

US\$10 billion-worth of smartwatches to ship in 2017 as traditional watchmakers feel the pressure

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Canalys forecasts the smartwatch market will [grow 18% in 2017, with 28.5 million units being shipped](#). This will mean the total value of smartwatch shipments in 2017 will reach US\$10 billion.



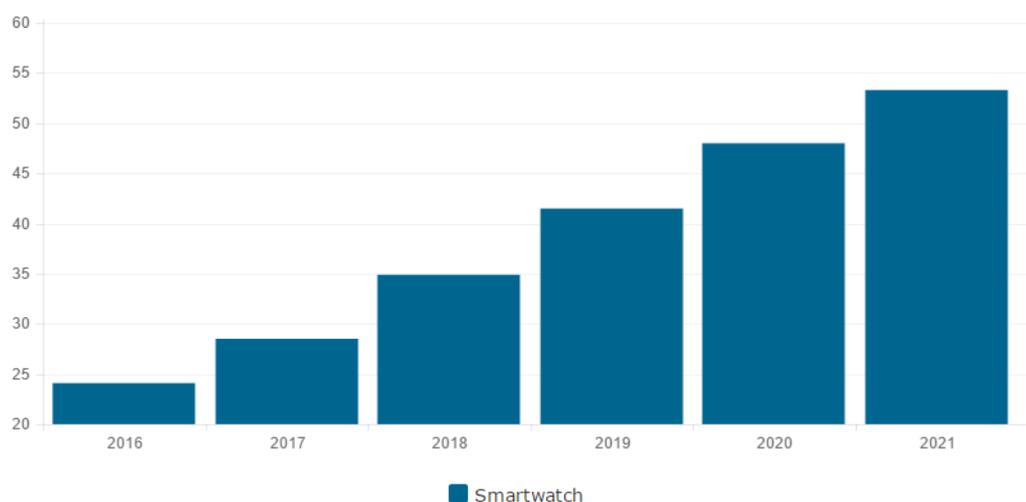
US\$10 billion-worth of smartwatches to ship in 2017 as traditional watchmakers feel the pressure - via @Canalys
<http://bit.ly/2mrCyY>

Canalys predicts there will be further declines in the traditional watch industry as smartwatch manufacturers release more high-end models. As the average selling price of smartwatches climbs, the value of the smartwatch market will reach about two thirds that of the predicted value of the traditional Swiss watch market this year.

A series of Android Wear smartwatches is expected to be unveiled by high-profile traditional watchmakers at Baselworld 2017. While the traditional watch community is trying to catch up with the smartwatch trend, some watchmakers are still reluctant, and are expected to release connected watches instead. Also known as hybrid watches, Canalys sees connected watches as a short-term, intermediate solution for watchmakers as they find ways to stabilize the decline in the traditional watch market. “Connected watches appeal to buyers who want a watch first and a basic band second. With fewer people wanting to buy traditional watches, connected watches with limited functionality risk ending up like basic bands: being taken over by smartwatches by 2018,” said Canalys Analyst Jason Low. “Watchmakers yet to take action need to switch their focus to smartwatches for long-term growth.”



Smartwatches, Worldwide, forecast of units (millions), 2016 - 2021



Fossil Group, for example, has seen its traditional watch market shrink, and wearables quickly become the growth driver. “Basic bands have been eroding the low-end watch market and, despite being a nascent market, smartwatches have negatively affected the high-end mechanical watch segment,” said Jason Low. “Global watch conglomerates, such as Swatch Group and LVMH, echoed similar sentiments. But companies such as Swatch are still slow to react to the change, and have yet to take the next major step into smartwatch territory. Watchmakers’ survival will depend on creating competitive smartwatches.” This requires watchmakers’ full attention as the approach to making and selling a smartwatch is different from that for a traditional watch. It is a fight to change a business culture, but the watch industry must adapt to survive. “Forming partnerships with technology companies will be the first step. A well-formulated strategy to sell a watch will play a larger role as watchmakers have to appeal not only to watch fans, but consumers who are yet to buy a wearable,” said Jason Low.

Canalys analysts will be attending Baselworld in Switzerland between 23 and 30 March - please contact press@canalys.com to arrange an interview, meeting or briefing.

Definition

Canalys defines connected watches as fully independent watches with some connectivity built-in, such as Bluetooth, and some fitness-related features. The category also includes GPS watches and watches with other sensors. Canalys defines smartwatches as multi-purpose devices that serve as accessories to smart devices, that are designed to be worn on the body and not carried, that 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, that are designed to be worn on the body and not carried and that 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.

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