

Fitbit accounted for nearly half of global wearable band shipments in Q1 2014

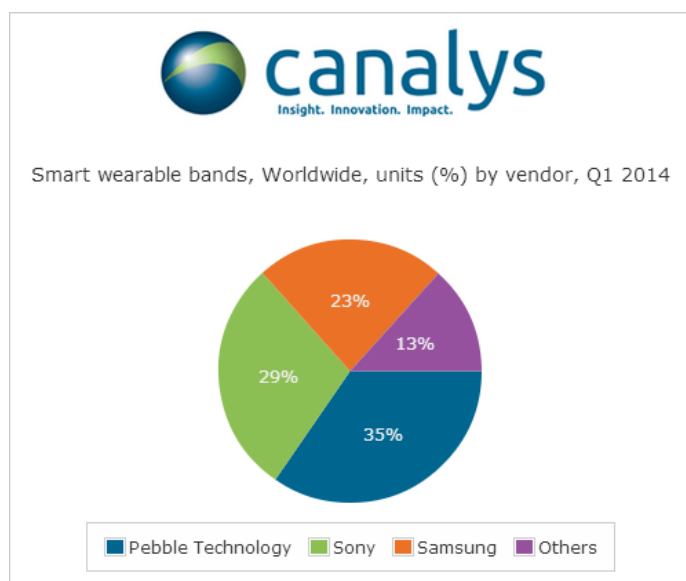
➤ Pebble took the lead in the smart band segment as Samsung's share dropped to 23%

Palo Alto, Shanghai, Singapore and Reading - Wednesday, 21 May 2014

Canalys recently published country level quarterly estimates that show a total of 2.7 million wearable bands shipped worldwide in Q1 2014. Fitbit maintained its leadership position with nearly 50% market share. Canalys segments this market into two categories: basic and smart bands. Fitbit continued to ship most of the units in the basic band segment, despite the allergy-related recall of the Fitbit Force. While a significant number of Force bands had shipped, the recall only affected the initial roll-out in the US and Canada. The issue was handled well and did not dramatically slow the company's sales momentum.

Jawbone, another basic band competitor, also grew rapidly as it expanded its international distribution after the initial launch of the UP24 in Q4. Nike's share of basic band shipments, however, dropped to 10%. 'The FuelBand has frankly been outmatched on sales,' said Canalys Analyst Daniel Matte. 'Its competitors' speed, international reach, broader channel distribution, integration with other fitness communities, superior web sites and multi-platform support have proven to be major advantages.'

Though Nike has been reported to be canceling future FuelBand products, the company's focus is now on making use of its fitness software and Nike+ community of over 30 million users to promote its thousands of apparel products. Canalys expects its software to extend to Apple's upcoming smart band, which will likely be announced in the second half of this year.



Market shares in the smart band segment continue to change frequently as new products are released, and will continue to do so throughout 2014. 'Pebble Technology launched the Pebble Steel and the Pebble

appstore and grew at a healthy rate during Q1, managing to achieve smart band market leadership for the quarter with a 35% share of worldwide shipments, ahead of both Sony and Samsung,' said Chris Jones, VP and Principal Analyst. 'Canalys' quarterly estimates showed that total smart band shipments fell short of half a million units. This is largely because Samsung's shipments were down dramatically quarter on quarter as it had strong sell-in for Q4 and then cleared inventory in preparation for its Gear product refresh in early Q2. The company must make some big steps to improve sell-through and customer satisfaction with its new products.'

'Some industry observers are wondering if the wearables market is a failure, but Canalys believes the current dynamics instead reflect the rapidly changing nature of wearable devices,' said Research Analyst Joe Kempton. 'More sophisticated sensor technology designed specifically for wearables will be arriving soon.' New devices running Android Wear will launch this summer from LG and other vendors, such as Motorola, which is now poised to re-enter the smart band market after exiting it two years ago.

Wearable band shipment estimates are taken from Canalys' Wearable Technology Analysis service, which provides quarterly market tracking, including country-level estimates. Canalys defines bands as wearables designed to be wrapped around the body. Basic wearables 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. Smart wearables are multi-purpose devices that serve as accessories to smart devices, are designed to be worn on the body and not carried, and are capable of running third-party computing applications.

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