Understanding the Connected Health and Wellness Market

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Personal Health & Wellness Products: U.S. Market Unit Sales
2013-2018

Total
- Wellness Product Sales
- Personal Health Product Sales

UNIT SALES # MILLIONS

2013 2014 2015 2016 2017 2018

40.2 45.1 51.1 57.3 64.7 70.9

16.2 17.2 18.2 19.0 20.6 22.6

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Connected Personal Health & Wellness Products: U.S. Market Revenues

2013-2018

Total
- Wellness Software & Service Revenues
- Wellness Product Revenues
- Personal Health Product Revenues

2013: $3.3 billion
2014: $4.0 billion
2015: $5.0 billion
2016: $5.9 billion
2017: $7.1 billion
2018: $8.0 billion

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Wellness Software & Services: U.S. Revenues by Solution

2013-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Online Wellness Revenue: Payer-Sponsored Online Wellness Services</th>
<th>Online Weight Loss Program Meal Plan Revenues</th>
<th>Online Wellness Program Coaching Service Revenues</th>
<th>Fitness and Wellness App Download Revenues</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$1,664</td>
<td>$500</td>
<td>$500</td>
<td>$500</td>
<td>$2,200</td>
</tr>
<tr>
<td>2014</td>
<td>$1,890</td>
<td>$500</td>
<td>$500</td>
<td>$500</td>
<td>$2,400</td>
</tr>
<tr>
<td>2015</td>
<td>$2,254</td>
<td>$500</td>
<td>$500</td>
<td>$500</td>
<td>$2,700</td>
</tr>
<tr>
<td>2016</td>
<td>$2,478</td>
<td>$500</td>
<td>$500</td>
<td>$500</td>
<td>$2,700</td>
</tr>
<tr>
<td>2017</td>
<td>$2,720</td>
<td>$500</td>
<td>$500</td>
<td>$500</td>
<td>$3,023</td>
</tr>
<tr>
<td>2018</td>
<td>$3,023</td>
<td>$500</td>
<td>$500</td>
<td>$500</td>
<td>$3,023</td>
</tr>
</tbody>
</table>

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Connected Personal Health Products: U.S. Revenues by Product

2013-2018

$1,500
$1,000
$500
$0

$1,456.8
$1,171.5
$928.6
$771.0
$614.4
$505.9

Total
Insulin Pump
Blood Pressure Monitor
Personal Emergency Response System (PERS hardware)
Glucometer
Pulse Oximeter
Pill box/dispenser
Diagnostic ECG for Personal Use

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Connected Wellness Products:
U.S. Revenues by Product
2013-2018

$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0

$1,086.1
$1,450.2
$1,948.6
$2,497.9
$3,178.6
$3,540.0

2013 2014 2015 2016 2017 2018

Total
Digital Pedometer/Activity Tracker
Digital Weight Scale
GPS Sport Watch
Heart Rate Monitor
Sleep Quality/Diet Monitoring/Stress Management Products

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Pedometers remain the most popular fitness devices owned by adults, but dedicated wearable fitness devices have tripled YOY

<table>
<thead>
<tr>
<th>Fitness Technology</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pedometer</td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td>Fitness video games</td>
<td>26%</td>
<td>18%</td>
</tr>
<tr>
<td>Portable blood pressure monitor</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Heart rate monitor</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>Fitness apps</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>Digital sports watch</td>
<td>19%</td>
<td>7%</td>
</tr>
<tr>
<td>Digital weight scale</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Calorie tracker</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>Lap counter</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>Dedicated wearable fitness device</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>BMI scale</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Fitness GPS</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Smart watch</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Accelerometer</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Sleep tracker</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Motion sensors in sports equipment</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>None of these</td>
<td>25%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Base: Online U.S. adults (n=1,006)
Q9B. Which of the following fitness technologies, if any, do you PERSONALLY own?

75% of consumers own a fitness CE product, up from 61% in 2012!
Who Owns Wearable Fitness Devices?

Base: Online U.S. adults who own a dedicated wearable fitness device (n=89)
Recommended Guidelines

67% of wearable fitness device owners

55% of wearable fitness device owners

Base: Online U.S. adults who own a dedicated wearable fitness device (n=89)

Q3. Thinking about all the physical activities you do in an average week, would you say you meet either of the minimum American Heart Association recommended activity levels below?
Dedicated wearable fitness devices show largest gain in purchase intent YOY for next 12 months

60% of adults plan to purchase a fitness CE product for themselves in the next year

Base: Online U.S. adults (n=1,006)
Q9C. Which of the following fitness technologies, if any, do you plan to purchase within the NEXT 12 MONTHS for YOURSELF?
Who Wants to Buy Wearable Fitness Devices?

50% Male 50% Female

18-24 years old 18% 25-34 years old 35%
35-44 years old 22% 45-54 years old 16%
55+ years old 9%

Income <$25K 12% Income between $25K-$50K 23%
Income between $50K-$75K 22% Income >$75K 43%

Base: Online U.S. adults who plan to purchase a wearable fitness device in next 12 months (n=130)
Recommended Guidelines

67% of potential wearable fitness device buyers

57% of potential wearable fitness device buyers

Base: Online U.S. adults who plan to purchase a wearable fitness device in next 12 months (n=130)

Q3. Thinking about all the physical activities you do in an average week, would you say you meet either of the minimum American Heart Association recommended activity levels below?
Consumers look to sporting goods retailers, mass merchants and online retailers to get their fitness tech fix

<table>
<thead>
<tr>
<th>Shopping Location</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sporting goods retailer</td>
<td>31%</td>
</tr>
<tr>
<td>Mass merchant (e.g., Kmart, Wal-Mart or Target)</td>
<td>30%</td>
</tr>
<tr>
<td>Online - at a retailer’s website</td>
<td>26%</td>
</tr>
<tr>
<td>General electronics store (e.g., Best Buy)</td>
<td>16%</td>
</tr>
<tr>
<td>Online - at a manufacturer's website (such as Garmin.com or Apple.com)</td>
<td>9%</td>
</tr>
<tr>
<td>Online - at an auction website</td>
<td>8%</td>
</tr>
<tr>
<td>Warehouse club, such as Sam’s, BJ’s or Costco</td>
<td>8%</td>
</tr>
<tr>
<td>Fitness center/gym</td>
<td>8%</td>
</tr>
<tr>
<td>Drug/Grocery store, such as Safeway or Walgreens</td>
<td>7%</td>
</tr>
<tr>
<td>Department store, such as Sears</td>
<td>7%</td>
</tr>
<tr>
<td>Specialty electronics store (e.g., Radio Shack)</td>
<td>5%</td>
</tr>
<tr>
<td>Online - at a free classified ad website</td>
<td>4%</td>
</tr>
<tr>
<td>Television shopping channel</td>
<td>3%</td>
</tr>
<tr>
<td>Somewhere else</td>
<td>3%</td>
</tr>
<tr>
<td>Online - at a deal of the day or flash sale site</td>
<td>2%</td>
</tr>
<tr>
<td>Local independent electronics store</td>
<td>2%</td>
</tr>
<tr>
<td>Not sure</td>
<td>1%</td>
</tr>
<tr>
<td>Did not shop for fitness technologies in past 12 months</td>
<td>34%</td>
</tr>
</tbody>
</table>

Base: Online U.S. adults (n=1,006)
Q3. Where have you shopped for fitness technologies in the PAST 12 MONTHS?
Most important features for potential fitness device buyers include price, battery life and size/fit
(Net % Very Important + Important)

- Price: 96%
- Battery life: 95%
- Size/fit: 95%
- Water resistance: 90%
- Ease of cleaning: 89%
- Weight: 88%
- Built-in screen or user interface: 84%
- Smartphone or tablet connectivity: 80%
- Style (color/design/fashionable): 69%
- Built-in wireless or 4G connection: 66%
- Brand: 65%
- Bluetooth: 46%

Base: Online U.S. adults who plan to purchase a wearable fitness device in next 12 months (n=130)
Q14. How important are the following features in the wearable fitness technologies you plan to purchase for yourself in the next 12 months?
Key statistics to track include calories burned, distance, heart rate and steps taken
(\% Very Important)

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calories burned</td>
<td>64%</td>
</tr>
<tr>
<td>Distance</td>
<td>60%</td>
</tr>
<tr>
<td>Heart rate</td>
<td>56%</td>
</tr>
<tr>
<td>Steps taken</td>
<td>54%</td>
</tr>
<tr>
<td>Weight</td>
<td>51%</td>
</tr>
<tr>
<td>Calories consumed</td>
<td>46%</td>
</tr>
<tr>
<td>Blood pressure</td>
<td>40%</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>33%</td>
</tr>
<tr>
<td>Body temperature</td>
<td>33%</td>
</tr>
<tr>
<td>Time standing</td>
<td>32%</td>
</tr>
<tr>
<td>Sedentary behavior</td>
<td>28%</td>
</tr>
<tr>
<td>Blood sugar</td>
<td>28%</td>
</tr>
<tr>
<td>Time sitting</td>
<td>26%</td>
</tr>
<tr>
<td>Brainwaves/EEG</td>
<td>19%</td>
</tr>
</tbody>
</table>

Base: Online U.S. adults who plan to purchase a wearable fitness device in next 12 months (n=130)
Q15A. Thinking about the wearable fitness tech you plan to purchase in the next 12 months, how important is the ability to track the following statistics when deciding which device to purchase?
Almost half of wearable fitness device owners use them daily, another third a few times per week

- Every day, 47%
- A few times per week, 32%
- Once a week, 11%
- Once or twice a month, 6%
- A few times a year, 2%
- Never, 2%

Base: Online U.S. adults who own a dedicated wearable fitness device (n=89)
Q11. How often do you currently use the fitness technologies you personally own?
Motivation, monitoring goal progress and physical activity levels are the key reasons for use

- To help keep me motivated: 52%
- To help monitor my progress towards my fitness goal: 47%
- To monitor my physical activity level/intensity: 46%
- To make exercising more enjoyable: 38%
- To monitor my fitness measurements: 34%
- To help me know when I am at peak performance: 31%
- It was recommended to me by family and friends: 26%
- To help give me guidance on what exercises to do: 22%
- To help me to relax: 21%
- To help give me guidance on what to eat: 19%
- To help me reduce my stress level: 19%
- To monitor my stress level: 19%
- My doctor or physician recommended it: 15%
- To help me train for a race or competitions: 15%
- My personal trainer recommended it: 13%
- To reduce my health insurance costs: 9%

Base: Online U.S. adults who own and use a dedicated wearable fitness device (n=87)
Q12. Why do you use the fitness technologies you own?
Positive reinforcement and competition are the most compelling motivators for less frequent users

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive Reinforcement</td>
<td>47%</td>
<td>If the device gave you more positive feedback when you accomplished your goals</td>
</tr>
<tr>
<td>Competition</td>
<td>43%</td>
<td>If the device allowed you to compete with yourself and/or other users (people you may know or people who inspire you, such as athletes)</td>
</tr>
<tr>
<td>Gamification</td>
<td>38%</td>
<td>If the device turned your activities into a game and/or allowed you to keep score</td>
</tr>
<tr>
<td>Social Networking</td>
<td>25%</td>
<td>If the device allowed you to share and discuss your results on social networking websites with your friends and had strong privacy options</td>
</tr>
</tbody>
</table>

Base: Online U.S. adults who own and use a dedicated wearable fitness device less than every day (n=47)
Q13. Which of the following would encourage you to use your fitness technologies more often than you do now?
My Fitness Pal and Nike Training Club/Fitness are the most used fitness apps

<table>
<thead>
<tr>
<th>Fitness App</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>My Fitness Pal</td>
<td>21%</td>
</tr>
<tr>
<td>Nike Training Club/Fitness</td>
<td>11%</td>
</tr>
<tr>
<td>Heart rate monitor</td>
<td>5%</td>
</tr>
<tr>
<td>Lose it!</td>
<td>5%</td>
</tr>
<tr>
<td>Runkeeper</td>
<td>5%</td>
</tr>
<tr>
<td>Calorie counter</td>
<td>4%</td>
</tr>
<tr>
<td>Endomondo</td>
<td>4%</td>
</tr>
<tr>
<td>Cardio tracker</td>
<td>3%</td>
</tr>
<tr>
<td>Fitocracy</td>
<td>3%</td>
</tr>
<tr>
<td>Map My Run</td>
<td>3%</td>
</tr>
<tr>
<td>MapMyFitness</td>
<td>2%</td>
</tr>
<tr>
<td>Map My Walk</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>24%</td>
</tr>
</tbody>
</table>

Q. You mentioned that you have used fitness apps in the past 12 months. What is the one fitness app you have used the most?
Base: Online U.S. adults who have used fitness apps (n=101)
Fitness app users rely on free options and stick to a couple of primary apps

Money Spent on Fitness Apps in Past Year

- $0: 71%
- $1-10: 22%
- $11 or more: 7%

Average Amount Spent: $8.57

Number of Fitness Apps Used in Past Year

- One: 48%
- Two: 31%
- Three: 16%
- Four or more: 5%

Average # of Apps Used: 1.82

Q. How much money would you estimate you have spent on fitness apps in the past 12 months?
Q. How many different fitness apps have you used in the past 12 months?
Base: Online U.S. adults who have used fitness apps (n=101)
Takeaways

• Exploding market growth – is it sustainable?

• Key demographics for wearable fitness devices remain younger, affluent consumers in good fitness – opportunities in other segments?

• Tracking workouts and monitoring fitness statistics are huge motivators – position devices as “partners” instead of “tools”

• Devices have become part of the daily routine for owners – goals are addicting!