

Media alert: Apple falls to third place in Q2 2017 wearable band market, but smartwatches to receive a boost in the second half

Palo Alto, Shanghai, Singapore and Reading (UK) – Thursday, 10 August 2017

[The total worldwide wearable band market grew 8% year on year in Q2 2017, led by Xiaomi with shipments of 3.5 million units, closely followed by Fitbit, which shipped 3.3 million units, a 34% year-on-year decline.](#) The top two vendors overtook Apple, which only sells smartwatches. Apple fell to third place with 2.7 million Apple Watch shipments. Xiaomi and Fitbit, which predominantly sell fitness bands, benefited from stronger sell-through in the quarter, with Xiaomi expanding availability in APAC and EMEA. But Canalys predicts that the smartwatch market will receive a boost in the second half of 2017, driven by cellular-enabled smartwatches, which are forecast to ship 12 million units by the end of the year. With Apple widely expected to include cellular capabilities in the next revision of its Apple Watch, it will secure its position as the key driver of smartwatch growth in the second half of 2017.



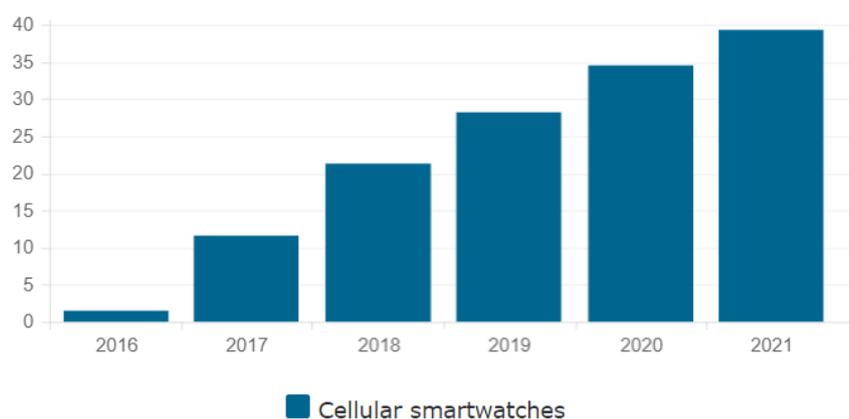
[Apple falls to third place in Q2 2017 wearable band market, but #smartwatches to receive a boost in H2 @Canalys](#)
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“The hype surrounding smartwatches has been short-lived and the market must now focus on compelling use cases to stimulate demand. Vendors in China, including Xiaotiancai and 360, have released Android-based smartwatches running on LTE networks, enabling parents to keep tabs on their children,” said Canalys Research Analyst Mo Jia. “The arrival of the new

Snapdragon Wear chipsets from Qualcomm has prompted vendors to improve their wearable band offerings.” Canalys expects premium LTE-enabled smartwatches in China to grow rapidly as vendors build new features on top of the basic tracking and calling capabilities.



Cellular smartwatches, Worldwide, forecast of units (millions), 2016 - 2021



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Vendors integrating cellular connectivity into their smartwatches are expected to adjust their go-to-market strategies to complement the new products. “Apple is poised to capture the cellular smartwatch market by using its strong relationships with operators, which will become critical points of sale for cellular smartwatches and related services,” said Canalys Analyst Jason Low. “Apple is the industry leader in allowing consumers to experience the different Apple Watch styles and functionalities in-store. It is crucial for Apple Stores and Apple’s offline retail partners to adapt quickly to effectively showcase new cellular-enabled use cases as soon as products are available.”

Fitbit is currently facing greater pressure as the release of its next smartwatch is approaching. “Competitors are set to gain an edge with the upcoming release of cellular-enabled smartwatches. Fitbit can still mount a challenge by producing an appealing smartwatch, avoiding the typical pitfalls of bulky design and short battery life, while integrating a system that gives proactive coaching, which may deliver noticeable benefits to users. Fitbit must outdo the rest to win the market,” added Low.

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