



# FIRST INSIGHT'S Consumer Smartwatch Report Findings

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FIRSTINSIGHT

THINK LIKE YOUR CUSTOMER



# Time Will Sell for the Holidays & Beyond

## FOUR SMARTWATCHES TO WATCH

While a popular item this holiday season, the smartwatch market is still relatively young and consumers have a strong point of view on what they want in terms of form and functionality. After running insights on eight smartwatches in the news today, First Insight reveals consumers' top smartwatch choices for the holiday season and beyond.

1

ASUS ZENWATCH

9/10

FIRST INSIGHT  
VALUE SCORE

### Consumer Reaction

Consumer sentiment was 37% positive with consumers saying the design was “very nice”. The Asus ranked as the top watch with both men and women (but NOT for women purchasing smartwatches for themselves).

### Ideal “Buy” Price

Consumers are willing to pay an average price of \$206 for the watch - \$7 above the list price of \$199.

### Turn-offs

Consumers indicated that a primary downside is that it does not work with the iPhone.



2

APPLE WATCH

7/10

FIRST INSIGHT  
VALUE SCORE

## Consumer Reaction

Consumer sentiment was 43% positive. Why? People indicated they “like Apple” so believe they will like the Apple Watch as well.

## Ideal “Buy” Price

Apple is nearly \$50 off it’s pricing sweet spot, as the average consumer is willing to pay \$305 for the watch, vs. its entry point list price of \$349.

### Early Adopters Will Pay More than late adopters.

Approximately 25% more - \$341 (early) vs. \$271 (late).

Millennial early adopters indicate they are willing to pay slightly more (\$353) than the Apple Watch list price.

### Apple’s Lost Generation?

GenerationX feels the Apple Watch is only worth \$268

## My Apple Watch, My Precious

Those who will buy smartwatches for themselves are true fans of Apple Watch.

By expressing 55% positive sentiment and willing to pay \$341,

Apple Watch’s value score bumps up from a 7 to a 9.

## Eve Will Bite on Apple

For women purchasing for themselves, the Apple was the #1 item and these

**women are willing to pay \$397 – nearly \$50 more than list price.**

With this in mind, Apple could design a Smartwatch specifically for women and see success selling it at a higher price point.

**3****PEBBLE STEEL****7/10****FIRST INSIGHT  
VALUE SCORE**

### Consumer Reaction

Consumer sentiment was 37% positive with consumers saying “it would be great for sports enthusiasts”.

### Ideal “Buy” Price

Consumers are only willing to pay an average price of \$171 nearly \$30 below the list price of \$199.

### Turn-ons

Consumers like that it works with both Android and the iPhone.

**4****SAMSUNG GEAR S****5/10****FIRST INSIGHT  
VALUE SCORE**

### Consumer Reaction

Consumer sentiment was 48% - the highest positive sentiment rating of 48% (even higher than Apple’s 43%).

### Pricing is the Problem

Consumers are only willing to pay an average price of \$287 for the watch so the \$399 pricetag is what’s slowing Samsung down.

### First Insight Take Away

If Samsung adjusts the price, the Gear S has a chance to be one of the best selling watches on the market.



# **Tale of a Timely Stocking Stuffer**

## **A POPULAR HOLIDAY GIFT**

Smartwatches are on track to be very popular this holiday season, as 73 percent of consumers are considering buying one either for themselves or as a gift. Here are some insight into those considering smartwatch purchases, and why.



### **Millennial Women Are Right on Time**

87% of millennial women will be purchasing smartwatches this holiday season.

### **Late Adopters Show Up Early for Smartwatches**

34% of those purchasing smartwatches this holiday season consider themselves to be late adopters of technology.

### **One for Me, One for You**

Smartwatches will be a popular gift this holiday season, with 53% of women and 31% of men buying them as gifts for others. However 22% of women and 38% of men will buy them as gifts to themselves.



# The Science of Smartwatch Pricing

Smartwatch value is largely in the eye of the beholder, but there is much smartwatch manufacturers can learn as they move forward with pricing their products.



## Overall, Overpriced

Consumers are willing to pay 19% less than the list prices for today's smartwatches.

Exceptions are:

**Early adopters** are willing to pay 6.5% MORE than late adopters for the watches overall price.

**ASUS**, where people are willing to pay 3% MORE than the list price.

## Worth it?

Consumers will pay 11.2% MORE for a smartwatch if they are buying it for themselves, than if they are buying one as a gift.

## West vs. South

76% of consumers in the West and the South will buy smartwatches this holiday season, but Western consumers are willing to pay about 13% MORE for smartwatches than the average of the rest of the country. Southerners have different pricing in mind, and want to pay 11% LESS than the average of the rest of the country.

## Women

Are willing to spend 9% MORE than men for smartwatches. This may have something to do with the fact that 54% consider themselves to be early adopters.



## First Insight Data Methodology

First Insight's predictive analytic approach goes beyond a simple survey: it's an engaging gamification mechanism, as well as an algorithm that weighs individuals' answers differently depending on their accuracy while rating already-released "constants" that are known as high-sellers or sales flops. First Insight executed an Insight on Smartwatches to a national panel distributed across the US, using its predictive analytics solution, which applies predictive models to real-time consumer data. A total of eight (8) Smartwatches were tested, and the Insight included four additional watches used as reference.

Feedback was collected through First Insight's online game called "What Would They Pay?" in which respondents guess the price the market will pay for each item, and provide other feedback (sentiment and comments). First Insight ran the insight on 11/18/2014 it was completed on 11/19/2014 (16 hours later). 966 total consumer responses were generated.

## Watches Tested

- ASUS Zenwatch • Apple Watch • Pebble Steel • Motorola Moto 360 • LG G Watch R
- Sony Smartwatch 3 SWR50 • Samsung Gear S (with GPS) • Meta M1 Smartwatch

## First Insight Data Output Explained

For each item, First Insight generates the following:

### Value Score

The ultimate predictive measure of how well an item will perform in the market. Ranges from 10 (high) to 1 (low). A composite of price demand and sentiment, filtered through First Insight analytic models.

### Sentiment

Average of the sentiment of respondents provided through a 5-point Likert scale. Positive sentiment (percentage of love/like); Negative sentiment (percentage of leave/hate).

### Comments

Top comments, positive and negative, based on word scoring and analytics applied to phrases and statements provided by consumers.

### Model Price

It is a prediction of the average unit retail price of the item, or the average amount the market will pay for the item over its lifecycle.