles has a major share and **52.8% of people already use a search assistant when driving in the USA**. This category can grow further with the emergence of autonomous vehicles when people are not driving and invest time interacting with their infotainment systems.

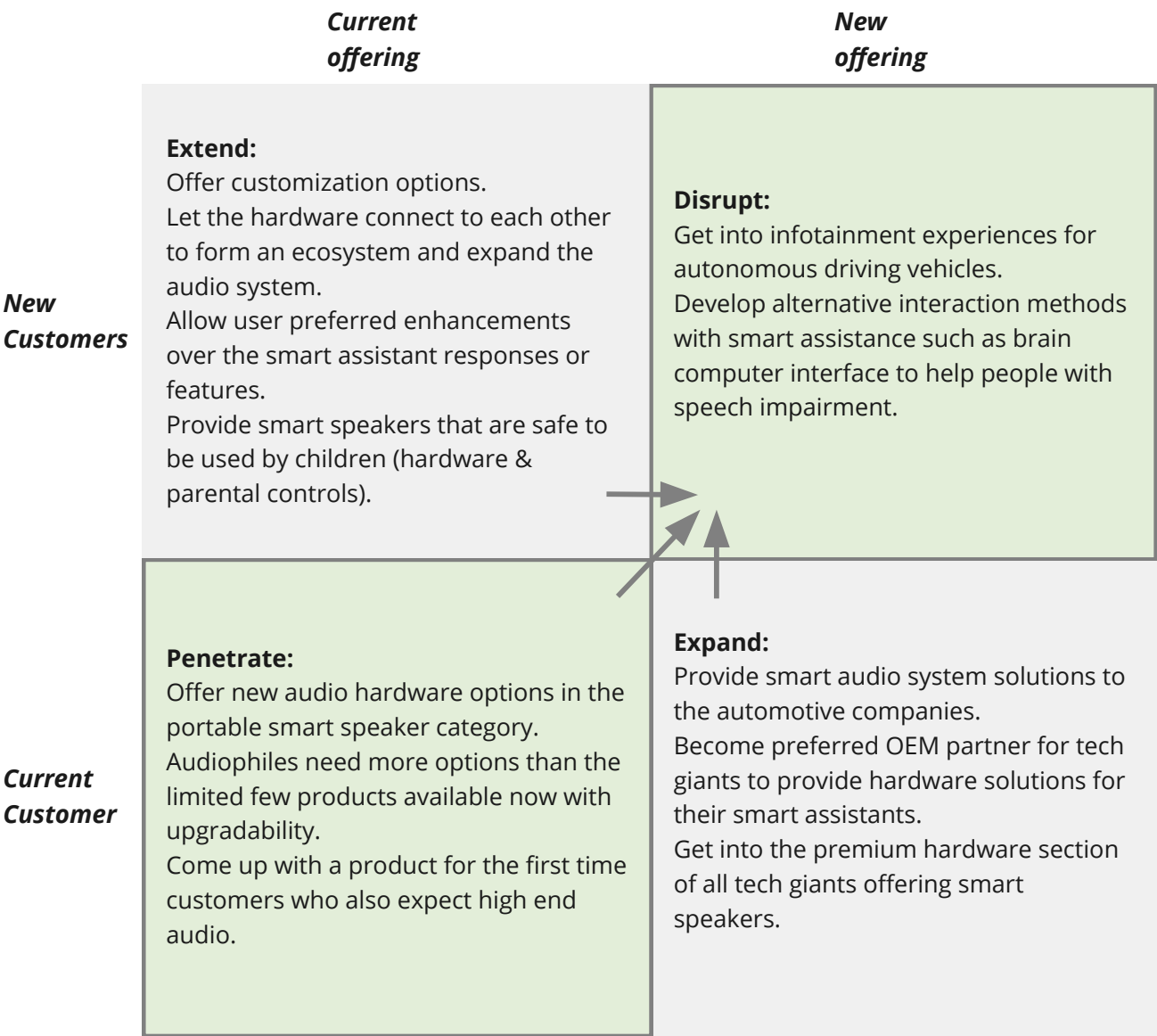
USA Brain computer interface market, 2020. [www.grandviewreseach.com](http://www.grandviewreseach.com)



There can be a big opportunity in investing in BCI, for smart assistant communication. **It has the potential to help people with speech impairment** use the power of smart assistants to help in their day to day life without the need of voice communication.

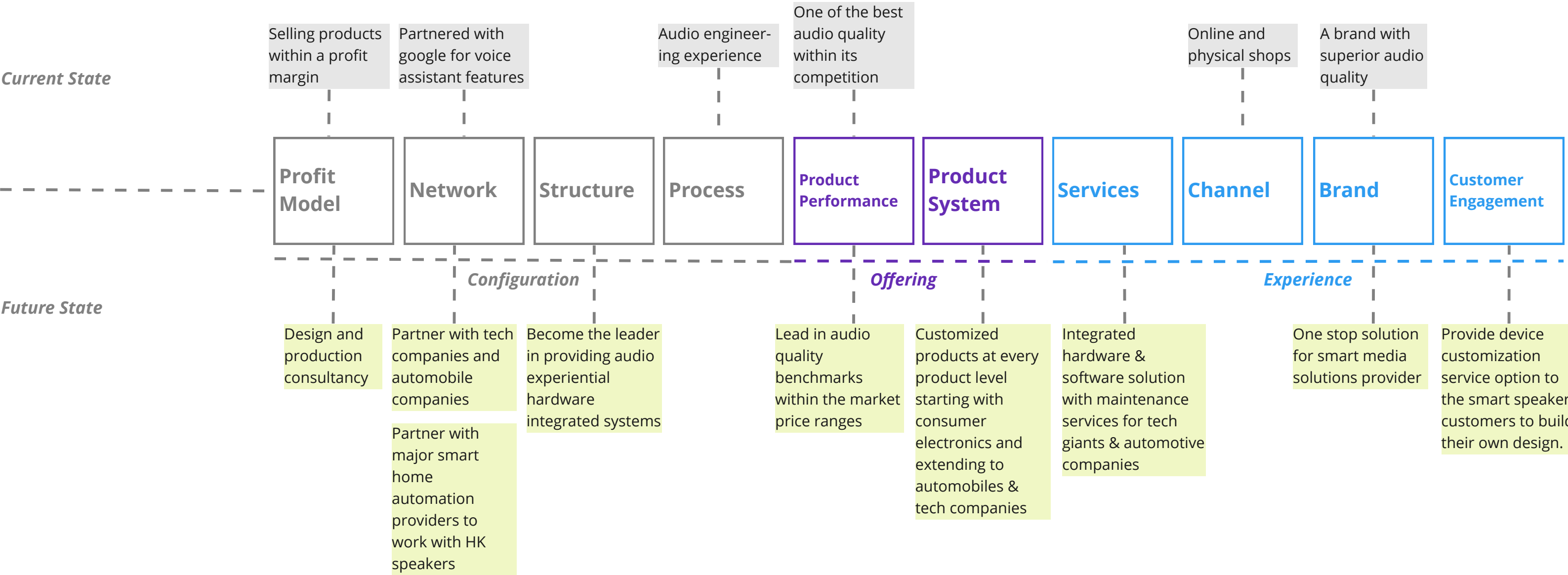
Primary recommendations:

- Product portfolio expansion to catch up to competition
- Hardware software customization options
- Automotive smart audio products
- Partner with tech giants for hi end audio solutions



Growth product growth matrix  
Src: Ansoff growth matrix

Potential growth from now towards the future





**Thank You.**