

Media alert: Smart watch market grows 60% in Q3 2016 as Apple ships 2.8 million units

Palo Alto, Shanghai, Singapore and Reading (UK) - Thursday, 3 November 2016

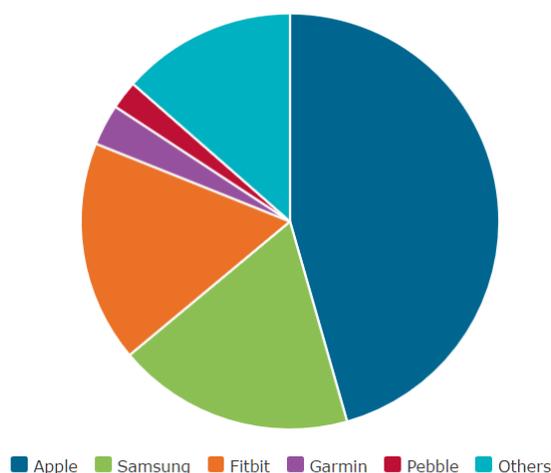
Apple shipped 2.8 million Watches in Q3, thanks to the release of the new Series 1 and Series 2 models late in the quarter. Despite reports to the contrary, Canalys research shows that shipments compared favorably to those in Q3 2015, the first full quarter after the original Apple Watch's launch in April 2015. Total smart watch shipments exceeded 6.1 million for the quarter, an annual increase of 60%.

'While the new models are selling well, there are still unsold first-generation Apple Watches in the channel,' said Canalys Analyst Daniel Matte. 'Q4 performance will be key to better assessing the long-term prospects of the improved Watch models. Apple needs to make a strong marketing push during the holiday shopping season, especially to highlight new and compelling apps for its platform. Meanwhile, its renewed focus on fitness functionality puts it in more direct competition with Fitbit. The inclusion of GPS by Apple and many other vendors now poses a big threat to traditional GPS watches and fitness trackers.'

'The iPhone's slowing momentum has affected consumer interest in Apple's smart watch and the company needs to improve Watch sales in major markets outside of the US, especially China,' said Canalys Analyst Jason Low. Canalys estimates that the overall Chinese smart watch market managed to grow 42% year on year. 'The delays to both Android Wear 2.0 and Samsung's Gear S3 have hurt 2016 smart watch shipments and resulted in lower growth, to be expected in a nascent market. Xiaomi's wearables partner Huami launching its first Amazfit smart watch was an important development, bringing quality smart watches to a much lower price point of RMB799 (about US\$120).'



Smart watches, Worldwide, share of units (%) by vendor, Q3 2016



© Canalys 2016

| Vendor | Share of units (%) |
|---------|--------------------|
| Apple | 45.6 |
| Samsung | 18.3 |
| Fitbit | 17.2 |
| Garmin | 3.2 |
| Pebble | 2.2 |
| Others | 13.5 |

Meanwhile, despite the Note7's impact on its product release schedule and resources dedicated to the Gear S3, Samsung had a strong quarter, managing to ship over 1.1 million smart watches. Its Gear Fit2 was well-received and helped the company take second place. It has used smart phone bundling extensively, especially via carrier channels. Despite inadequate marketing and softness in consumer demand, Fitbit was still the world's number three smart watch vendor, shipping 1 million units. While growth in the US and especially EMEA aided its Blaze smart watch, it struggled in Asia, with India a notable exception.

Garmin rose to fourth place, shipping 200,000 vivoactive smart watches. Pebble rounded out the top five, shipping over 130,000 units thanks to the initial shipments of its new Pebble 2. Shipments from Huawei, Lenovo and LG all fell due to a lack of product refreshes. Canalys also tracks the market for basic bands, which grew 18% sequentially to 11.5 million shipments in Q3. Together with smart watches, total wearable band shipments reached 17.6 million, signifying healthy year-on-year growth of 31% for the overall wearables market.

Wearable band shipment data is taken from Canalys' Wearable and Virtual Reality Analysis service, which provides quarterly market tracking, including country-level estimates. Canalys defines smart watches as multi-purpose devices that serve as accessories to smart devices, are designed to be worn on the body and not carried, run an operating system and are capable of running third-party computing applications. Basic bands are devices serving a specific set of purposes that act as accessories to smart devices, are designed to be worn on the body and not carried and cannot run third-party computing applications. Bands are wearables designed to be wrapped around the body, including watches, and do not include activity trackers in the form of clips.

For more information, please contact:

- Canalys Americas: +1 650 681 4488
Daniel Matte: daniel_matte@canalys.com +1 650 384 9733
- Canalys APAC: +65 6671 9399 (Singapore) / +86 21 2225 2888 (China)
Jason Low: jason_low@canalys.com +86 159 2128 2971 (China)
Nicole Peng: nicole_peng@canalys.com +86 150 2186 8330 (China)
- Canalys EMEA: +44 118 984 0520
Tim Coulling: tim_coulling@canalys.com +44 7900 991 852

About Canalys

Canalys is an independent analyst company that strives to guide clients on the future of the technology industry and to think beyond the business models of the past. We deliver smart market insights to IT, channel and service provider professionals around the world. Our customer-driven analysis and consulting services empower businesses to make informed decisions and generate sales. We stake our reputation on the quality of our data, our innovative use of technology and our high level of customer service.

To view the chart(s) from this media alert, and others from Canalys, download the new Insight @Canalys app today from the Apple App Store, the Google Play store or as an [HTML 5 web app](#).

Receiving updates

To receive media alerts directly, or for more information about our events, services or custom research and consulting capabilities, please complete the [contact form](#) on our web site.

Alternatively, you can e-mail press@canalys.com or call +1 650 681 4488 (Palo Alto, California, USA), +65 6671 9399 (Singapore), +86 21 2225 2888 (Shanghai, China) or +44 118 984 0520 (Reading, UK).

Copyright © Canalys 2016. All rights reserved.

Americas: Suite 317, 855 El Camino Real, Palo Alto, CA 94301, US | tel: +1 650 681 4488
APAC: Room 310, Block A, No 98 Yanping Road, Jingan District, Shanghai 200042, China | tel: +86 21 2225 2888
APAC: 133 Cecil Street, Keck Seng Tower, #13-02/02A, Singapore 069535 | 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