According to The NPD Group’s April 2015 Connected Intelligence Wearables Forecast, ownership of wearable fitness activity trackers will begin to plateau, peaking by the end of 2016. In addition, Gartner reported that 50% of consumers who are considering buying a wearable fitness band in 2015 will instead choose to purchase a smartwatch.

Though it is forecasted that smartwatches will become more popular among consumers, there are a handful of shoppers still interested in purchasing an activity tracker.

Says Eddie Hold, Vice President of The NPD Group’s Connected Intelligence Team:

“I think it’s important to note that the market is healthy. While ownership will start to flatten out, we’re still talking about a significant portion of the population – and there is still the desire for a simple activity tracker vs a full-scale smartwatch.”

In this report, we will outline consumers’ popularity predictions of fitness trackers over the next year and we will also profile the likely wearable consumer.

Since late September 2014, the CivicScience InsightStore™ has been collecting daily data on U.S. adult consumers’ thoughts on the future popularity of wearable fitness trackers. Of the over 19,000 adults polled, 34% of them believe fitness trackers will become more popular over the next year, 22% believe popularity will remain the same, and 11% think the devices will become less popular.
Not a bad picture for wearable activity tracker manufacturers. However, let's also take a look at the trendline data for the same question over roughly the past year:

Based on the trendline data, adults who believe fitness trackers will become more popular is declining. In Q3 2014, 37% of adults believed fitness trackers would become more popular, however in Q3 2015, that number dropped to 31% of adults. And those who believe popularity will decrease as well as those who believe it will remain the same has increased by four percentage points and six percentage points respectively.
CivicScience Insight Report (continued)

Given that this shift in consumer ‘prediction’ has been quite gradual, there may be an opportunity for activity / fitness tracker manufacturers to tweak their products and messages to appeal to the likely buyer and keep interest levels up – especially given the increased attention to smartwatches following the Apple Watch launch this year.

In late June 2015, we launched another wearable activity / fitness tracker question on our polling platform in order to track U.S. adult consumers’ likelihood of purchasing a wearable fitness tracker while incorporating an answer option for replacing their current device with a smartwatch.

How likely are you to purchase a wearable fitness tracker / activity band (Nike Fuel Band, FitBit, etc.) in the next year?

- Very likely
- Somewhat likely
- Not at all likely
- I’m not sure yet
- I already own one, but want to upgrade
- I already own one, but want to replace it with a smartwatch
- I already own one, and have no plans to upgrade

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very likely</td>
<td>3.1%</td>
</tr>
<tr>
<td>Somewhat likely</td>
<td>8.5%</td>
</tr>
<tr>
<td>Not at all likely</td>
<td>70.6%</td>
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<tr>
<td>I’m not sure yet</td>
<td>9.1%</td>
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<tr>
<td>I already own one, but want to upgrade</td>
<td>1.1%</td>
</tr>
<tr>
<td>I already own one, but want to replace it with a smartwatch</td>
<td>0.5%</td>
</tr>
<tr>
<td>I already own one, and have no plans to upgrade</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Margin +/- 2% 5,675 responses from 06/30/2015 to 08/12/2015
Note: the reported percentages do not sum to 100 due to rounding.

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Roughly nine percent of U.S. adults already own a fitness tracker. So who is in play for buying one of these devices?

- Only 1% of all U.S. adults plan to upgrade to a newer activity tracker.
- An even smaller portion (0.5%) plan to replace their current fitness wearable with a smartwatch like the Apple Watch.
- 11% of adults are likely to purchase a wearable fitness tracker in the next year.
- 9% are unsure yet, meaning there is potential to persuade them to buy one.

After combining those who want to upgrade and those who are likely to purchase, **13% of adults are in the market for a fitness tracker, with the potential of more from those who are unsure yet.**

Now, let’s profile the likely buyer by taking a look at their demographics and behaviors compared to the average U.S. adult consumer, in order to provide the fitness band manufacturers, marketers, and advertisers a more complete view of the likely purchaser.
Demographics

**Gender:** Who should be targeted? Women. Those who are likely to purchase a fitness band in the next year are 14% more likely to be women than average. Those who are still undecided are 22% more likely to be women.

**Age:** 69% of likely buyers are 18-44 years old which is 44% more than average. Those who are still unsure are likely to be younger than average as well.

**Income:** Likely buyers are 29% more likely to have a household income over $100K. They are likely to have more disposable income to spend on a tracker, but this higher income could also mean they are open to the higher price point of smartwatches as well.

**Education:** Likely buyers are 24% more likely to have an associate degree or higher than the average U.S. adult.

**Parental Status:** Those who are likely to purchase a wearable fitness tracker in the next year are 23% more likely to be parents. They are also 36% more likely to say they have school-aged children living with them.

Technology

**Tech shopping:** Those who are likely to purchase a wearable fitness tracker are 80% more likely to believe brand is more important than price.

**iPhone usage:** Potential buyers are 56% more likely to own an Apple iPhone. This insight, combined with the one above, suggests that many potential buyers are likely to look the Apple brand of products first (i.e. the Apple Watch).

**Tablet ownership:** Potential buyers are 31% more likely to own a tablet computer.

**eReader ownership:** Likely buyers are 36% more likely to own an eReader.

**Early adopter:** In general, they are 45% more likely to be early adopters and usually try new products before others, although not in the case of fitness trackers since they don’t own one yet.

Health and Wellness

**Organic food:** Likely buyers are 2X as likely to purchase organic food every chance they get. Food quality seems to be pretty important to this group.

**Locally grown food:** Those who are likely to purchase a fitness tracker are 22% more likely to purchase locally grown food every chance they get.

**GMOs:** Those who are likely to purchase a wearable fitness tracker are 38% more likely to say GMOs affects their grocery purchases the majority of the time.
Casual restaurants: Likely buyers are 25% more likely than the average U.S. adult to eat at casual restaurants a few times per month or more.

Snacking: Likely fitness band customers are 21% more likely to snack most between lunch and dinner.

Beer drinking: 42% of likely buyers drink beer at least twice a month, which is 31% more likely than average.

Exercise frequency: 45% of likely buyers exercise multiple times per week, which is 29% more likely than average.

Personal Finance

Future finances: Likely buyers are 54% more likely to say their personal finances are expected to get better over the next 6 months. They may feel more comfortable spending money on a fitness / activity tracker in the near future.

Future job market: Likely buyers are 75% more likely to say it will become easier to find a job in the next 6 months.

Online banking: 61% of adults who are likely to purchase an activity tracker do over 50% of their retail banking online, which is 36% more than average. This tied with their device ownership attributes to their higher than average tech savviness.

Business owners: They are 77% more likely to own their own business.

Entertainment / Media Consumption

Purchase influence: They are 56% more likely to be most influenced by comments or recommendations on social media. This would be a great way to reach this consumer group since the majority are influenced by social chatter.

Sports fan: Those who are likely to purchase a wearable fitness tracker are 46% more likely to say playing or watching sports is important or a passion of theirs.

Movie theater visits: Potential fitness tracker consumers are 2X as likely to go to the movies once a month or more.

Music/entertainment TV: Likely buyers are 26% more likely to watch music/entertainment channels.

Although wearable fitness / activity tracker popularity is slowing declining, there is still an opportunity to reach consumers on the fence about purchasing a wearable tracker. The focus should be on women with a higher income. Based on their higher likelihood of having children and owning their own business, they are probably strapped for time and would appreciate products with a minimal learning curve that will save them time and energy in their busy lives. They are also very health and fitness-oriented individuals and enjoy sports, so the idea of a fitness tracker would fit well with their interests. On top of that, their personal financial situation is expected to improve over the next 6 months, so they may be more open to spend money on a seemingly “unnecessary” purchase.
CivicScience Insight Report (continued)

Eddie Hold of The NPD Group believes:

“Activity trackers are here to stay for the foreseeable future, but need to evolve to stay relevant. There needs to be more focus on features – waterproofing is key, GPS is useful to expand beyond just steps – as well as the addition of basic notifications so that the most needed smartwatch features (a vibration when a call or text comes in) are available on activity trackers.”

As smartwatches gain more steam and increase in popularity, fitness and activity trackers will need to advance and keep their likely customers in mind, or else they may end up in the gadget graveyard.

About the CivicScience Methodology:

CivicScience collects real-time consumer research data via polling applications that run on hundreds of U.S. publisher websites, cycling through thousands of active questions on any given day. Respondents voluntarily opt-in their answers with no incentives, compensation or coercion -- they answer for fun and are kept anonymous, allowing for greatly reduce bias and higher levels of engagement. Two separate wearable questions were used in this report – “Based on what you've seen and heard, do you think wearable activity/fitness trackers will become more popular or less popular over the next year?” which collected 19,031 responses from 9/26/2014 to 8/14/2015, and “How likely are you to purchase a wearable fitness tracker / activity band (Nike Fuel Band, FitBit, etc.) in the next year?” which collected 5,675 responses from 6/30/2015 to 8/12/2015. All respondents for this report were weighted for the U.S. Census, 18 years and older. CivicScience builds deep, timely psychographic profiles of these respondents with each question they answer over time, providing valuable consumer sentiment and behavior insight data to the decision makers who care. The CivicScience methodology has been scientifically validated by a team of academic leaders and by independent research firms. CivicScience currently has millions of anonymous consumer profiles stored, growing daily.


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