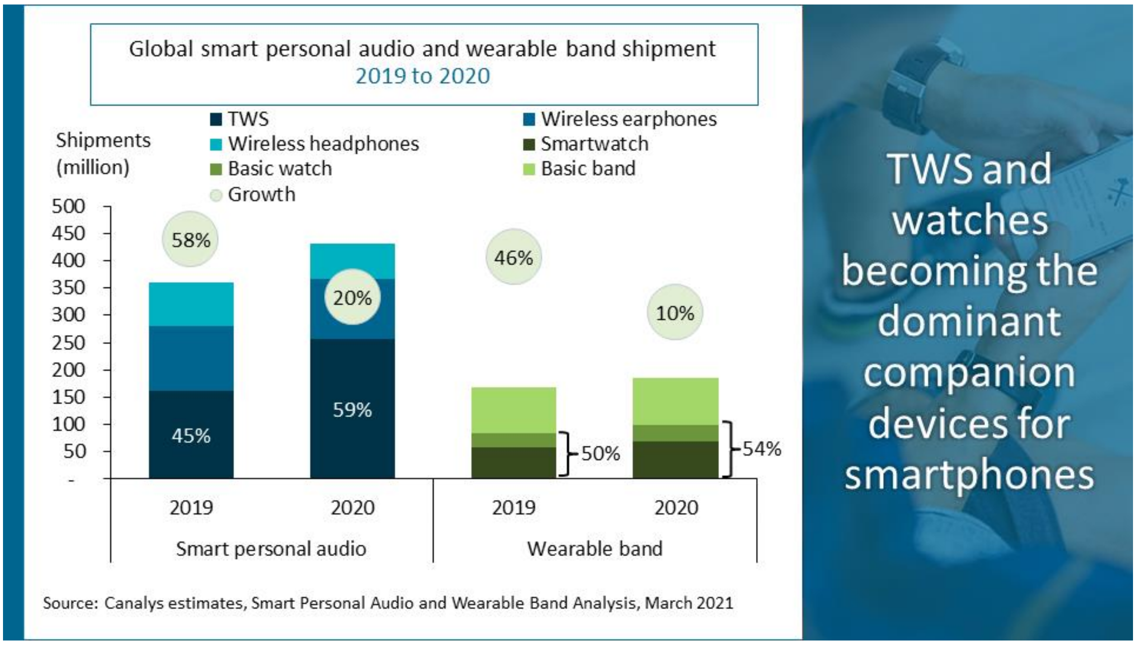
Canalys: TWS and watches became key smartphone companion devices in Q4 2020.

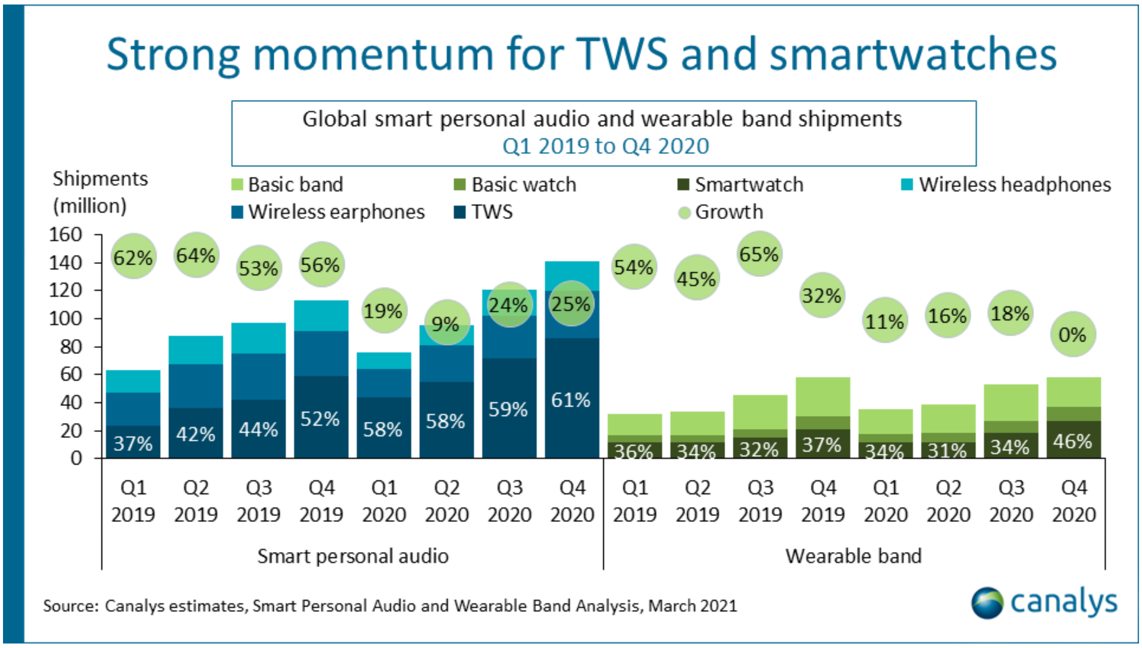
Shanghai (China), Bengaluru (India), Singapore, Reading (UK) and Portland (US) – Tuesday, 30 March 2021

Smart personal audio and wearable band devices were two consumer IoT segments which stood the test of 2020 to reach new heights, Canalys' latest estimates show. Smart personal audio devices grew 20% in 2020 to reach 432 million units, while wearable bands grew 10% to reach 185 million units. Both segments continued to be strategic winners as countries emerged from the extended battle against COVID-19, where people grew more health-conscious and became active outdoors. Driven by strong consumer demand and a shift in vendor ecosystem strategies, TWS and wearable wristwatches, including basic and smart watches, stood out as dominant categories taking up more than half of their respective segments' shipments.



Amid the pandemic, smart personal audio vendors including local kings and white box manufacturers moved quickly to fulfil increasing demand, driving down average selling prices.

"Due to the market's low barrier to entry, especially for TWS devices, where the mature supply chain resulted in better devices at lower price points, vast shipments flooded the market in a short period of time," said Canalys Research Analyst Cynthia Chen. "Established vendors, ranging from traditional audio players, to smart device vendors such as Apple, Samsung, and Xiaomi have enjoyed robust growth in 2020, but they are faced with mounting challenges as they strive to differentiate in an increasingly homogeneous audio space."



On the other hand, the wearable band market began pivoting considerably towards wearable wristwatches by the end of 2020.

"Basic bands declined 27% in Q4 2020, as the market, led by Xiaomi, failed to perform. However, the decline was offset by the rise of basic and smart watches, to a point where the overall market stayed flat in Q4," said Canalys Research Manager Jason Low. "As opposed to smartwatches, the basic watch category, which are watches running rudimentary real-time operating systems without third party-app support, served as a new vehicle for vendors to explore opportunities in the wristwatch category. Vendors such as Xiaomi, Realme, and Huami are expanding globally, and are expected to leverage the category extensively."

Wearable bands are perceived as the next low-hanging fruit after smart personal audio devices by vendors looking to play a part in the consumer IoT ecosystem. "Wearable bands exhibit greater room for innovation compared to hearables. The challenge lies in making an appealing wearable band device with robust support of health and fitness features and services. This requires vendors to have a long-term strategy surrounding health and fitness analytics, which is often neglected by emerging players. Vendors should view this as a long-term journey where they can aim to solve users' real-life issues related to health, especially when new sensors allow for tracking of biometrics such as blood pressure or even glucose levels," added Low.

In view of the supply chain constraints due to component shortages, Canalys adjusted its 2021 forecasts and now expects smart personal audio to grow 15.6% to reach 500 million units, and wearable bands to grow 10.2% to reach 204 million units.

Worldwide smart personal audio shipments and growth Q4 2020

Vendor	Q4 2020 shipments (million)	Q4 2020 Market share	Q4 2019 shipments (million)	Q4 2019 Market share	Annual growth
Apple (incl. Beats)	37.3	26.5%	29.5	26.2%	26.6%
Samsung (incl. Harman subsidiaries)	11.4	8.1%	9.4	8.3%	21.3%
Xiaomi	8.0	5.7%	6.0	5.4%	33.2%
Sony	4.9	3.5%	4.0	3.5%	22.9%
Skullcandy	4.3	3.0%	2.7	2.4%	59.0%
Others	74.7	53.1%	61.0	54.2%	22.3%
Total	**140.6**	**26.5%**	**112.6**	**26.2%**	**24.8%**

Note: percentages may not add up to 100% due to rounding
Source: Canalys Smart Personal Audio Analysis (sell-in shipments), March 2021

Worldwide smart personal audio shipments and growth full-year 2020

Vendor	2020 shipments (million)	2020 Market share	2019 shipments (million)	2019 Market share	Annual growth
Apple (incl. Beats)	108.9	25.2%	84.0	23.3%	29.6%
Samsung (incl. Harman subsidiaries)	38.3	8.9%	37.1	10.3%	3.5%

Xiaomi	25.4	5.9%	13.9	3.8%	82.8%
Sony	15.1	3.5%	15.6	4.3%	-3.1%
Edifier	12.3	2.8%	4.8	1.3%	158.1%
Others	232.1	53.7%	205.3	56.9%	13.1%
Total	**432.1**	**100.0%**	**360.6**	**100.0%**	**19.8%**

Note: percentages may not add up to 100% due to rounding
Source: Canalys Smart Personal Audio Analysis (sell-in shipments), March 2021

Worldwide wearable band shipments and growth Q4 2020

Vendor	Q4 2020 shipments (million)	Q4 2020 Market share	Q4 2019 shipments (million)	Q4 2019 Market share	Annual growth
Apple	14.5	25.0%	9.7	16.8%	49.2%
Xiaomi	8.7	15.0%	11.9	20.5%	-26.8%
Huawei (incl. Honor)	6.7	11.6%	7.6	13.2%	-12.1%
Fitbit	5.5	9.5%	6.0	10.4%	-9.3%
Samsung	3.9	6.7%	3.8	6.6%	1.0%
Others	18.6	32.2%	18.8	32.5%	-0.8%
Total	**57.8**	**100.0%**	**57.8**	**100.0%**	**0.0%**

Note: percentages may not add up to 100% due to rounding
Source: Canalys Wearable Band Analysis (sell-in shipments), February 2021

Worldwide wearable band shipments and growth full-year 2020

Vendor	2020 shipments (million)	2020 Market share	2019 shipments (million)	2019 Market share	Annual growth
Xiaomi	37.7	20.3%	35.6	21.2%	5.7%

Apple	35.2	19.0%	27.3	16.2%	29.0%
Huawei (incl/ Honor)	32.2	17.4%	22.0	13.0%	46.6%
Fitbit	13.4	7.2%	16.0	9.5%	-16.3%
Samsung	9.6	5.2%	9.7	5.8%	-1.0%
Others	57.1	30.8%	57.8	34.3%	-1.3%
Total	**185.1**	**100.0%**	**168.4**	**100.0%**	**9.9%**

Note: percentages may not add up to 100% due to rounding
Source: Canalys Wearable Band Analysis (sell-in shipments), February 2021

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