

Asia's Wearable Device Market Shows Great Potential

Flexible Components and Fitness Products Get Popularity

When it comes to wearable devices, what usually come into mind would be Google glass, smart watches and fitness smart bands.

However, wearable devices have already gone much beyond to cover gloves, belts, shoes and even soft products such as jackets. These products could all be very smart in the future. In Asia, the sector is not growing as fast as it is in the U.S. and Europe, but there is huge growth potential.

According to IDC, worldwide shipment of wearable devices would almost triple to reach over 19 million by the end of the year and may further increase to over 100 million by 2018. Flextronics, the world's second largest electronics manufacture services player, expects that sales of spare parts for wearable devices alone will be over \$8 billion by 2018, while overall smart home market would reach \$40 billion.

Global Shipment Tripled over the Past Year

"Over 20 billion items would be connected in the future, and there would be great opportunities everywhere," said David Johnson, Vice President of Product Industrialization at Flextronics, "Handheld devices used to be the company's major income (34%), but future strategies may change." "Flexible, stretchable PCBs are no longer new to the market. Many companies are working on flexible wearable devices with great potential in terms of functions," said Joan Vrtis, senior director of the Interconnect Technology Center of Multek Technologies Ltd., a wholly owned subsidiary of Flextronics.

According to Johnson, for the time being, wearable devices are most popular among U.S. consumers who like fitness and healthcare devices in particular. "Increased awareness of healthcare and fitness has encouraged many players in the industry to develop wearable devices such as pedometers that can measure activities and monitor heart rates," said Johnson. According to a report by the Consumer Electronics Association, consumers' interest in fitness wearables increased to 13% last year from 3% in 2012. Sales of fitness wearables also tripled over the past year.

Vrtis said some sportswear companies are working with the company to make wearable smart watches, smart bands and even shoes and clothes. "The sneakers which we jointly developed with NIKE recently could collect information on sports activities and make analysis. A newly developed luminous wireless earphone would enable people to enjoy music while jogging," Said Vrtis.

Tattoo Featured by Portability

Currently, Flextronics has 75% market share in the fitness smart band market where they mainly work with U.S. consumer technology companies such as Fitbit and Jawbone. Currently, most wearable devices are worn around the wrist or the neck, but Vrtis believes that future products can be worn as ear accessories, on the body, inside the zip or as tattoos.

It is important to make wearable devices light and small to ensure users would like to wear. Flexible and stretchable PCBs such as digital tattoos have been developed and may be used in the medical industry. For example, with a digital tattoo, a patient with diabetes would be able to know when he should take insulin injection.

Johnson added that in order to make sure consumers would wear the devices, it is important for the devices to be visually attractive. For example, healthcare smart band is defined as “jewel with functions” by industry insiders since they serve both decoration and healthcare purposes. According to Johnson, a successful device mustn’t look ugly in the first place. It should ensure that people would love to wear it in their everyday activities and even in banquets and parties. “We have been exploring aggressively in the fashion sector and are working on over 30 wearable devices for that sector,” said Johnson.

Fashionable Color-Changing Jacket

Johnson showed a fashionable jacket which has PCBs and wires imbedded. “It changes color to the music and beats as the user dances.”

While China has overtaken the U.S. to become the largest manufacturer in the world, its equipment manufacturing capacity, in particular in high precision sectors, is relatively weak. However, Johnson said that they are working with an increasing number of Chinese companies on spare parts for wearable devices, which shows the improvement of Chinese players in these sectors.

Electronic manufacturing has become the fastest growing segment in China’s industrial machinery, according to a research report published by Macquarie last month. Johnson said that Flextronics is investing in China with over 50,000 staff in Zhuhai. He doesn’t agree that China’s electronics manufacturing sector is moving slowly: “The Asia market as a whole is accepting wearable devices gradually and there is still enough time to improve.”

Customer Education as Top Priority; Tailor-made Marketing Strategy Needed

David Johnson said that Asia’s wearable devices market is still at an early stage and that was echoed by Fitbit, a U.S. consumer technology company which has launched many wearable devices such as fitness smart bands.

“People could see many Fitbit products in shopping malls in Australia, which shows that these products have been more popular there than in Asia,” said Chen Qimei, Managing Director of Fitbit Asia. She added that Fitbit has a 69% market penetration in the U.S. and the figure for Australia is up to over 70%.

While consumers in Asia do care about their health, they have limited awareness of wearable devices. “The top priority in the Asia Pacific is consumer education and marketing. Our marketing efforts have gone well in Australia and our next targets would be Hong Kong, Singapore, South Korea, Japan, China, and so forth,” said Chen. She added that different marketing and product strategies are needed for different cities.

Marketing

Updates and communications via Facebook; Blogger engagement

We are sponsoring and participating in sports and charity to raise the awareness of the importance of health among the public. We begin with participants and athletes who care more about their health to spread our message through the word of mouth. We have participated in at least 6 sports events over the past two months.

We are identifying athletes or stars to become our brand ambassadors.

Products

To enhance the capacities of “Jewel of functions” such as the Flex smart band that can track, calculate and analyze users’ sports activities and sleep status. It has got very popular among consumers for its detachable design, which ensures it to be able to be inserted to another wristband to go with the user’s clothes for the day.

Source: <http://www.hket.com/eti/article/e78fcd69-6e8f-4b1a-a489-40101608b7ef-242187?section=011>