

Fitbit: Online Data Suggests Improving Trends in Q2

Sector: Consumer Discretionary
Sub-Sector: Consumer Electronics

Key Takeaways

Share: Trends Better But Still Negative

It appears as if Fitbit continued to lose YoY share of retail sell-through in Q2, as measured by share of bestselling fitness watches online in the US. Compared to Q1, Fitbit's share losses improved in Q2 to just 1.2ppts YoY (fig 2 & 3). Fitbit further consolidated the position of number one ranked fitness watch in Q2, which was down to the continued popularity of the Charge 2 (fig 1 & 4). The quarter also witnessed the successful launch of the Alta HR which now accounts for almost 30% of Fitbit's bestsellers.

Pricing: Slight Softening for Fitbit and Competitors

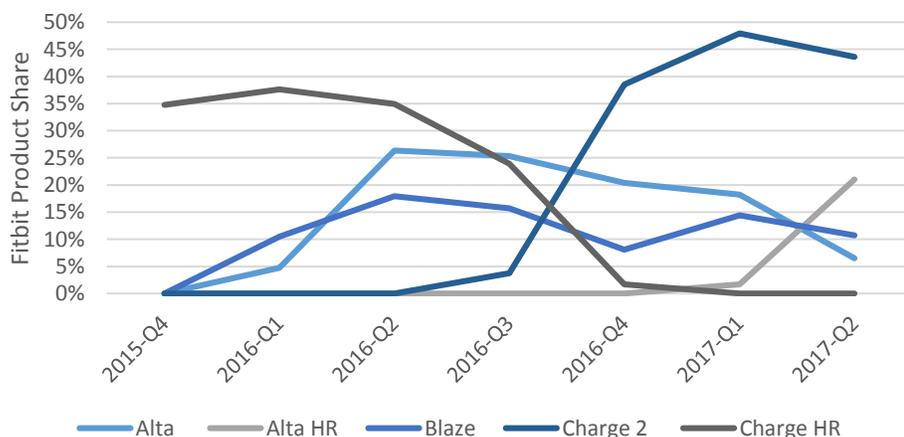
Price growth for Fitbit has slowed in 2017 and in Q2 prices were down 1% YoY according to our ASP estimate. The decrease was in line with the rest of the activity tracker market (excl. Fitbit) which also fell 1% YoY (fig 6 & 7). Fitbit remains competitively priced versus wearables market.

Potential Implications

In Q1 our data showed improving sell-through trends for Fitbit products. However, this wasn't reflected in their reported (sell-in) revenues due to excess inventory in the channel. At that time management commented that US inventory declined 30% in Q1, suggesting a much cleaner channel ahead of Q2.

Our data suggests US sell-through trends for Fitbit products in Q2 was similar to Q1. Given the cleaner inventory entering Q2, stable sell-through trends should result in stronger reported revenue trends in Q2 than Q1. This contrasts with consensus estimates of a Q2 revenue decline of 42%, similar to the 41% decline reported in Q1.

Fig. 1 Fitbit's Bestsellers Rely Heavily on Two Products



Source: Eagle Alpha Analysis, Online Retail Data ([click here](#) for underlying data)

Companies Mentioned

Fitbit, Inc – FIT US
Garmin – GRMN US
Samsung – 005930 KR

Data Sources and Methodology

See Appendix 1
Online Retail Data

Please contact Eagle Alpha if you are interested in any of our datasets.

About Eagle Alpha

See Appendix 2

Related Research

[Fitbit: Expect Weak Q1 But Some Early Signs of Improvement \(12-Apr-2017\)](#)

[Fitbit Losing Ground as Garmin Gains Pace \(19-Jan-2017\)](#)

[Garmin/Fitbit: Fitbit Posts Solid Online Performance During Black Friday Weekend \(02-Dec-2016\)](#)

[Fitbit: Samsung Joins the Race and Exerts Competitive Pressure in Q3 \(27-Oct-2016\)](#)

[Fitbit: Blazes a Trail to Lead the Pack in the Running Watch Category \(29-July-2016\)](#)

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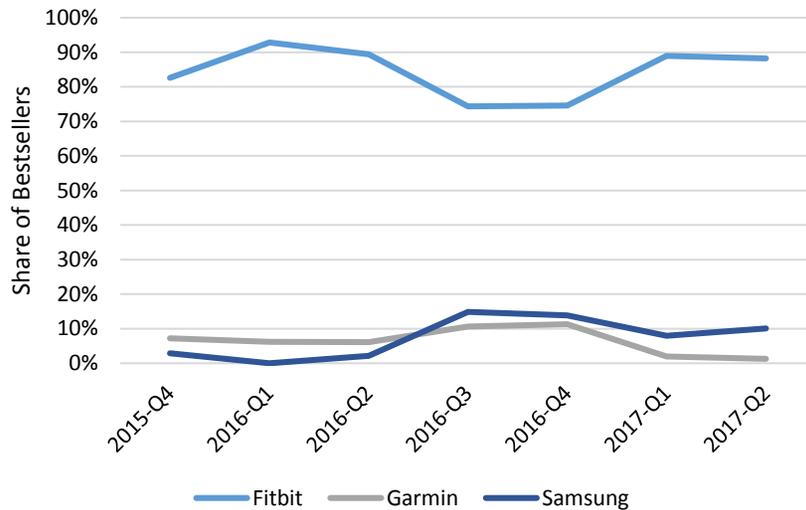
Fig. 2 Samsung Has Gained Marginal Share from Fitbit in Q2...

 Source: Eagle Alpha Analysis, Online Retail Data ([click here](#) for underlying data)

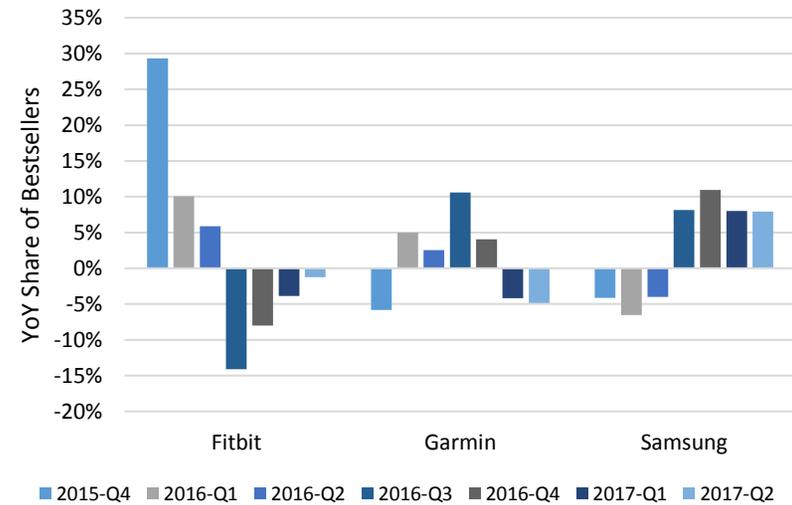
Fig. 3 ...But YoY, Samsung's Gains Are Significant

 Source: Eagle Alpha Analysis, Online Retail Data ([click here](#) for underlying data)

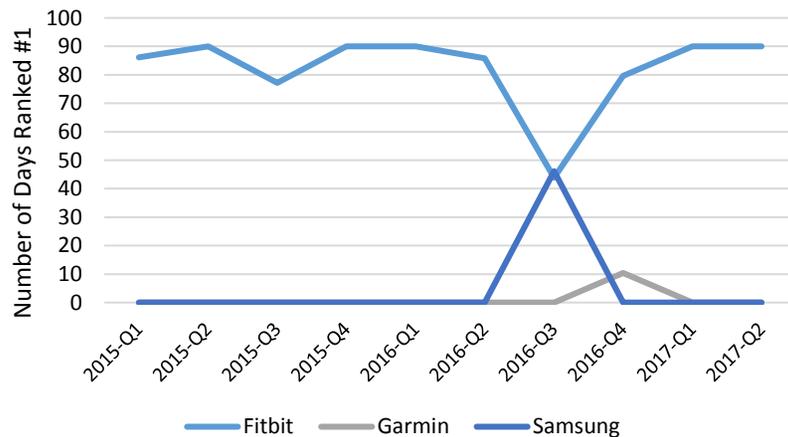
Fig. 4 Fitbit Consolidated Top Ranking in Fitness Watches in Q2

 Source: Eagle Alpha Analysis, Online Retail Data ([click here](#) for underlying data)

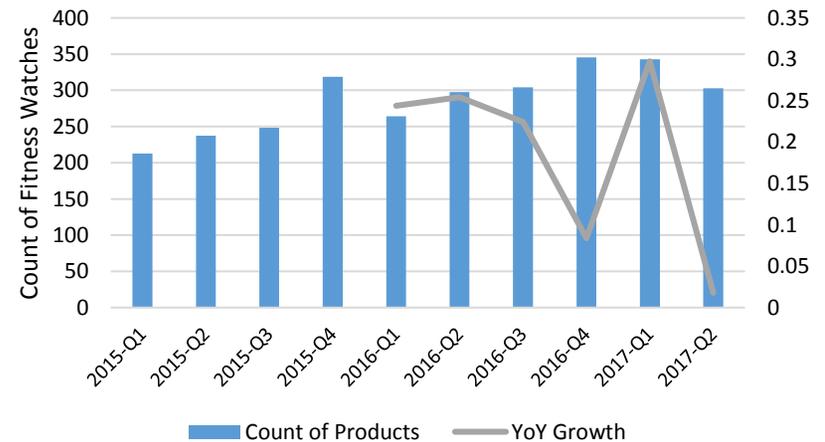
Fig. 5 Count of Fitness Watches on Bestbuy.com Stable YoY

 Source: Eagle Alpha Analysis, bestbuy.com ([click here](#) for underlying data)

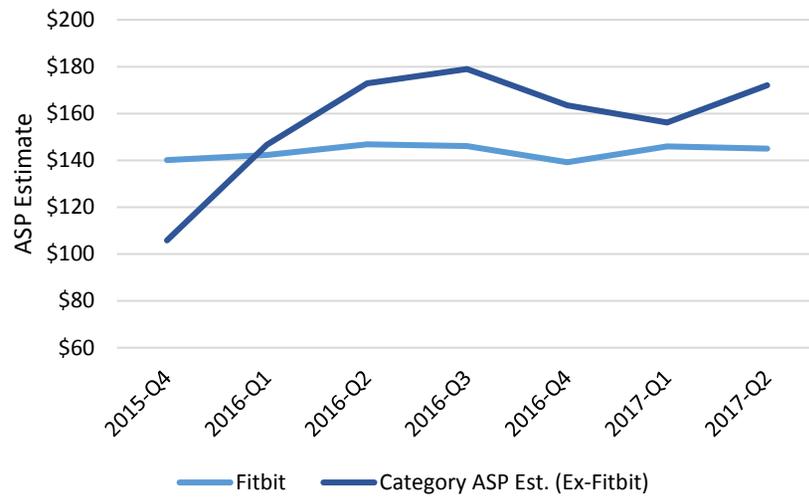
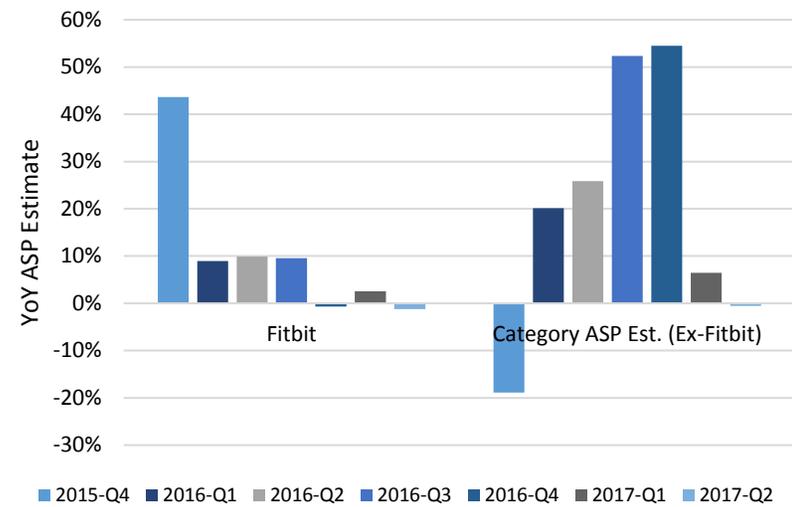
Fig. 6 Fitbit Prices Declines Marginally as Category Recovers...

 Source: Eagle Alpha Analysis, Online Retail Data ([click here](#) for underlying data)

Fig. 7 ...But Overall, Category Pricing Has Fallen Marginally YoY

 Source: Eagle Alpha Analysis, Online Retail Data ([click here](#) for underlying data)

Appendix 1

Methodology

Please [click here](#) to view the data underlying this report.

Online Retail Data

This report uses online retail data from the US. This gives us an insight into long term trends as well the most recent trading performance of GoPro in the US market. Sampling is based on a minimum of 12-15 observations per quarter. The US represented 57% of sales according to a recent report from Bloomberg Intelligence. As a result the US data should give a good read on the performance of the overall group.

- **Share of Bestsellers:** This metric is based on the 15 bestselling products in a product category. It's a measure of a brand or company's proportion of the bestselling products in their category. This could be seen as a proxy for overall market share.
- **ASP Estimate:** We estimate the average selling price based on the products featured in the top 15 bestselling products in a category. Focusing only on the bestselling items avoids low volume/high price items from skewing our ASP estimate. For an individual brand, the ASP across time periods is based on products that appeared in the top 15 at any stage during the period in question.

These metrics are instructive when compared across time periods and across a group of competing products or companies.

Appendix 2

About Eagle Alpha

Company Overview

Eagle Alpha is focused on solving the challenges that asset managers face when working with alternative data. The Eagle Alpha solution has six parts:

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Teach-ins educate our clients to enable them to catch up with the innovators and early adopters in alternative data field.

BESPOKE PROJECTS

Bespoke Projects enable clients, who don't have the skillset and/or capacity to work with alternative data, to commission specific projects.

THOUGHT LEADERSHIP

Thought Leadership ensures that our clients do not fall behind the curve regarding how to obtain value from alternative data.

DATA INSIGHTS

Data Insights reports and indicators give clients actionable ideas and demonstrate, based on 4 years of experience, how different types of alternative datasets can be leveraged.

ANALYTICAL TOOLS

Analytical Tools enable clients to obtain proprietary analytics on 90 million data sources for research into items like product launches and elections. In addition, we have a proprietary algorithm that enables clients to build databases of experts.

DATA SOURCES

Data Sourcing keeps clients on top of the world's alternative datasets and ensures they do not miss out on the best datasets.

Appendix 3

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