

# Apple Watch could need time: analysts

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Nearly three months after the launch of Apple's fashionably smart wrist wear, some analysts say the Apple Watch not a mainstream mega-hit

Is Apple Watch a dud? Nearly three months after the launch of Apple's fashionably smart wrist wear, some analysts say it's not a mainstream mega-hit. But others see promise in its popularity with Internet-savvy young people.

Media outlets last week jumped on a study by research firm Slice Intelligence suggesting that, based on a large sampling of email receipts in the United States, orders for Apple Watch have plunged 90 percent since the week that the wearable computing gadget made its debut.

The estimate did not factor in data about Apple Watch sales at real-world stores. It remains to be seen whether the famously tight-lipped technology company will provide insights into Apple Watch sales when it releases a quarterly earnings report on Tuesday.

While not sounding an alarm, BMO Capital Markets analysts put out word to investors that they were "disappointed" and reduced their estimate for Apple Watch sales in the coming year.

They reasoned that the product was "nice to have but not a necessity, and is a bit hard to use."

Richard Windsor at Edison Investment Research said that even if Slice is way off the mark about the drop in Apple Watch orders, it was clear the smartwatch has sold far below even conservative expectations.

"My single biggest disappointment when the Apple Watch launched was Apple's failure to come up with a compelling use to which the device could be put," Windsor said.

"I think that this failing is the single biggest reason why the device is underperforming and why wearables in general continue to massively underperform the hype."

## **Go-to gift**

However, Cantor Fitzgerald experts believe Apple Watch will be a "go-to gift" during the year-end holiday season and become the best selling

new product in Apple's history.

Apple Watch was the first new product line introduced by the culture-changing company behind iPhone, iPad, iPod, and Macintosh computers since 2010.



South Korean customers walk past a signboard of the "Apple Watch" at an Apple shop in Seoul on June 26, 2015

Global Equities Research managing director Trip Chowdhry has estimated Apple could sell 20 million to 25 million of the watches in the final three months of this year.

Jack Gold, President of J. Gold Associates, a research firm, said that it would be no surprise if Apple Watch sales momentum fell after the hype

of it hitting the market subsided.

"The Apple lovers are going to buy things as soon as they come out," Gold told AFP.

"The rest of the market though, the mass market, really waits for more definition around 'What can this do for me?'"

So far no smartwatch, even a fashionably sophisticated offering by Apple, has hit the market accompanied by uses so compelling that people swarm to snap them up, according to Gold.

"Why do I spend \$400 for a screen on my wrist that allows me to do basically the same thing than my phone does?" he asked rhetorically.

## **Wearables without a cause**

This is not just a challenge facing Apple. Rather, it is a gauntlet thrown down before every maker of smartwatches or other forms of what has become known as "wearable computing," according to Kantar Worldpanel ComTech analyst Carolina Milanesi.

"It's a market issue for wearables," Milanesi said.

"It makes your life easier, it might help you with fitness, but it doesn't serve a basic need of communication, which is what the phone does."



A customer looks at a display about the new Apple Watch at an Apple retail store in Taipei on June 26, 2015

And while people in the United States can get smartphones at steeply discounted prices if they sign telecommunication service contracts, such discounting is not done with smartwatches, the analyst noted.

Given those factors, it is unrealistic to expect smartwatches or other wearables to rack up the kinds of sales seen by smartphones, according to Milanesi.

## **Long-term play**

Measuring Apple's success in the sector for now could come down to how much profit it makes per smartwatch and how big a chunk of the market it commands, analysts said.

Kantar research indicated that iPhone owners are more interested in [wearable computing](#) overall and more willing to spend money on gadgets, signalling that Apple could be more successful in the sector than rivals.

Eight analysts consulted by AFP anticipated that Apple Watch sales this quarter would range from three million to five million units, and most expected sales by the end of the year to tally slightly less than 20 million.

The figure would eclipse sales posted by big-name makers of Android-powered smartwatches. Apple could clinch 56 percent of the global smartwatch market this year, according to research firm IHS.

"This is a long-term play," Gold said of Apple Watch.

"It's going to take another year or two, not just for Apple but for the market, to understand what it is that consumers really want these smartwatches to do for them.

"Apple will have to make some adjustments and I think it'll become more popular over time."

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