Market Forecast
Wearables
Worldwide, 2014-2018

July 2014
Contents

- **Wearables Categorization**
  - CCS Insight Segmentation Based on Usage Rather Than Hardware
  - Category Definition and Examples: a Change in the Categorisation
  - Category Definition and Examples
  - Wearables Exist in Several Form Factors
  - Currently Available Products
  - This Is an Early Segmentation and It Will Change over Time
  - Cannibalization Can Occur

- **Summary of the Wearables Forecast**
  - Forecast Coverage
  - Key Messages
  - Worldwide Installed Base of Wearables Will Hit 253 Million in 2018
  - Shipments of Wearable Devices Will Reach 135 Million Units in 2018
  - Wristwear Will Dominate Wearables until 2018
  - Western Europe Will Be the Largest Market for Wearables in 2018

- **Smartphone Companions Forecast**
  - Key Assumptions
  - 68 Million Smartphone Companions Will Be Shipped in 2018
Contents

– Smartwatches Will Remain the Principal Form Factor
– Smartphone Companions: Alternative Scenarios
– Scenarios: Drivers of Smartphone Companion Adoption
– Comparison with the Previous Forecast (January 2014)

▪ Quantified Self Forecast
  – Key Assumptions
  – Installed Base of Quantified Self Devices Will Reach 95 Million in 2018
  – 51 Million Quantified Self Devices Will Be Shipped in 2018
  – Wristbands Will Remain the Principal Form Factor
  – Quantified Self: Alternative Scenarios
  – Scenarios: Drivers of Quantified Self Adoption
  – Quantified Self: Comparison with the Previous Forecast (January 2014)

▪ Lifelogging Forecast
  – Key Assumptions
  – Installed Base of Lifelogging Wearables Will Reach 28 Million in 2018
  – 10 Million Lifelogging Devices Will Be Shipped in 2018
  – Lifelogging Devices Will Remain Stand-Alone Cameras
  – Lifelogging: Alternative Scenarios
Contents

- Scenarios: Drivers of Lifelogging Adoption
- Lifelogging: Comparison with the Previous Forecast (January 2014)

**Stand-Alone Cellular Wearables Forecast**
- Key Assumptions
- Installed Base of Stand-Alone Cellular Wearables 13.7 Million in 2018
- 6.1 Million Stand-Alone Cellular Wearables Will Be Shipped in 2018
- Stand-Alone Cellular Wearables Will Be Predominantly Smartwatches
- Stand-Alone Cellular Wearables: Alternative Scenarios
- Scenarios: Drivers of Stand-Alone Cellular Devices
- Stand-Alone Cellular Wearables: Comparison with Previous Forecast
- Geographical Definitions
CCS Insight Segmentation Based on Usage Rather Than Hardware

Wearables

- Smartphone companions
- Quantified self
- Stand-alone cellular wearables
- Lifelogging
- Professional sport
- Entertainment
- Enterprise and Industrial
- Healthcare
## Currently Available Products

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<th>Wristbands</th>
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Forecast Coverage

- CCS Insight's forecast currently covers the four main categories of wearable devices: smartphone companions, quantified self, lifelogging and stand-alone cellular devices
  - The other categories are at a very early stage of development

- Each category is forecast in three scenarios: core, low and high, as the market is just forming and the level of uncertainty is high
  - The core scenario is what we believe is the most likely outcome of the market across all categories, given our current understanding
  - A change in one category triggers changes in other categories

- The summary covers the core scenario only
  - Low and high scenarios for the different categories cannot be added, as significant cannibalization could happen between categories; that is, a high scenario for one of them is likely to mean a shift toward the low scenario of another

- We have developed a split by form factor in the core scenario
  - This is a top-down split and is subject to a significant uncertainty owing to the very early days of the market; one hugely successful product can change the picture significantly
Shipments of Wearable Devices Will Reach 135 Million Units in 2018

- The compound annual growth rate (CAGR) between 2013 and 2018: 69%
- Quantified self devices are expected to see a very strong growth in 2014
- Smartphone companions will take longer to achieve wider appeal. The key drivers of future growth are clear consumer benefits and lower prices.
- Shipments of lifelogging devices will grow steadily but they will not have mass market appeal
The installed base of smartphone companions will more than double in 2014 over 2013.

In 2018, 8% of smartphone users in developed markets will own a smartphone companion.
- In emerging markets, this number will be less than 1%
Scenarios: Drivers of Smartphone Companion Adoption

**LOW SCENARIO**
- No new use cases or value

**CORE SCENARIO**
- Clear use cases beyond only mirroring a smartphone screen
- Apple launches a product in the category
- Smartphone makers differentiate with wearable accessories
- Low retail prices: down to $30 or below, or bundled offers

**HIGH SCENARIO**
- High retail price
- Cheap no-name devices flood the market
- Complex intellectual property rights situation
- Growing phablet adoption raises need for smart accessories
- Cultural factors: rudeness of looking at your watch
More information about CCS Insight's wearables service can be found at:
http://www.ccsinsight.com/our-services/wearables