

Over 5 million smart watches to ship in 2014

► A 900% increase over forecasted shipments for 2013 with new entrants set to ignite the market

Shanghai, Palo Alto, Singapore and Reading - Tuesday, July 16, 2013

The worldwide smart watch market will exceed 5 million unit shipments in 2014 according to the latest Canalys forecasts. Canalys estimates that over 330,000 smart watches were shipped in 2012, led by Sony and Motorola. Kickstarter-backed Pebble Technology has joined Sony as a market leader in 2013; over 500,000 units will be shipped this year. Smart watches are then set to explode by the end of 2014, growing tenfold as a new generation of devices from Apple, Google, Microsoft, Samsung and others are launched.

Unlike earlier products, these smart watches will provide more sophisticated software and more elegant hardware. Glanceable information, integration across sensors and hooks into web services will be key features. These companion devices will not replace smart phones, but rather complement them as ‘accessories’.

‘Smart watches will be the most important new product category in consumer electronics since the iPad defined the market for tablets,’ said Chris Jones, Canalys VP and Principal Analyst. ‘Software platforms tied to smart watches will also be a tremendous opportunity for developers to write apps in categories such as health and wellness or sports and fitness.’

Hardware design will be critical for smart watches, as consumers will only want to wear fashionable products. The market for traditional watches will quickly be disrupted once consumers determine that smart watches add sufficiently valuable functionality to their lives while being ‘stylish enough’. Canalys estimates that over a billion watches were shipped in 2012.

Device vendors will face a number of tough challenges. ‘Strict power constraints will prohibit cellular technology, limit the number of sensors and necessitate communication with smart phones over Bluetooth Low Energy,’ according to Canalys Analyst Daniel Matte. ‘ARM architecture licensees that design custom silicon will enjoy significant hardware advantages in this space.’

Smart watches will also require custom software. ‘An effective smart watch won’t just be a second screen for a smart phone. Creating a competent developer platform specifically for the form factor will be an enormous challenge,’ said Canalys Analyst James Wang. ‘Google and Microsoft must execute more successfully than they have done with their tablet platforms and will have to adapt their business models appropriately.’

Technology companies can’t afford to wait. Innovative companies that create compelling apps will be best poised to capitalize on this major market opportunity.

Canalys defines smart watches as smart wearable bands. Smart wearable bands are multi-purpose devices that can run third-party computing applications and are designed to be worn on the body, and not carried.

Press release 2013/067
16 July 2013



These forecasts are taken from the Canalys Appcessory Analysis service. Companies interested in learning more about Canalys' research in this area should contact their local Canalys office for more information.

Copyright © Canalys 2013. All rights reserved.

Americas: Suite 316, 855 El Camino Real, Palo Alto, CA 94301, US | tel: +1 650 681 4488

APAC: Room F/G, 7/F, Jinjiang Xiangyang Tower, 993 Nanjing West Road, Jing An District, Shanghai, 200041 | tel: +86 21 6271 1326

APAC: 1 Robinson Road, AIA Tower, #14-02, Singapore 048542 | tel: +65 6671 9399

EMEA: Diddenham Court, Lambwood Hill, Grazeley, Reading RG7 1JQ, UK | tel: +44 118 984 0520

e-mail: inquiry@canalys.com | web: www.canalys.com