Report: Beats Looks to Break It Off With HTC

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Colorful headphone pusher Beats By Dre could be looking for a new business partner to pump more capital into its audio empire.

The Wall Street Journal cites people familiar with the matter, saying the Jimmy Iovine- and Dr. Dre-fronted company is aiming to buy out HTC's 25-percent stake [1]. Beats is reportedly in talks with a new investor that could offer debt financing and possibly snatch up a minority stake. Iovine and Dre currently own 75 percent of the company.

Beats' apparent loss in confidence with HTC is just more bad news in an impressive cold streak for the Taiwanese phone maker. But a fallout with Beats could hurt HTC's hero phone, the One, which heavily touts BoomSound—its dual-front Beats Audio speakers—as one of the phone's most attractive features.

While Beats has notched mind-boggling growth since 2010, HTC has continued a financial downtrend for several quarters now. In its second-quarter earnings, HTC reported an 83-percent drop in profits [2].

In an attempt to regain market share—HTC controlled a leading 24 percent of the U.S. smartphone market in 2011 [3]—the company has deployed a new marketing strategy. Ditching its "Quietly Brilliant" tagline, HTC has now opted for a big, bold and bewildering set of ads starring Robert Downey Jr. and various odd interpretations of the HTC initialism.

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