### LG U+ SOUNDBAR BLACK

CAPTURES ATTENTION OF KOREAN CONSUMERS AND ELEVATES THE NSP'S POSITION AS A PROVIDER OF PREMIUM ENTERTAINMENT EXPERIENCES

A case study by :





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# O1 Summary

The remarkable success of Korea's LG U+ Soundbar Black — a precursor of Technicolor Soundscape, a single high-end Android TV 12 set-top box (STB) that supports Dolby Vision and Dolby Atmos through a HARMAN with Sound-by-JBL audio solution — demonstrates the critical role that network service providers (NSPs) can play in introducing premium immersive entertainment experiences to consumers around the world.

**LG U+** launched this initiative to address consumer frustration with a new generation of ultra-thin TVs that offer beautiful visual displays but lack the ability to produce a correspondingly high-fidelity audio experience. The leadership team's assessment of unmet demand for better audio was proven to be accurate based on subscriber uptake of the **LG U+ Soundbar Black** device. Since it was introduced to South Korean subscribers in the summer of 2021, **LG U+** has doubled the number of households with access to immersive sound systems in their homes. This represents a major validation of the NSP's technology development and go-to-market strategy, outperforming traditional retail distribution models for high-end connected home devices.



U+tv Soundbar Black By Technicolor Connected Home and LG U+, Sound by JBL

The deployment of this advanced customer premises equipment (CPE) is the most recent example of **LG U**+'s history of Android TV innovation. The NSP was the first to deploy Android TV STBs to subscribers and is now the first to field the current – most powerful – STB in the market today. With this release, **LG U**+ became the first NSP to deploy a device that allows consumers to enjoy a variety of immersive services, including cloud gaming with high-resolution graphics and 4K streaming video.



02 Situation

**LG U+** is one of the leading mobile network operators in the highly competitive South Korean market. It is a market comprised of extremely sophisticated consumers who increasingly demand convenient and cost-effective access to premium services.

With a 96.5% internet penetration rate, South Korea is among the most connected societies in the world. It is also one of the most saturated markets, limiting the opportunities to achieve business growth objectives through subscription expansion, which has held steady at (3.5%) for most of the past ten years<sup>1</sup>. Despite these challenges, **LG U+** has posted impressive year-on-year increases in subscriber growth while maintaining exceptionally low churn rates through the pandemic<sup>2</sup>.

The commitment that **LG U**+ has made to technological and business-model innovation is one of the reasons behind this strong performance. Both of these categories of innovation are reflected in how the NSP worked with key partners to bring the **LG U**+ **Soundbar Black** device to market.



1. https://idemest.com/reports/south-korea-telecoms-report-mobile-broadband-market-industry-analysis/

2. https://developingtelecoms.com/telecom-business/partner-spotlight/11802-lg-u-makes-big-gains-in-south-korea-s-wireless-business-sector.html

# 03 Key requirements

As **LG U+** assessed new opportunities to elevate its position in the market with new and prospective subscribers, senior executives initiated a comprehensive market research effort and opened a line of dialog with strategic partners — including Technicolor Connected Home. The objective was to explore how the NSP could bring new premium entertainment experiences to Korean consumers. The research and partner discussion yielded two critical — but conflicting — observations.

While Korean consumers are, in fact, increasingly interested in bringing more immersive audio experiences into their homes;

The cost of purchasing high-end audio technologies through conventional retail channels was considered to be prohibitive by most consumers.

Armed with these insights, **LG U+** leaders challenged their teams — and those of their partners — to:

Develop new, more cost-effective technologies that could bring down the price points of immersive audio offerings; and

Design new lease-based business models that would provide Korean consumers with a cost-effective way to integrate new premium audio experiences into their home-entertainment environments.

After significant consultation, **LG U+** executives decided to move forward with a team of leading entertainment technology companies to bring a new generation of highend CPE to market.

# 04 Solution

**LG U+** joined forces with Technicolor Connected Home, a leading supplier of bestin-class CPE, with a long history of delivering high-quality entertainment video to consumers around the world, and HARMAN Embedded Audio group. The team created a multi-service home-entertainment offering that would be integrated onto a high-performance Technicolor Connected Home CPE device.

The award-winning design of the **LG U+ Soundbar Black** has been recognized by two institutions — Red Dot and IF Design — in 2021 for its fusion of function and form. In this collaboration, Harman Embedded Audio has generated a 150W, high-fidelity sound system comprised of eight JBL speakers including two up-firing Atoms channels and optimum base reflect ports to achieve extreme bass and high extensions and to secure powerful but distortion-immune natural sound reproduction as well. The speakers are designed and placed to project — and bounce — sound off of the ceilings and walls of subscriber homes to create a robust immersive sound experience.

The team worked with Synaptics — an innovative STB chipset maker — to develop a single proprietary chipset that supports both OTT functionality and the Atmos processor. It is an innovation that allows the device to deliver extremely high-fidelity surround sound while reducing complexity and cost.



In terms of business process innovation, the team developed an affordable lease program that makes the premium device affordable for Korean subscribers. It has proven to be an extremely attractive and cost-effective alternative to retail options for incorporating high-fidelity audio into their home-based entertainment systems.

**LG U+ Soundbar Black** has outperformed the retail segment in delivering high-end audio experiences to Korean homes, shipping twice as many premium soundbar units than were purchased through conventional retail channels. Industry experts expect this number to double again in 2022 — representing a 200% growth in shipments over a two-year period. This is an industry-first in the Korean market for premium home entertainment offerings.

The LG U+ Soundbar Black device has resonated with Korean consumers. LG U+ conducted a blind study to compare LG U+ Soundbar Black with top-performing competitors in the market. An overwhelming 70% of participants in the study found the LG U+ Soundbar Black offering to be superior.

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