Bang & Olufsen launches new strategy to boost top-line growth

Struer, August 2011 - An increased focus on strategic areas like sound and acoustics, introduction of a new product category sold through complementary channels and shops that are more exciting and welcoming will contribute to significant top-line growth within a five-year perspective.

The recently launched full-year report from Bang & Olufsen showed a positive result of DKK 40 million for the 2010/11 financial year compared to DKK -50 million the previous year. But the ambitions go further. Today, Bang & Olufsen presents a five-year strategy plan called 'Leaner, Faster, Stronger' to exploit the significant potential of the brand within a five-year perspective.

Increasing focus on sound and acoustics
To accomplish the ambition to grow the business significantly, Bang & Olufsen will focus energy and resources on strategic areas, where the company has world-class competencies. Sound and acoustics is one of these areas.

"Over the years, we have built up extensive skills and competencies within sound and acoustics, skills that have led to award-winning product solutions. As we increase focus on this area, we will see even more innovative solutions - for the benefit of our customers around the world as
well as our partners within Automotive”, says CEO Tue Mantoni.

Bang & Olufsen will expand the acoustics portfolio further from entry-level products to statement line products and strengthen the development of products for existing Automotive partners. A deeper vertical integration of the ICEpower engineering teams and stronger knowledge sharing with the Automotive acoustics teams will strengthen the innovation level across the company.

Leveraging technology partnerships will ensure more breakthrough products
While Bang & Olufsen will focus internal resources on key differentiating areas like sound and acoustics, user experience mapping, concept development, design and systems integration, the company will leverage the scale and competencies of technology partners to a significantly greater extent than is the case today. This is to increase effectiveness in product development and to launch more successful products in the future.

“It’s fundamental to a technology brand to demonstrate progress through continuous reinvention and the launch of breakthrough products. By leveraging the partnerships we will be able to launch more successful audio and video products and increase our effectiveness in product development, which will allow us to focus our innovation drive on truly differentiating elements”, Tue Mantoni explains.

Retail network to be geared for increased customer focus
Bang & Olufsen’s goal is to create a more dynamic and engaging customer experience in the shops around the world. Bang & Olufsen has a worldwide network of enthusiastic and knowledgeable retailers deeply passionate about Bang & Olufsen products. In the future, Bang & Olufsen will find ways to convey this passion in an even stronger way to the customers and demonstrate the fantastic experiences that people can have with our products. Among other things, this will require a change of the retail concept.

“Whereas our retail concept was revolutionary 10-15 years ago, today there is a disconnect between our innovative and beautiful products and the look and feel of our shops. We want people to come into our shops, feel welcome, play with our new products and get truly excited about Bang & Olufsen and what we offer”, says Tue Mantoni.

New product category and expansion of distribution
Bang & Olufsen will launch a new category of products. The new range of products will consists of products, which take advantage of Bang &
Olufsen’s competencies within design, sound and acoustics, user interaction and craftsmanship. The objective is to increase the worldwide brand awareness and attract new customers to Bang & Olufsen.

“We believe that many more consumers can get excited about what we can offer, but today we are not on the radar screen”, says Tue Mantoni.

The products under the new product category will also be sold through a Bang & Olufsen branded digital online shop, which is expected to be launched by the end of 2011.

**Growth ambitions in developing markets**
A substantial part of the future sales growth will be driven by a geographic focus on growth markets. As a consequence of this, Bang & Olufsen intends to increase the number of dedicated shops in developing markets and in general increase local presence.

The focus on developing markets includes an aggressive growth strategy in China, where Bang & Olufsen is about to establish a national sales office in Shanghai to support the growth and offer full-scale support of the shops in China. Recently, Bang & Olufsen signed an agreement to take control of the Hong Kong and South China operations including six retail shops with effect from January 1, 2012.

“The takeover of the Hong Kong and South China operations is an important step for us in our efforts to expand the business in the Greater China region”, says Tue Mantoni.

**Automotive: main focus on creating value for existing partners**
Bang & Olufsen Automotive is the leading provider of high-end sound systems for cars. The future focus on sound and acoustics and the establishment of a cross-company Sound & Acoustics Innovation Team will further support this important business.

Over the coming years, Bang & Olufsen will continue its focus on creating outstanding value to existing partners through the development of innovative sound systems, which will support the partners’ brand image and maximise their car-fi businesses.
Organisation with global mindset
To ensure that the company consistently delivers high value to customers in the future, the Bang & Olufsen organisation will have to adopt a more globalised and customer-focused outlook.

"Being close to our customers and technology partners will be very important in the future, so we need to develop a more global mindset for Bang & Olufsen", Tue Mantoni concludes.

Presentation of the new strategy
Today, CEO Tue Mantoni presents the new strategy plan at an open press conference from 1 p.m. to 2 p.m. at Hotel Nimb (in the room "Rotunden"), Bernstorffsgade 5, DK-1577 Copenhagen.

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Bang & Olufsen was founded in Struer, Denmark, in 1925 by Peter Bang and Svend Olufsen, two innovative, young engineers devoted to high quality audio reproduction. Since then, the brand has become an icon of performance and design excellence through its long-standing craftsmanship tradition and the strongest possible commitment to high-tech research and development.

Still at the forefront of domestic technology, Bang & Olufsen has extended its comprehensive experience with integrated audio and video solutions for the home to other areas such as the hospitality and automotive industries in recent years. Consequently, its current product range epitomizes seamless media experiences in the home as well as in the car and on the move.

For more information on Bang & Olufsen, please visit www.bang-olufsen.com.

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