



Smartwatches

The Opportunities and
Challenges for Marketers

Summary

While smartwatch adoption has been disappointing, they are, as Gartner Research attests, here for the long term¹. But how will consumers take to the new devices? How will they use them? And what opportunities will this usage present to digital marketers?

A Tale of Two Adoptions

On January 9, 2007, from the Macworld stage, Steve Jobs introduced the world to the iPhone. “Every once in a while, a revolutionary product comes along that changes everything,” he said. To be sure, the iPhone was immediately heralded as a revolutionary device, and it continues to have an enormous impact, not just on personal communications and global connectivity, but on financial markets around the world.²

“A Category Waiting for a Market”

Seven years later, Tim Cook presented the “next chapter in Apple’s story.” Though a latecomer to the smartwatch category, the company quickly assumed its position as the undisputed market leader, amassing six times the sales of Samsung, its nearest competitor. (When considering all wearable technology, Apple has been more closely competitive with market leader

Fitbit.)³ But, while it could be said that the Apple Watch ignited the global smartwatch market, as analysts predicted, it fell far short of delivering on the many heady forecasts and overall hype surrounding the device. Whereas analyst firms such as Strategy Analytics and IDC originally predicted Apple’s 2015 shipments of smartwatches would reach 15 million⁴, Jupiter Research later estimated final sales that amounted to less than 9 million—more than half of all smartwatches sold.⁵ (To date, Apple hasn’t released any of its own sales figures.) The smartwatch, Juniper research analyst James Moar wrote, is “a category waiting for a market.”⁶

But while the industry laments lackluster adoption, it’s important to remember the initial adoption of Apple’s first smartphone wasn’t much better. Whereas the Apple Watch sold 7 million units within the first six months⁷, the iPhone sold about half that.⁸ By the end of 2015, the total number of iPhones sold stood at 858 million. Whether the Apple Watch will ever enjoy that level of ubiquity remains to be seen, but there is a reason to be optimistic. The Consumer Technology Association recently predicted sales of wearables would hit the 38 million mark this year, with smartwatches and fitness trackers making up the bulk of shipments.⁹ By 2019, IDC predicts total sales of smartwatches to reach 88.3 million.¹⁰

The Digital Marketing Opportunity (and Challenge)

As sales rise, the smartwatch will present digital marketers with a very unique and powerful channel for customer interaction. Despite the smaller screens, which users are bound to consider more personal and sacred than that of their smartphones and tablets, consumers seem astonishingly amenable to the idea of businesses using their smartwatches to reach out to them: 67% are open to receiving, at least, some advertising or marketing messages served up on their smartwatches, 23% prefer limiting messages to a list of pre-approved advertisers, and 10% say they are okay with receiving location-based ads or messages when their presence is detected by nearby stores, restaurants, and other businesses.

Of course, these messages must be instantly consumable (or “glanceable”, as many now call them) and serve as a launch pad for deeper engagement on accompanying smartphones and, in the case of location marketing, the surrounding world. They must build on the smartwatch’s delivery of convenience, providing messages and/or services that the user is in need of right then and there, such as a phone number to a local tow truck company the second the watch detects a sudden stop on a freeway. Email marketers will be challenged to draw interest from users immediately before their messages are quickly marked as read or permanently deleted with a flick of the finger. Plain text will rule, as images and other media too big to be properly experienced on the smartwatch are discarded. But more than anything, advertisers and marketers will need to learn how to be even more respectful of their audiences. While notifications appearing on the cell phone must often wait to get noticed, notifications on the smartwatch are instantly and literally felt through vibrations on the wrist. If the message does not warrant its own urgent delivery, the sender could suddenly be left to contend with angry audiences and a withering brand.

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This brings us to the smartwatch’s sensors, whether they’re a future possibility or already available. From accelerometers and gyroscopes that track body movements to sensors that can detect blood oxygen levels and surrounding odors, the smartwatch will know more about its user and its user’s immediate needs than users would otherwise know themselves. These new kinds of immediate or predictive marketing capabilities will increasingly present digital marketers with incredible opportunities, but they will also come with some very grave risks. Such intimate knowledge and engagement being made possible by the smartwatch will demand the utmost in responsibility and care from marketers. Data culled from these devices must be handled both intelligently and securely.



A Word on Content Management and API First Strategy

With the Internet of Things positioned to have a dramatic impact on the way we interact with the physical world, it is critical that digital marketers start working to ensure their content is optimized not just for smartwatches and other wearables, but also IoT devices, such as LCD-equipped refrigerators and washing machines. Content must be retrieved from content management systems in the most efficient way using raw format with no additional markup other than the information that is being communicated to the user. Content management systems

that are being used to support content delivery to wearables and IoT tech must provide developers with atomic, robust, and scalable API with tools that can be used to build platform-specific applications as part of an API First strategy. This involves defining the channels one's API resources are made available on before beginning work on a website or application, making creating smartwatch and other wearable apps relatively easy when done with write-once, run everywhere development platforms.



Businesses and Experts Weigh In

Big business seems convinced. In March of last year, Microsoft began releasing breezy videos that showed how the smartwatch would combine with Skype for Business to drive a new era of collaboration in the enterprise.¹¹ In December, British Airways announced it would launch wrist and smartwatch-friendly ticket scanners.¹²

But while smartwatch adoption will probably benefit from greater consumer awareness, combined with a slowing down of innovation in smartphones that gives consumers less reason to upgrade, among other growth drivers, skepticism continues to cloud its future. As tech journalist Walt Mossberg recently wrote, “Unlike my phone, if I left my smartwatch at home one day, I wouldn’t drive back to get it.”¹³

While our research agrees the smartwatch must evolve to

serve the user in its own way, as opposed to being a mere extension of the smartphone (and it most probably will), the device’s fate will ultimately be decided by consumers.

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Consumer Attitudes toward the Smartwatch

So just where do consumers stand? Kentico has issued the findings of its latest Digital Experience survey to help provide these answers. But instead of tapping the opinions of more industry experts, as with all other installments of our Digital Experience research series, we queried potential buyers themselves from all over the world.

Here's how they responded:

While many of our survey participants admitted some hesitancy in purchasing a smartwatch (we get into more detail later), 55% expressed plans to own one eventually, with 47% reporting they intend to purchase one within the next two years.

So what's the holdup?

Despite plenty of media coverage and some direct exposure to the smartwatch (36% report knowing someone that already wears one), only 15% report knowing "a lot" about the device, even with 26%

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claiming to seek out actively more information from manufacturer websites. The lack of familiarity doesn't seem to be one of general awareness—people know the device exists. Instead, it seems to be an issue of recognizable utility. People simply do not seem to know where the device is supposed to fit into their lives.

This isn't to say they aren't willing to find out: only 13% are firmly not open to the idea of test-driving a smartwatch to experience the device firsthand. This shows curiosity is undeniably there but, as our survey also shows, curiosity is a factor beset by cost. Nearly three quarters of those surveyed did, in fact, cite the device's sticker price, which tends to range from \$150 to \$600, as the number one reason for not immediately buying one.

Where Do You Get Information about Smartwatches?

Options	Response Percent	Response Count
Advertisements (print or online)	16%	80
Brick and mortar store/shopping mall	4%	18
Newspaper or magazine article (printed)	6%	33
Recommendations from friends, family, or coworkers	10%	49
Social media (e.g., Twitter, Facebook, Yelp)	10%	54
TV commercials	14%	80
Website	26%	105
Word of mouth	14%	63
I have not heard about the smartwatch	0%	0

Combine the high price point with its uncertain utility—38% simply do not see a compelling enough reason to own one—and it seems clear that the biggest roadblock to broader smartwatch adoption is one of comprehension. Steve Jobs once famously remarked, “It isn’t the consumers’ job to know what they want.” As manufacturers get better at explaining the device’s utility, and consumers are exposed to more relatable use cases through smartwatch owners in their social circles, the device’s value will become more apparent.

doing their best to capture consumer interest with innovative apps specially tuned to the smaller screen size, greater convenience, and the overall inherent nature of the device.

For the moment, the consumer is left to imagine how the value of the smartphone apps they are already familiar with will increase when launched from their wrist, versus their phone. As our survey shows, interest is less driven by futuristic use cases and more by

Which of the Following Reasons Are Keeping You from Buying a Smartwatch? (check all that apply)

Options	Response Percent	Response Count
Cost	69%	576
Complexity	14%	116
Size of smartwatches	15%	127
Weight of smartwatches	7%	61
Thickness of smartwatches	9%	72
Style of smartwatches	12%	100
Comfort (don't like wearing watches)	17%	140
Insufficient battery life	14%	115
Dependency on a smartphone	14%	118
Not enough apps, waiting for the technology to mature	8%	69
Not enough reasons to use one	38%	317

“ Developers will surely be doing their best to capture consumer interest with innovative apps specially tuned to the smaller screen size, greater convenience, and overall inherent nature of the device

Of course, responsibility does not solely rest on the manufacturer. Whether or not a killer app will emerge to drive greater adoption, and whether or not success of the smartwatch is dependent on one, developers will surely be

those that have already proven themselves as critical day-to-day tasks, such as sending/receiving emails and texts (45%), placing voice and video calls (36%), and getting directions (34%).

Which Top 3 Smartwatch Capabilities Intrigue You the Most?

Options	Response Percent	Response Count
Real-time alerts, such as those from your airline or bank, news, social media, appointment reminders	27%	270
Sending and receiving email, texts	45%	458
Voice activated commands, such as searches via Siri, Google, Bing, etc.	25%	254
Placing and receiving phone and video calls	36%	365
Interacting on the web: paying for tickets or merchandise, online banking	14%	141
Getting walking, driving, or mass transit directions	34%	345
Proximity-based discounts/offers from local merchants	11%	108
Tracking diet and exercise	30%	308
Safety monitoring (senior citizens, children, pets)	20%	208
Taking photos or video	15%	148
Watching movies and videos or listening to music	14%	139

Surprisingly, 74% believe their use of a smartwatch will be limited to personal use, while 24% believe it could assist them both personally and professionally. Only 2% of those surveyed view the smartwatch as a workplace-only device—an attitude we expect will evolve as more consumers begin bringing the smartwatch into work with them.



About the Kentico Digital Experience Research Series

More than 1,000 Internet users, 18 years old and over, from around the world participated in Kentico's Smartwatch Survey, conducted online during the month of December 2015. Survey data was collected from the US, Europe (the UK, France, Germany, Netherlands, Czech Republic), and Australia.

Kentico's Smartwatch Survey is the 10th installment in the ongoing Kentico Digital Experience Research series, which kicked off in 2013

with the Kentico [Customer Experience Survey](#) and continued with the Kentico [Mobile Experience Survey](#), [Email Marketing Survey](#), [Website Marketing Survey](#), [Digital Brand Interactions Survey](#), [Content Marketing Survey](#), [Non-Profit Online Donors Survey](#), [New Year's Resolutions Survey](#), and [Healthcare Websites Survey](#).

About Kentico

Kentico is an all-in-one CMS, E-commerce, and Online Marketing platform that drives business results for companies of all sizes, both on-premise or in the cloud. It gives customers and partners powerful, comprehensive tools and customer-centric solutions to create stunning websites and manage customer experiences easily in a dynamic business environment. The Kentico Web Content Management Solution's rich selection of out-of-the-box web parts, easy customizations, and open API quickly gets websites operational. When combined with the full set of integrated solutions, including Online Marketing, E-commerce,

Online Communities, and Intranet and Collaboration, Kentico fully optimizes the digital customer experience across multiple channels.

Founded in 2004, Kentico is a Microsoft Gold Certified Partner headquartered in the Czech Republic with offices in the US, UK, Netherlands, and Australia. Kentico has 1,000 digital agency partners and powers more than 25,000 websites across 100 countries. Customers include [Gibson](#), [Twinings](#), [Ingram Micro](#), [Mazda](#), [Kingspan](#), [Hunter Fan](#), [Starbucks](#), and [Allergan](#).

Links

1. <http://www.gartner.com/smarterwithgartner/is-it-time-for-the-smartwatch-market-explosion/>
2. http://www.nytimes.com/2014/10/26/your-money/when-iphones-ring-the-economy-listens.html?_r=0
3. <http://www.theguardian.com/technology/2015/aug/28/apple-watch-smartwatch-sales-analysis>
4. <http://www.zdnet.com/article/apple-watch-expected-to-dominate-with-15-million-units-shipped-in-2015-strategy-analytics/>
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