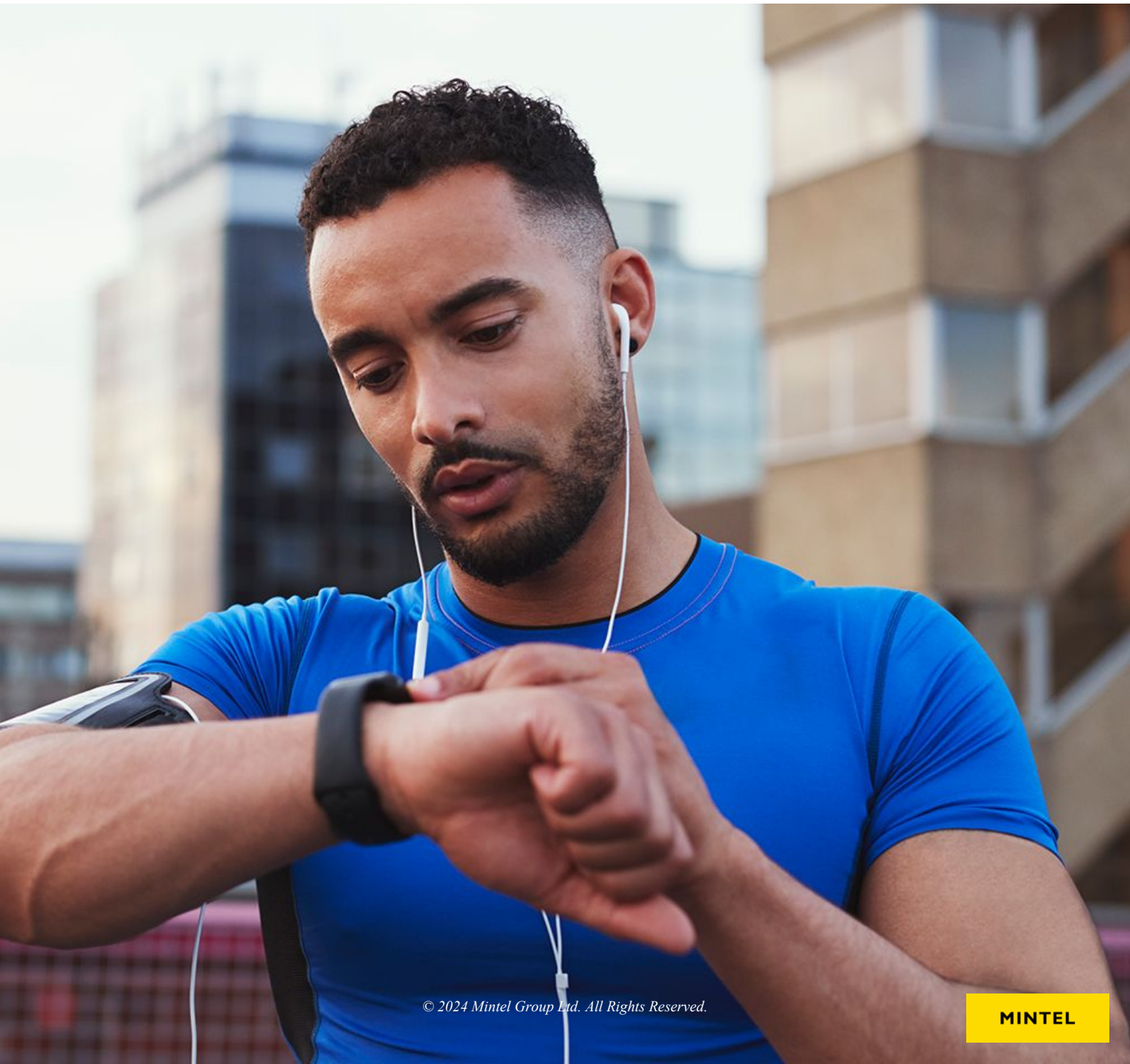


# SMARTWATCHES AND WEARABLE TECHNOLOGY – UK – 2023

For wearable technology brands to make inroads with less affluent households, promoting the long term investment upside both financially and for health will be key.



Joe Birch, Technology Analyst



# Smartwatches And Wearable Technology - UK - 2023

## This report looks at the following areas:

- The short-, medium- and long-term impact of inflation on wearable technology, including the impact of the cost of living on the market for smartwatches and wearable technology.
- Analysis of the size of the market and forecast for the market for smartwatches and fitness bands in the next five years.
- Competitive strategies and launch activities of companies operating in the smartwatch and wearable technology market.
- The opportunities and threats facing brands in the market for smartwatches and wearable technology.
- Consumer brand ownership by segment and attitudes towards smartwatches, fitness bands and wearable technology.
- Consumer use cases for wearable technologies.
- Consumer attitudes towards the future of wearable technologies



For wearable technology brands to make inroads with less affluent households, promoting the long term investment upside both financially and for health will be key.

## Overview

Although barriers to the wearable market are low for devices such as fitness trackers, brand is key for those looking at higher end devices. Of those looking to purchase a smartwatch in the next 3 months, **54% agree that brand is the most important factor when buying wearable technology products, compared to 35% overall.**

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# Report Content

### Key issues covered in this Report

- Overview

## EXECUTIVE SUMMARY

### Opportunities

- Highlight convenient multi purpose use cases to boost wearables' appeal to consumers
- Promote build quality to highlight longevity of smart devices
- Advanced technologies can power the utility of wearables offering new opportunities for brands

### Market Dynamic and Outlook

- The Five Year Outlook for Smartwatches and Wearable Technology
- Market Size
  - Graph 1: market value of smartwatches and fitness bands, 2018-23
- Market for smartwatches can continue to benefit from organic growth in the next 5 years
- Consumers financial sentiment has rebounded from the lows of the cost of living crisis
  - Graph 2: household financial sentiment index, 2016-23
- Physical and mental health continue to be a top concern for consumers
  - Graph 3: top three aspects of wellbeing people would most like to improve, 2022
- Sports participants are keen to get more granular data on performance
  - Graph 4: attitudes towards activity and wearable technology, 2023
- Emerging tech innovations paves way for next generation of wearables

### Innovation and Marketing

- Wearable brands look to offer Total Wellbeing solutions
- Continuous blood sugar monitors can help those managing diabetes and at risk of developing it
- Earbuds to offer greater health management and enhanced audio

### What Consumers Want and Why

- 38% of consumers own a smartwatch or fitness band
  - Graph 5: personal ownership of technology products, NET, 2023
  - Graph 6: personal ownership of technology products, 2023
- Apple leads the way for smartwatches whilst Fitbit aims to premiumise
  - Graph 7: brand of smartwatch and fitness band owned, 2023
- Despite relatively small ownership levels, niche wearables are gaining traction
  - Graph 8: personal ownership of technology products, 2022, 2023

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  - Graph 9: functions used on smartwatches, 2023
- With heating bills set to remain high, promote smart fabrics for personalised temperature control
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- Wearable technology will provide more personalised assistance
  - Graph 11: attitudes towards wearable technology, 2023

### Market Dynamics and Outlook

- The Five Year Outlook for Smartwatches and Wearable Technology

### MARKET DRIVERS

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  - Graph 12: Household Financial Sentiment Index, 2016-23
- Physical and mental health continue to be a top concern for consumers
  - Graph 13: aspects of wellbeing consumers would most like to improve (top-3), 2022
- All consumers share physical health concerns ...
  - Graph 14: consumer concern about their physical health, by generation, 2022
- ...as well as concerns over their mental health, though this is more pronounced for younger consumers
  - Graph 15: consumer concern about their mental health, by generation, 2022
- Sports participants are keen to get more granular data on performance
  - Graph 16: behaviours and attitudes towards wearable technology, 2023
- Emerging technologies show future of health monitoring and disease management
- Neurotechnology in wearables will be a future frontier for advertisers and another battle over consumer privacy
- Sensors, clothing and screenless tech will help wearables evolve

### COMPETITIVE STRATEGIES

- Brands look to offer wellbeing solutions through wearables
- Apple goes hands-free with Watch Series 9
- Innovations in audio will boost earbuds' utility
- Challenger brands look to boost consideration with bundles
- Using wearables to alleviate conditions will become increasingly common
- Fitbit focuses on ways to manage stress
- Apple unveils its new computer interface in its Vision Pro headset
- Smart eyewear will see investment in the next five years
- Premium options built for the adventurous consumer
- Patent activity shows brands are pushing wearables capabilities
- Smart clothing is an emerging sector but one primed for significant innovation over the next decade

- Brands innovate with holograms and wearable screenless tech
- Start-up Humane develops wearable AI assistant

## MARKET DYNAMICS

### Market Size

- Return to growth in 2022 as semi conductor crisis lessens
  - Graph 17: value of the market for Smartwatches and Fitness Bands, 2018-22

### Market Forecast

- Market for smartwatches can continue to benefit from organic growth in the next 5 years
- Technology advancements in components, critical infrastructure and high engagement in health will power markets growth
- Form factor innovations, increasing prevalence of smart functions and AI will also help drive market's growth

## WHAT CONSUMERS WANT AND WHY

### Ownership of wearable devices

- 38% of consumers own a smartwatch or fitness band
  - Graph 18: personal ownership of technology products, NET, 2023
- Wireless earbuds benefit from focus on new features and increased competition
  - Graph 19: personal ownership of technology products, 2023
- Despite relatively small ownership levels, niche wearables are gaining traction
  - Graph 20: personal ownership of technology products, 2022, 2023
- Smart clothing will help early stage cancer warnings
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- Younger generations seek value in feature laden smartwatches
  - Graph 21: personal ownership of smartwatches and fitness bands, by generation, 2023

### Brand ownership of smartwatches and fitness trackers

- Apple leads the way for smartwatches whilst Fitbit aims to premiumise
  - Graph 22: brand of smartwatch and fitness band owned, 2023
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- Demographic differences in the two major smartwatch brands
  - Graph 23: brand of smartwatch owned, by gender, socio economic grade and generation, 2023
- Similar levels of brand loyalty between major smartwatch manufacturers, though Apple's walled garden sees it benefit
  - Graph 24: brand is the most important factor when buying wearable technology products by brand of smartwatch owned, 2023

## Type of Smartwatch Owned

- Mid range and premium can see uplift amidst returning consumer confidence
  - Graph 25: ownership of entry-level, mid-range or premium smartwatches, 2023
- Samsung smartwatch owners go for premium brands
- Highlight the value of premium models as an investment in the self
- Boost confidence in purchase through lifespan of devices

## Functions Used on a Smartwatch

- Health features are key activities consumers use smartwatches for
  - Graph 26: functions used on smartwatches, 2023
- Tracking exercise is the main way people use smartwatches
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- Younger generations are more likely to use niche features
  - Graph 27: functions used on a smartwatch by generation, 2023
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  - Graph 28: repertoire of functions of a smartwatch used, 2023
- Consumers use an array of functions, suggesting the smartwatch can be a proxy for the mobile
  - Graph 29: functions of a smartwatch used, by repertoire of functions of a smartwatch used, 2023
- Prioritise interoperability to boost consideration of smartwatch brand

## The Future of Wearable Technology

- Smart fabrics and technology can play a role in everyday activities
  - Graph 30: attitudes towards wearable technology, 2023
- With heating bills set to remain high, promote smart fabrics for personalised temperature control
- Many are interested in wearables with GPS
- Appeal to peace of mind with wearable GPS tech in fabrics
- Health insurers can look to bundle wearables with health insurance policies
- Younger generations show more interest in emerging technologies
  - Graph 31: interest in new wearable technology features, 2023
- Brands are looking to less intrusive visual wearables to challenge smartphone's dominance...
- ...however significant behavioural instincts will be hard to overcome for many

## Attitudes towards Wearable Technology

- Highlight smartwatches ability to reduce reliance on smartphones
  - Graph 32: attitudes towards wearable technology, 2023
- Consumers have greater trust in privacy of wearables the more they use them
- The battle for the next interface will see the development of ambient wearables
- Promote proactive upsides of wearables in the connected device ecosystem
  - Graph 33: attitudes towards wearable technology, 2023

- Promote the everyday convenience and utility of wearables to resonate with consumers
- Boost the rounded aesthetic appeal of watches with smart features
  - Graph 34: attitudes towards wearable technology, 2023

## APPENDIX

### Market Forecast Data and Methodology

- Market size : Underlying data
- Market Forecast and Prediction Intervals (Value)
- Forecast Methodology

### Report Scope and Definitions

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- Abbreviations and Terms

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