

Fitbit shares fall on fears for the long run

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The FitBit Blaze—Fitbit remains a dominant player in wearable computing but faces heavy competition from the Apple Watch

Fitbit shares tumbled more than 20 percent on Tuesday on an earnings forecast that signaled that the maker of fitness-focused bracelets may have trouble making it in the long run.

Fitbit beat [market expectations](#) for the recently-ended quarter, but saw its shares sink 20.82 percent to \$13.08 by the close of official trading on the New York Stock Exchange under the weight of a forecast that raised

concerns it may fail to outpace competition in the increasingly crowded wearable computing field.

Fitbit rose to success on the popularity of activity tracking bracelets that provide wearers information such as distances run, calories burned or heart rate.

The San Francisco-based company remains a dominant player in [wearable computing](#), commanding just shy of 30 percent of the market in the final three months of last year.

Relative newcomer Apple Watch had already seized 15 percent of the market.

Observers have been worried for several quarters that smartwatches, which boast arrays of features including activity tracking, will cut into fitness band demand the way photo-taking smartphones bit into demand for cameras.

Fitbit has reacted with improved activity-tracking bracelets and in January unveiled a "smart fitness watch" called the Blaze, which failed to impress.

Fitbit forecast that revenue this year would total between \$2.4 billion to \$2.5 billion.

Although many analysts did not rule out a deliberately cautious forecast by the company, the revenue projection marked a slowdown from growth seen last year.

In a note to investors, FBN Securities pointed out that while risks have increased for Fitbit, the plunge in share price also presented potential opportunity for investors.

Fitbit shares have lost more than half their value since the start of the year.

Pre-orders for Blaze and new fitness wristband Alba have reportedly topped internal expectations at Fitbit, providing a chance for better than expected growth after this quarter, according to some analysts.

Fitbit profit last year totaled about \$176 million in a 33 percent increase from net income of approximately \$132 million logged by the company in 2014, the earnings report indicated.

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