HOW DO PEOPLE MAKE SENSE OF WEARABLES?

Wearables perform various different functions, all embedded into everyday products like watches and shoes. So, should they be positioned as tech or jewellery in-store? Marketing professors Michael Solomon, Marzena Nieroda and Mona Mrad spoke to salespeople at major UK retailers to find out.

Location United Kingdom

Highlights & Data

- Whether a single- or multi-purpose device, the core functionality of a wearable is key to its success.
- At the same time, the visibility of these products on people means that they must satisfy aesthetic needs.
- As with clothing, people use and want to customise their devices to signify individual status and style.
- A stylish wearable might make people more forgiving if the tech doesn’t perform as well as expected.
- Retail settings can be configured to emphasise how multifunctional wearables are compatible with a person’s varied routines and needs.

- By 2020, global sales of wearable devices are expected to be worth $34 billion (CCS Insight, 2016).
- 53% of Americans want wearables that look more like jewellery (Nielsen, 2014).
- Smartwatch users consider functionality (81%) the most important factor in a wearable, while fitness band owners rank accuracy (70%) highest (Nielsen, 2014).
- 54% of Britons say a good digital experience is one that seamlessly integrates into everyday life (Adobe, 2016).
- 36% of consumers value products or services they can customise (Deloitte, 2015).

Scope

Wearables are no longer just for early tech adopters, with mainstream adoption expected to drive sales worth $34 billion by 2020. But what exactly are they? The devices presently flooding the market offer various functions – from activity tracking to mobile payments to personal security – all united by the fact that they use sensors embedded into everyday products such as watches, shoes and necklaces.

This flexibility is why designers are just as interested in wearables as tech manufacturers. Brands...
including Tory Burch and Swarovski now offer accessories that are compatible with major activity trackers, and industry analysts predict that clothing fitted with intelligent technology is where the greatest opportunities lie. [2]

The downside is that the repurposing of an everyday product makes it challenging to differentiate and position these devices. Wearables that serve one primary purpose, such as activity trackers, have different design and positioning needs than those that offer multiple functions, like a smartwatch. Does a Tory Burch Fitbit Flex 2 belong next to laptops and tablets, or should it be nestled alongside other bracelets in the jewellery department? More importantly, where do consumers feel it should be? We interviewed salespeople in major UK department stores – who actually sell these devices – to find out.

Function will always come first

Different types of products require different angles of attention. Take Jawbone and Fitbit as an example. The former company filed for liquidation after its wearable design failed to meet people’s expectations. Customers complained that although the device was intended to promote wellbeing, it didn’t offer the ability to add extra sport or food activities, or allow the user to connect to their wellbeing community for support. [3]

Fitbit, meanwhile, has thrived because it delivers on these needs. In the ten years since it was founded, the company has sold more than 63 million devices. [4] It focuses on providing health-related feedback, which makes the tracker a single-use device. As one salesperson commented: “People want to wear it all the time. They want to wear it and keep track of everything they are doing.” [5] By making the wristband capable of monitoring all aspects of health, Fitbit has created an ecosystem users don’t want to leave. “Fitbit’s partnerships with fitness- and health-focused companies [like MyFitnessPal and Runkeeper] and their growing distribution network have been key in maintaining their lead,” says Jitesh Ubrani, research analyst at IDC. [6]

The greatest hurdle for fitness tracker and smartwatch providers to overcome is the consumer perception that the devices do not offer a compelling enough value proposition

Angela McIntyre, research director at Gartner

By contrast, smartwatches appeal to people who want to monitor their pulse or number of steps, but also keep track of appointments, enhance productivity and even be entertained or connected with others in their networks. For Apple, this approach is paying off; research firm Canalys estimated that Apple Watch sales exceeded $2.6 billion in Q4 2016 and accounted for 80% of total revenue in the smartwatch market. [7] According to one salesperson, “customers want it to show text messages from the phone and they want all the information that is on the expensive models.” [5]

For multi-purpose devices, the demise of the Neptune Pine smartwatch should be taken into consideration. [8] Its design process focused on delivering functionality, without considering aesthetic issues. Consequently, consumers were unhappy with its bulkiness and overly large screen. This failure highlights the issue at hand – no matter how functional the device, people will
also evaluate it as an accessory, and compare it to conventional jewellery

Form and function are equally important when it comes to wearables
Tory Burch for Fitbit (2014) ©

Beauty is in the eye of the wearer
While department store salespeople confirm that people place great value on the utility wearables deliver, most of these devices are highly visible – so they also have to satisfy aesthetic needs. Like clothing or accessories, people use them to convey a desired self-image to others. According to a 2014 survey, 53% of Americans want wearables that look more like jewellery. [9] “Mostly they want things that look like a watch but do more,” says one salesperson. Many shoppers are highly conscious of the signals these devices send about their style, lifestyles, and even their gender. As one seller notes: “Women don’t want to wear something that is bulky and then men don’t want something that would look girly.” [5]

Deloitte reports that more than a third of people value products they can customise, and when it comes to tech, that could involve picking out compatible accessories or selecting their colours and materials. [10] “Usually they want something that’s different,” says one salesperson. “They don’t want another flat Fitbit. They want the same thing as other people, but they want to look different.” [5] Accessories like Tory Burch for Fitbit or devices like the Apple Hermès Watch fill the void by offering more sophisticated avenues of self-expression. These wearables, in contrast to a simply functional device, convey an aura of elegance and quality craftsmanship – a piece of jewellery that happens to be useful as well.

In this sense, people are using wearables to signify beauty and status – just as with anything else they display on their bodies. The initial failure of Google Glass as a consumer-facing product is a testament to this. As a result, understanding how people categorise wearables is increasingly important. Is a computer-enhanced bracelet primarily a functional device, or an accessory that happens to provide feedback to the wearer? The answer will determine how buyers evaluate these offerings – as well as the frame of comparison they will use.
People's purchases are extensions of their identity
Fitbit UK & Ireland (2017) ©

Shopping with head or heart
Shoppers largely respond to wearables in one of two ways – with their heads or their hearts. The ‘head’ shoppers focus on issues like ease of use and durability. Research conducted by Nielsen has found that smartwatch users find functionality (81%) the most important factor, while fitness band owners rank accuracy (70%) and battery life (64%) highest. The durability of wearables was also critical to owners of smartwatches (82%) and fitness bands (73%). [9]

This rational group can be demanding because they tend to have specific expectations about product performance. Depending on the function they perceive as most important (for example, activity tracker or all-in-one computing device), they decide what wearable they want and how they want to wear it so that they gain most benefit. Some people prefer activity tracking wearables that can sit in a hidden, stable place (like clipped to a bra or a belt) where measurement is more accurate or where their style isn’t compromised, while others seek smartwatches with screens large enough to allow the user to check emails and messages.

For ‘heart’ shoppers, it’s all about how the device makes them feel – both in terms of helping them meet their goals and its associated symbolism. These individuals are very forgiving when a device fails; many are highly appreciative of the wearable idea and plan to purchase a new version once available. As one salesperson notes, consumers tend to return devices “only when they have been broken. Then they realise there’s a new one with more things, and then they want this new one again.” [9]
Well-designed wearables can inspire an emotional connection

Apple (2015) ©

Insights and opportunities

The performance of a wearable’s primary function is crucial to its success. With a Fitbit device, for instance, this means constantly improving its tracking capabilities. "The greatest hurdle for fitness tracker and smartwatch providers to overcome is the consumer perception that the devices do not offer a compelling enough value proposition," says Angela McIntyre, a research director at Gartner. [11]

But if the product is visible to observers, people are likely to think about it as a piece of jewellery. It's why designers like Rebecca Minkoff, Michael Kors and Louis Vuitton are entering the wearables market. Plus, a style component might make people more forgiving if the technology doesn't perform as expected. A 2016 IDC survey found that Americans who planned to buy a wearable in the following six months said retailers needed to put a major focus on aesthetics rather than just technical features. Allan Fromen, vice president for IDC's Global Buyer Behavior Practice, said the survey revealed that vendors “have not yet cracked the code to deliver something that is both functional and fashionable. Companies clearly need to focus on the aesthetics of their product — perhaps more so than the features.” [12]

Luxury and non-luxury consumers also have different needs. Luxury shoppers want exclusivity and 'snob appeal', while others are more likely to value stylistic currency and versatility via the ability to change colours and designs to coordinate with their wardrobe choices. [5] “As the technology disappears into the background, hybrid watches and other fashion accessories with fitness tracking are starting to gain traction,” says Ubrani. “This presents an opportunity to sell multiple wearables to a single consumer under the guise of ‘fashion.’” [13]
Retail settings can be adjusted to emphasise how compatible wearables will be with a person’s daily routines. Multifunctional devices could be marketed to highlight that the user actually has ‘multiple selves’ and different parts of their life that demand various functionalities as they move from the office to the yoga studio to the kitchen. In the US, department stores including Lord & Taylor and Saks Fifth Avenue are planning to unveil ‘lifestyle’ sections that integrate items from numerous departments, showing shoppers how to construct a kit that will fashionably meet the requirements of their busy lives. It’s similar to IKEA’s practice of displaying multiple categories of merchandise to create a fully furnished room.

Wearables are here to stay – at least until chip implants usher in a new age of more intimate computing. But beyond the exciting new devices, it’s about figuring out how to integrate those technologies seamlessly into everyday life – something 54% of Britons say they want from a digital experience. At the end of the day, it’s not just how well you live, but how you look while you’re doing it.

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