I. Executive Summary
There is indeed a wearable future ahead, one that can dramatically alter the landscape of society and business as we know it—and it’s right around the corner. For months, we surveyed consumers and spoke with experts to find out how to navigate the road to the future—exploring the potential benefits as well as the potential drawbacks, understanding why they matter, and how they will deeply shape us as individuals and as a society. Here is a look at some of the strengths and opportunities for wearable tech—and the weaknesses and challenges that enterprising businesses must successfully navigate.

**Enterprise has a huge opportunity to embrace and mainstream wearable technology.**

Already, companies are putting wearables to work in the workforce—and our data shows that people are remarkably unconcerned about the net impact wearable technology could have on their job security or autonomy. And in an era where workplace loyalties are fragile, wearable technology could actually increase morale if it makes it easier for workers to produce more efficiently and provide better service, making them stronger employees overall. Likewise, use of wearable technology in employer-sponsored health and wellness programs can lead to a healthier and thereby more productive workforce. Implementation of wearable tech could have very clear implications for a company’s bottom line—opening the door for enterprise to subsidize the use of wearable devices amongst both employees and consumers.

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**There are many applications for wearable tech in enterprise.**

The potential benefits of wearable devices are manifold. Among the workforce, devices can be used as training agents, speeding up the onboarding process through real-time feedback. In retail, wearable devices can upend point of sale processes, improve customer service throughout the store and speed up purchasing. In manufacturing, wearable tech can help expedite production by creating hands-free guidance tools. In service industries, wearable devices can speed access to information in real time and enable seamless action. In medical centers, wearable devices can improve accuracy of information, streamline procedures and increase clinical trials. And through fitness devices and corresponding incentives, wearable technology can drive significant decreases in health care costs. In all of these cases, effective implementation of wearable technology stands to benefit both the user and the company driving adoption, increasing efficiency and efficacy.

**But for wearables to really work, they must be anchored in human-centered design.**

The practice known as “human-centered design” is one that reshapes an entire enterprise and its capabilities system around the customer or user experience. This practice is critical to the success of wearable devices—design thinking must be embedded in disruptive strategy and innovation, with a focus on optimizing the customer experience. Much of what is on the market today lacks this critical process element. The category is still in its infancy, though, and as innovation speeds along, human-centered design will emerge as a key differentiator—and a key driver of wearable success.

**Consistency of data is also critical to success—and has important implications for Big Data.**

One of the biggest challenges confronting wearable technology today is the consistency of data. At its simplest level, the data that wearable tech provides can be very basic and a closed experience between a device and supporting app or mobile web experience. But for wearables to be most valuable to the user, the data from the wearables experience will need to be integrated more broadly in an interoperable ecosystem, rather than acting standalone.

And when this happens, Big Data is poised to get a whole lot bigger—and better. A critical inflection point for the wearable category will be its ability to account for environmental surroundings and take data in as seamlessly as it pushes data out. Most notably, wearables cannot be divorced from the Internet of Things—whether local or remote, they must interact with other services and be used in conjunction with the cloud and corresponding Big Data applications.

**Wearable tech will continue to revolutionize the health care industries.**

While consumers have not yet embraced healthcare wearable tech in large numbers, they are intrigued. Companies will be well-served to create affordable products that offer greater value for both users and their healthcare partners. They will also be wise to weigh the benefits of subsidizing health care wearable devices—while consumers do not want to pay much for their wearable devices, they would be compelled
to use them if they were incentivized. 70% of consumers say they would wear employer-provided wearables streaming anonymous data to a pool in exchange for a break on their insurance premiums. Moreover, employers will help mainstream wearable devices through sponsored wellness programs, and pharmaceutical and provider networks will leverage wearables to integrate with other content and services around key solutions that go beyond prescriptions and pills to drive meaningful behavior change.

**Wearable technology will likely change advertising and content as we know it.**

While wearable technology has yet to gain widespread popularity, advertising companies are already conceiving of ways to deliver marketing messages directly to people who sport computerized watches, glasses and headgear. After all, the thinking goes, where there's a screen, there's an opportunity—and if projections are correct that sales of wearables could reach over 130 million units and gross almost $6 billion by 2018, that opportunity is a big one.

Wearables allow opportunity for delivering advertising with much greater context and relevance to the user—solidifying the trend away from advertising as “interruption” and toward native advertising. The more relevant and engaging the advertising, the more it is valued content, the less it feels like interruption. It becomes part of a branded experience vs. something you put up with to get to the content. In content marketing, brands talk about “activity based engagement” as the driver for success. Wearables turn advertising into activity based engagement and integrate it even more closely with other content and experiences.

The future of wearable advertising will mean that data is acutely targeted, optimizing the push and pull of information to create perfectly timed, astutely relevant, emotionally on-point messaging.

Moreover, while wearable tech is opening up more screens on which to showcase relevant inventory, our research indicates that the focus will be on serving content, rather than on serving ad units. Content curation and integration will be big themes for marketers as wearables become mainstream and combine with the physical experience.

**Wearable Tech will upend retail conventions.**

Wearable tech is poised to create an enhanced customer experience—cue better, more informed service; faster checkout and payment processes; greater and more reliable access to special offers and deals; and more real-time input into purchasing decisions. Wearable devices will enable consumers to integrate the at home, on-the-go and in store experiences—versus relying on smart phones, tablets or PCs to move from couch to the shelf. This process will be made possible through passive listening elements as well as active cues—what you listen to, what you “like” and what you browse. As a result of this information, retailers will be able to connect the dots between pre-store behavior and in-store behavior, reaching a new level of “interconnected retail.”

**The partnership landscape will radically change as wearables unite unlikely allies.**

There is also an enormous opportunity for brands to collaborate with retailers through wearable tech. Promotional spending is a key source of funding for retailers for in-store merchandising—and wearables open up a huge new frontier for retailer targeted advertising and content marketing collaboration.

**Wearables will provide a new frontier for media.**

The media company of the future is one that combines insights with curated experiences, and finds new ways
of monetization—beyond conventional advertising and paid content offerings. As purveyors of interest-specific content, media companies will turn to wearables to open a huge new frontier of relevant and immersive experiences, helping their audience engage with the category. Wearable devices won’t just unleash more ad inventory—they will provide a meaningful opportunity to drive product sales and eCommerce.

**Wearable devices will change workforce training and productivity.**

Already, employers are discovering valuable applications for wearable technology in the workforce. From new hire onboarding to improved employee communication to real-time instruction and feedback, major players like Virgin Atlantic, Progressive Insurance and the Container Store are catching on to the value of wearable technology on their bottom line. In addition to closely monitoring how employees are spending their time and deriving insights on how to streamline processes and maximize efficiencies, the wearable industry offers a myriad of opportunities for hands-free tutorials and easy access to information in industries ranging from manufacturing to medicine.

**For wearables to succeed, they don’t just need to deliver the right information—they need to deliver the right insight, and help transform that insight into action.**

In an age of information overload, information for information’s sake isn’t winning many points with consumers. For one thing, many are skeptical of the accuracy of information provided by wearable technology. But even more, they don’t know what to do with it. For wearables to really be useful, they need to deliver data that’s not just informative, but also prescriptive—giving consumers a clear understanding of action steps they need to take. To do this, wearable tech must be driven by human centered design, creating a simplified user experience and an easier means to achieving goals—much as Apple did with both the iPod and iPhone.

**Wearables already have a strong incumbent challenger—the smartphone.**

Throughout our research, consumers repeatedly wanted to lump the smartphone into the wearable category—to them, we are already “wearing” our phones everywhere. For wearable products to take off, they will need to carve out a distinct value proposition that a phone alone cannot deliver. And because the phone is such an everyday fixture, for the short term, at least, wearable technology will need to seamlessly integrate with our existing technology. This will lead to two spheres of wearables—primary wearables, those that stand alone or act as centralizing hubs for information, and secondary wearables, which will serve up specific information that then gets relayed to a primary wearable.

**Without meaningful application, price is prohibitive.**

For every demographic we surveyed, across every wearable product type, price was the leading factor prohibiting purchase. When equipped with multi-functional smart phones, consumers are reluctant to pay for new gadgets that don’t offer distinct, clearly understood utility. Price, of course, is a short term barrier as the wearables market becomes more saturated and competitive—but in the meantime, there’s another avenue for wearable makers to marshal their wares into the mainstream: through businesses. We asked consumers their willingness to adopt wearable technology products if they paid for it out of pocket at different price points—$100, $300 and $500—and then asked their willingness to adopt the technology if an entertainment and media, healthcare, retail or financial institution paid for it. In every case, consumers were considerably more willing to adopt technology if an institution paid for it, despite concerns around privacy and security.

**Price is the leading factor prohibiting purchase of wearable technology.**

**Privacy and security are consumers’ main concerns regarding the impact of wearable technology.**

Without question, consumers across all demographics are leery of the impact wearable technology will have on the privacy and security of their personal information. This will be a boundary that manufacturers of wearables and
the companies that use them will repeatedly have to test, navigate and respect.

**And yet for all the concern, consumer appetite for revealing personal information is changing—they are growing more comfortable with the risks as the rewards become more appealing.**

Cell phones and social media offer a portal into consumers’ willingness to share information with each other and with brands in exchange for rewards—be it emotional validation, monetary compensation or curiosity satiation. Parents and Millennials—two groups who are most excited about the future of wearable technology—are the most willing of any demographic to share their personal information with others via wearable technology, including emotional states like their mood and their happiness levels.

**The wearable category is ripe with opportunities to deliver on unmet needs.**

Our research also revealed tremendous opportunities for wearables to wow consumers and win them over with meaningful relevance—territories where the category is only now on the cusp of transforming our behavior in ways that improve our lives. Key territories that emerged include stress reduction through more streamlined technology and human-centered design; strengthened connections to family and friends through more multi-sensory ways of interacting; improved personal accountability via devices that encourage goal-directed behavior; and improved customer service by way of reactive and precisely targeted real-time data.