

## Media alert: 68% of iPhone owners cannot use the new Apple Watch's best feature

Palo Alto, Shanghai, Singapore and Reading (UK) – Thursday, 21 September 2017

**Apple is set to launch its latest smartwatch, the Apple Watch Series 3, on 22 September. But 68% of iPhone owners worldwide will be unable to use the device on a cellular network at launch.**

The Apple Watch is the world's most successful smartwatch line. Apple has shipped more than 30 million units since launch, and took 57% of the global smartwatch market in Q2 2017. It made



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headlines earlier this month when it unveiled the Apple Watch Series 3, with an integrated eSIM to support both LTE and UMTS connectivity.

It announced that 14 mobile operators across eight countries will support this functionality at launch. But buyers will not be able to use cellular

tariffs from their choice of carrier, as is the case with cellular-equipped iPads. Apple Watch's cellular functionality requires a companion iPhone, and that iPhone must be using a postpaid SIM from an eligible carrier. This means that most iPhones in use around the world will be unable to use Apple Watch cellular at launch. Additionally, in China, it will be initially limited to five regions, not including Beijing.

"The Apple Watch Series 3 is launching to a limited addressable market," said Canalys Analyst Ben Stanton. "The total iPhone installed base currently sits at around 517 million. Of those, only 164 million are the right iPhones, with the right carrier, on the right tariff to work with the new cellular Apple Watch at launch. Apple's potential buyers are spread across eligible and ineligible operators and contracts, and many will be disappointed. Apple needs to exert pressure on more carriers to make the required network investment before the buzz around its new product dies down."

## Apple Watch cellular not available to 68% of iPhones



Worldwide iPhone installed base which is eligible to use Apple Watch S3 cellular functionality at launch:  
164 million (32%)

Source: Canalys estimates, Smartphone Analysis, September 2017



Another six mobile operators are lined up to become eligible for Apple Watch cellular functionality soon. This would increase Apple's addressable market with its new Watch to 47% of its total iPhone installed base. But Apple is yet to specify exactly when these operators will become eligible.

"There will be some churn as loyal Apple fans switch operators to unlock the full potential of the Series 3," said Canalys Analyst Jason Low. "But customers in long-term postpaid deals with ineligible carriers often cannot do this without incurring a financial penalty. This will be a major barrier to early adoption of the Apple Watch Series 3. But eligible operators do have an opportunity to grow their sales of Apple Watches against retailers and Apple direct channels."

Smartphone and wearable band quarterly estimates, market share information and forecast data is taken from Canalys' Smartphone Analysis and Wearable Band Go-to-market Analysis services.

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