



HARMAN Luxury Update –April 2022

Determining What Products Come to Market is a Team Effort

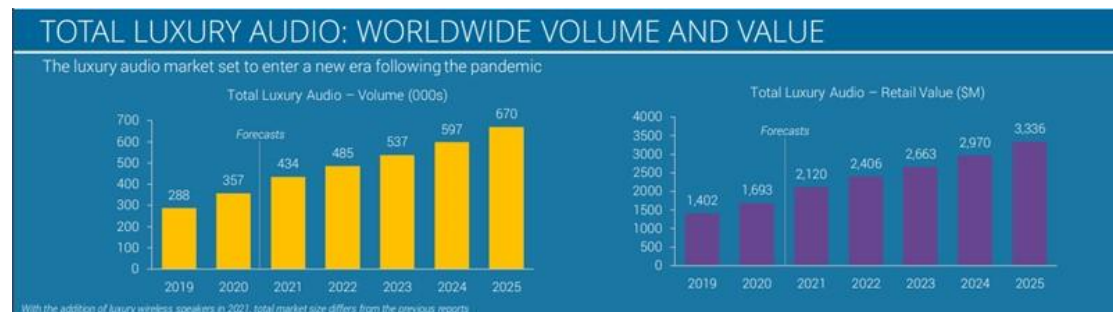
By Dave Tovissi, Vice President and General Manager

A couple of weeks ago, before Major League Baseball kicked off the 2022 regular season, program directors from several networks chose to air one of the best movies about the game that I have ever seen. *Moneyball* is based on a true story about how the Oakland Athletics, a small-market team, used analytics to build a winning team of uniquely skilled players. It delved deep into how general manager Billy Beane, played by Brad Pitt, challenged the traditional method of selecting players to fill his roster. Instead of picking players based on emotional and gut feelings, he enlisted a Yale-educated economist named Peter Brand, played by Jonah Hill, to pick players based on key components of the game. Any company which looks for a competitive advantage should be applying qualitative and quantitative analytics to help define their short-term and long-term business plans. I am sure analytics played a big reason in why the networks chose to air *Moneyball* just before the season started to leverage the excitement of the fans!



Qualitative data is sometimes referred to as categorical data. It can be arranged into categories based on physical traits, colors or anything that does not have a number associated with it. For example, we offer our JBL L100 Classis loudspeakers with a choice of either blue, orange or black quadrex grille choices. The three color choices would be considered qualitative data. In contrast, quantitative data has numbers associated to qualitative data of shared feature set which can be used to determine which color of grille is going to be ordered by a customer in your market.

At a basic level, analytics offers us additional sources of information that we can use to make better informed decisions. Having various sources of information and different perspectives available when deciding which products we want to bring to market can help us arrive at the best decision given the circumstances. HARMAN Luxury Audio has tremendous resources available for us to lead our product development.



Evelyn Heinbach, Senior Director of Strategy for HARMAN Consumer Audio, authored an interesting article featured in this month's newsletter about some of the data and trends her team is monitoring for our business unit. Evelyn provides our product teams insights on current sales and future trends which we use to develop our new products.

Besides Evelyn's input, we also subscribe to a number of research and market trend sites that look at relevant trends in the market we need to pay attention to. We track and analyze trends globally and regionally.

Regardless of the type of data we receive from our analysts, we also take the time to validate it with our customers before we invest in product development and engineering. That is why we have Dealer Product Councils. This month we kicked off the first of several planned Product Councils by meeting with a select group of JBL Synthesis dealers to update them on the trends that our analysts suggest we should be paying attention to.

The feedback from the dealers confirmed that most trends we are following are also occurring in their markets. We then showed these dealers future product concepts that are in various states of design and engineering and asked their opinions on relevancy and price. We will prioritize our investments in new products based on their level of interest in our products.

If you are interested in participating in an upcoming Dealer Product Council, please drop me an email with your choice of what brand you want to help determine the product roadmap in. **With better data and better perspectives, we have better outcomes.**

What's New

Luxury Markets for a New Generation of Buyers

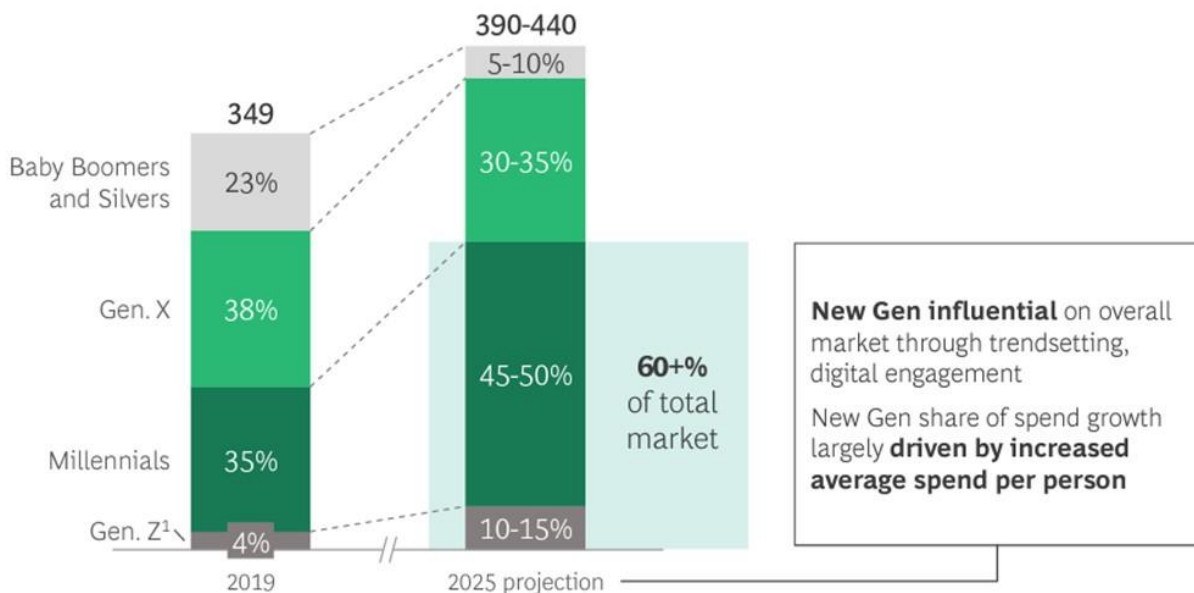


By Evelyn Heinbach
Senior Director, Corporate Strategy
HARMAN Luxury Audio Group

Are luxury goods truly timeless? At HARMAN, we are on an ongoing quest for relevance for each new generation of luxury buyers. We look for emerging trends, shifts in consumer behavior and changes in technology that create opportunities to capture the attention and taste of luxury buyers.

The Luxury buyer is changing. According to a 2021 consumer insights study by BCG and AltaGamma, most luxury consumers are now born after 1978. This generational shift is also changing product preferences and the level of digital engagement that consumers are seeking when considering and buying luxury goods.

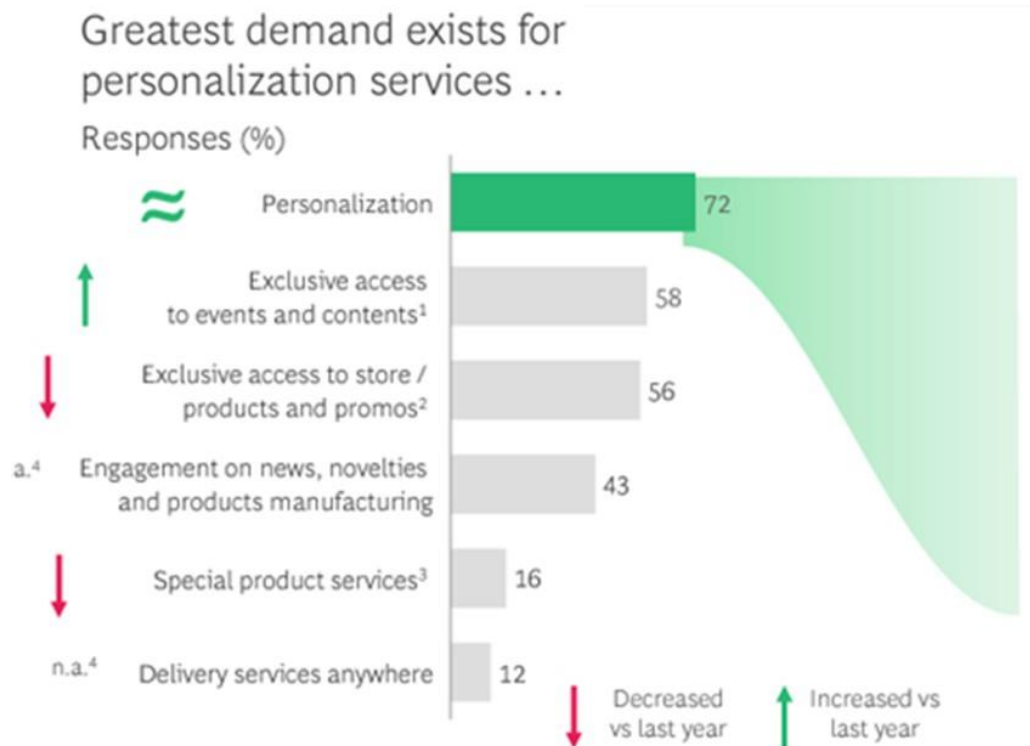
Luxury personal goods market (€B)



Luxury consumers are increasingly buying online. However, this is not about creating an e-commerce site, it is leveraging technology to create a personalized customer experience. Virtual livestreaming, in-game purchases, even purchases of virtual luxury goods in the Metaverse / in-Game are examples of new customer engagement models. Authenticity of products is of high importance and already some luxury brands are experimenting with a **Luxury Blockchain**.

According to BCG, Chinese luxury buyers have the highest percentage of online engagements and conversion to sales using live streaming. The trend is still emerging in the U.S. and Europe, but has clearly seen a boost since 2019.

the best.



The fundamental shift to streaming music and content has left a mark on Luxury Audio as well. Products with content streaming capabilities are thriving. According to market research firm Futuresource, the market is seeing double-digit growth in Luxury Wi-Fi-connected speakers (>\$2,000), increasing popularity of Luxury soundbars (\$2,000+), and an uptick in luxury headphone (>\$1,000) sales. HARMAN is embracing this trend and offering a line of products geared towards a new generation of Luxury consumers — and there are more exciting options to come.

These products do not compromise on audio quality, while increasing a consumer's choice for content access and living space configuration.

For dealers and installers, these trends create opportunities to offer a broader portfolio of products to a broader array of consumers – from low/medium annual spenders to high spenders. Additionally, more frequent customer touchpoints create opportunities for personalization and the ability to offer products that adjust with the customers' lifestyle even before (or after) an initial home audio installation.

Futuresource expects that these trends will drive significant growth in the Luxury Audio: the global luxury retail value forecast is for \$3.4 billion by 2025 from \$2.0B in 2021.

Sources: Futuresource Luxury Audio Market Report, Dec 2021; [BCG/AltaGamma, True Luxury Global Consumer Insights, 8th Edition June 2021](#) .

Meet the Team

Name: **Christopher Gallo**

Position/Job Title: **Supplier Operations Technician**

With HARMAN Since 2016



With Meet The HARMAN Luxury Team, our goal is for you to get to know us better. In each edition we feature a different member of the team, and this month it's Christopher Gallo, Supplier Operations Technician – Luxury Audio.

How would you describe what you do in your current role?

I currently support the Mark Levinson products both with the contract manufacturers as well as the engineering team. I am hoping to increase the products I support.

What did you study in school? Did you always imagine yourself doing something like what you're doing now, or did the fates just take you in that direction?

Electronic Engineering. I have always enjoyed the engineering aspect of how things work since I was a child. That coupled with my love of music has landed me in a career that I enjoy.

How did your career path lead you to HARMAN?

I have worked in the electronics field for many years. My last position was as a Product Specialist for FTIR and Raman Spectroscopy equipment. I saw the opportunity at HARMAN and was interested in the field as well as the growth of my knowledge and career it would offer.

What is the most important thing you have learned over your career?

Anyone can be a leader, but a great leader will be right beside you in the trenches.

Any other advice you would offer people just starting out in this industry?

Always be open to new challenges and learning experiences. Technology is ever-changing.

What are you most proud of in your life?

The first of my family to be college educated and establishing a successful career and home.

When did you first realize you had a passion for music or audio?

I have always loved music and began going to live shows when I was 12. When I got to high school I had a teacher that used song lyrics to teach poetry. This helped solidify my love and understanding of music.

What current technology impresses you the most?

There are a number to choose from, but I would have to say streaming impresses me the most right now.

What's your favorite music genre?

Classic Rock is my go-to but I will listen to all genres of music.

The desert island question, of course. If you were marooned for eternity and could listen to only three albums, what would they be?

Yes – *Talk*

The Police – *Synchronicity*

Styx – *Kilroy Was Here*

You have the floor. In closing, tell us anything else you want us to know about yourself.

I work on a farm and am involved with my town as a member of the Inlands Wetlands Commission. Also, I am a volunteer director for my town's fair. Lastly, I am a movie buff and especially enjoy *Star Wars*, Mel Brooks, *Indiana Jones*, and Marvel Studios.



Dealer Profile: Karma AV

Tockwith, North Yorkshire, UK

Owner: **Ian Severs**

Opened: **2011**

Harman Brands Supported:

JBL Synthesis, Revel

The HARMAN Luxury Audio Group is proud to have some of the best high-end consumer electronics partners across the globe. Each month, we have the pleasure of learning a little bit more about one of our dealers or distributors. This time we spoke with Ian Severs at Karma AV, a HARMAN Luxury Audio distributor in Tockwith, North Yorkshire, UK.

How long have you been in business?

Karma AV — 11 years, prior to that a further 22 years (JBL Synthesis since 2004) when we worked at another company.

How many locations do you have?

One. Our office, demonstration/training rooms, warehouse (with deep JBL Synthesis and Revel CI stock) and the demo systems are all based in Tockwith, North Yorkshire, UK.



The system rack houses the SDP-75 processor and nine power amplifiers



How did Karma AV get its start?

Many of the team were from a sales agency in the late 1980s which then became a distributor in the early 1990s. Personally, my first job in the industry was with HARMAN UK in 1983. Then soon afterwards there was some agency work with HARMAN UK. We handled Lexicon at its peak in Home Cinema in the 1990s then via Lexicon we took on JBL Synthesis around 2003, shortly afterwards we took on full distribution for the HARMAN Luxury Brands for the UK.

How many people are on the Karma AV team?

There are eight people on the team (including an on-site service engineer) covering marketing, sales, accounts, tech support, logistics and service. The team has over 230 years combined experience in the industry.

Thoughts on the importance of training?

Has always played an important part in our business both in store/on-site and in our own in-house facilities from the very early years of home cinema in the 1990s, then developing into home theatre as we know it today.

What do you like most about HARMAN Luxury Audio products and which lines do you feature?

They are long established, and JBL Synthesis has an unrivalled Hollywood/cinema history and background. (Now we only carry JBL Synthesis and Revel CI products as the ARCAM team were given the other brands to carry in the retail sector in early 2018.)

What we like about JBL Synthesis is the remarkable performance, sensible range spread and turnkey system approach, giving our

dealers and installers a highly flexible offering in terms of systems designed to really deliver an astonishing level of performance in many different room sizes and settings. Linked to this the continual drive to add and improve products, taking feedback from distributors and the market to adapt and develop further.

How do you think the luxury audio industry is currently doing?

We feel it is performing well, particularly considering the impact of the world pandemic. Customers are seeing value in improving and upgrading their existing systems, together with new “converts” who by default had to spend more time at home and have invested in A/V systems. An important key for growth is moving first-time customers from their soundbars, headphones and smart speakers into the world of mid-level then higher end products.

What is Karma AV's mission?

We are not a fan of often somewhat predictable and obvious “mission statements.” However, we do believe very strongly that it is our responsibility to both our customers and our industry to offer the best sounding, highest value, most reliable and flexible solutions for our own dealers and installers, therefore allowing them to do the same for their own clients. If we find a better solution or variation on a regular system offering that improves the result, then we believe that we should always use it and not just stick with a “formulated easy fix” or “one-size-fits-all” approach.

You have the floor. Anything else you want to share with us about Karma AV that you would like the world to know?

We have two great JBL Synthesis Demo Rooms.

JBL Synthesis System for Smaller Rooms

Shows what can be achieved in a room 20 x 11 feet.

SDR35 AV Receiver (now 8K SDR38)
SDA7200 7-Channel Amplifier
SA1000 Subwoofer Amp
3 x SCL6 LCR
4 x SCL7 Surrounds
4 x SCL8 Heights
2 x SSW4 in wall twin 8-inch Subs

JVC Projector

Ultimate Screens 8-ft. acoustically transparent screen, with all speakers behind the screen.

JBL Synthesis Large Demo Cinema

*Recently featured in **Home Cinema Plus** magazine, this is the cinema in our main demo room that's 27 x 34 feet.*

SDP75 24-Channel Processor
4600 Amp x 3 in bridged mode running
3 x SCL1 speakers Front Left, Right Centre all bi-amped
8300 x 2:
1 amp running SCL4 x 6 for sides and rear channels

1 amp running SCL5 x 6 for height channels
MA4D x 4 in bridged mode each running a SSW1 sub all bi-amped

JVC N9 Projector
Cinema Build Systems Acoustically Transparent 5m Ultimate Screen
Inakustik Speaker Cables
Camira Blazer Lite Wall Fabric and Tracking System
Cinema Build Systems Lights

A labour of love by the team at Karma!

Karma-AV.co.uk

Training Tips

HARMAN University Continues to Evolve and Raise the Bar for Training

By Dave Tovissi
Vice President and General Manager
HARMAN Luxury Audio Group







Last month we celebrated the career of Chris Robinson, who recently retired from his role as Global Training Manager for Luxury Audio. Chris accomplished a lot during his tenure at HARMAN. One of his most important accomplishments was the creation of HARMAN Luxury Audio University. This web-based training platform was created to support our new product launches. However, the platform also served as a foundation of education for our existing products and services as well. We now have over sixty trainings available on our Learning Management Site (LMS) and a lot more are planned for CY22.

Prior to Chris's last day, he helped develop a structure for our Global Product Line Managers (GPLMs) to continue producing world-class training content for our internal and external partners. It was a natural evolution for developing content since our GPLMs are the ones tasked with researching the business case for introducing new products and developing the sales assets to insure a successful launch. They know their products better than anyone else in the organization, so it only makes sense that they help develop the training for their products, as well.

Each GPLM is responsible for a distinct set of products. Their product responsibilities can be from any of our iconic brands. However, each GPLM has been assigned Core Product Responsibilities. We assign NPIS to GPLMs based on their current and future workload. In the coming months, each GPLM will update our readers on the training content they are developing

and will be your resources for creating additional training on other topics that you feel would be beneficial for growing your business. If you have an idea for any future product or services training, please send them an email so we can put your ideas into the queue for development.

If you did not know who our GPLMs are, allow me to introduce them to you. They are instrumental to our product roadmap development and sell-through of our assortment.

			
Matt Dever	Kevin Kent	James Todd	Dave Wright
Mark Levinson, JBL Summit, JBL Active Speakers Matt.Dever@ harman.com	JBL Synthesis, JBL Distributed Audio Products Kevin.Kent@ harman.com	ARCAM & JBL Classic AVR, Hi-Fi and Lifestyle Products James.Todd@ harman.com	Revel, JBL Classic, JBL Studio/Stage Loudspeakers Dave.Wright@ harman.com

Training Tips

JBL Synthesis Certified Systems

By Kevin Kent – Global Product Line Manager



If one has bought HARMAN Luxury Audio products, the best sound quality will matter. High-resolution audio, along with a high-performance audio playback system, places the listener as close to the artist's original performance as possible. An audio system is only as good as its weakest link, and Hi-Res audio ensures your system will achieve its maximum performance. As the quality and quantity of Hi-Res content grows, it will provide more opportunities to maximize the performance of every high-end audio system.



In this lesson, we not only define what Hi-Res audio is, but where you can conveniently stream it. There are many streaming services that deliver audio content effortlessly and efficiently, but what about the quality of the stream? We examine the various Hi-Res audio streaming services and their distinct differences. Our goal is to help you discover access to a high-resolution source to ensure the best sound performance from your audio gear.

HARMAN has world-class products available for the home, from some of the finest audio brands on the planet. These products should always be demonstrated and enjoyed using the best source material. Hi-Res streaming provides fantastic content, and even curated playlists, making it easy for any system to sound its best. This lesson was developed in partnership with the folks at Qobuz, a leading provider of a Hi-Res audio streaming available in **18 countries around the world and counting**. We are excited to announce that upon completion of this module and passing the quiz, you will receive a free 12-month subscription to Qobuz's Hi-Res audio streaming service.

From the Audio Files

JBL 4367 Cover Story in
Stereophile Magazine



Not only did the JBL 4367 grace the cover of the May issue of *Stereophile* Magazine, but we also got a stellar review of the product by Alex Halberstadt. Check out some of his comments below:

“After living for several months with the JBLs, I found them to be sonically impeccable — both forceful or delicate when called for. They reproduced music in an utterly neutral, evenhanded way, sounded robust while resolving lots of detail, and never struggled to fill the unusually large room where I had placed them.”

Read the full review [here](#).