

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

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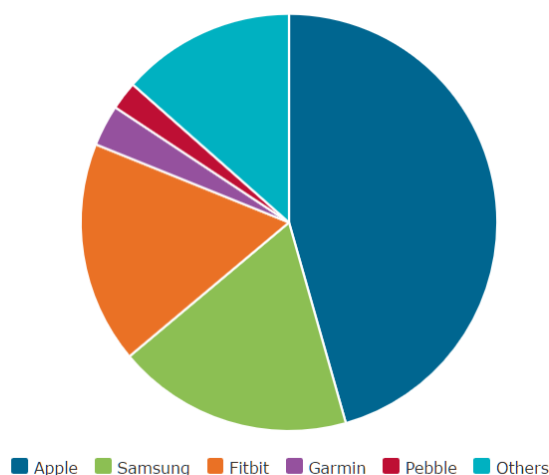
Apple shipped 2.8 million Watches in Q3, thanks to the release of the new Series 1 and Series 2 models late in the quarter. Despite reports to the contrary, Canalys research shows that shipments compared favorably to those in Q3 2015, the first full quarter after the original Apple Watch's launch in 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



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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.

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