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When I look over my RSS feeds and news releases for the first week of 2015, one product category has caught my attention. The return of the MP3 player. Strictly speaking it should be Media Player, but I'd argue that 'MP3 Player' is a generic term. Naming aside, in the rise of lossless file formats and a push towards audio quality, these media players are a world away from the USB sticks and spinning hard drives from the turn of the century.

Sony has made headlines at this year's CES with the announcement of the snappily titled ZX2 Walkman - a solid state music player with 128 GB of storage, a wide range of audio codecs, and a $1199.99 price tag. Neil Young's high-definition music player, the Pono, has went on sale this month at a retail price of $399 and 64 GB of storage, following a successful Kickstarter funding project.

PonoPlayer (Image: Pono)

PonoPlayer (Image: Pono)

On the flip-side, last year saw the cancellation of the iPod Classic, and perhaps the last opportunity to update the iPod Touch was passed over. The iPod Classic was discontinued to due to lack of parts and a dwindling audience for Apple's portable jukebox, and the iPod Touch seems to bumble along without a care in the world, slowly becoming the crazy Uncle in Tim Cook's portfolio.

So are we in a brave new world of media players, or has Apple timed it correctly to bail out?

Today In: Tech

Surprisingly, both answers are correct, but I'll start by looking back at the pocket camera.

iPod Touch, 5th Generation (image: Apple.com)

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There came a point when the imaging capability in smartphones reached a 'good enough' level such that the casual user could make the switch from paper to digital, and rely completely on the phone in their pocket to capture family memories. There are far fewer pocket cameras of the point-and-click variety, in any case almost all of them are digital. The SLR cameras, the prosumer cameras, and the professional cameras are still available, and still profitable, but the low- and mid-range standalone cameras are now a dying breed.

And here is where the audio players need to think carefully about market conditions.

MP3 as a file format is a lossy format, but at this point in time the MP3 file is ubiquitous, platform agnostic, and 'good enough' for most people's use. Every phone out there is a music player (and a camera, and a GPS Sat Nav, and very soon a wallet) and the market for your low-end standalone music player has been pretty much gouged by the smartphone.

There are some specialist areas where you might consider a standalone player. Their small size makes them good for gym and fitness work, while the road-warrior in me prefers a standalone music player when going on very long trips just to preserve the battery life of my smartphones. But these circumstances are becoming rarer and more specific every day as smartphone manufacturers adapt to consumer's needs.

The last preserve of the standalone media player is high-end audio. Much like the camera world, there is a small but highly demanding audience that need far more than 'good enough' from a mobile media player. They need to get as close to perfection as possible. There may not be many of them, but they are willing to pay substantial amounts for the experience. This is where Sony, Pono, and other media player manufacturers, should be looking to target.

By building around a business model of short production runs, high-end equipment, and high-quality thresholds on specifications and parts used, this market can be served without losing money. Can you build a major multinational company around this or rely on the market for growth? No, but you can have a profitable enterprise.

iPod Touch, 5th Generation (image: Apple.com)

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I doubt that Sony is looking to the ZX2 to bring in any significant revenue. What it should bring in is trust, brand loyalty, and the impression that Sony is in the consumer electronics game to do more than shift boxes.

Pono is going for the boutique route. I would hope that there is profit margin on the music player, and with its Kickstarter backing, the team will have a fair idea how many units will sell in a far. It's unlikely to be measured in this millions (or even the hundreds of thousands) but a boutique company with low overheads and a small headcount should be able to turn a profit in this space with smart marketing and selling.

Pono also has the potential for ongoing revenue from its music store - high-end audio devices do need high-end audio files to play on them, it defeats the purpose if all you are doing is upscaling MP3 audio!

To all intents, the portable MP3 player is dead, buried alongside the Kodak Instamatic, the Palm Pilot, and pocket pager. Its influence lives on, but as a mainstream device, the MP3 metrolagu player is an ex-MP3 player. There is still a space for the high-end audio device, but it's going to be a niche project from a manufacture or a smaller independent company that steps up to rule this space. Right now, there are opportunities to build brand awareness and reputation, and perhaps a small profit.