

RESEARCH

## Apple Watch expected to blow away competition: report

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*Apple Watch*

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By NANCY BUCKLEY

Analysts are arguing that Apple could sell more than 30 million watches in 2015, a number that will surpass all other timepiece companies in the world, according to a new report from L2.

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Apple's influence on the smartphone market leaves experts to believe that iPhone owners are waiting to see the proposition value of the Apple Watch, but once applications launch, the surge may be greater than expected. Apple's advertising campaign of its smartwatch as a fashion piece rather than just a technology toy is creating unease amongst fashion brands and experts, although many Swiss watchmakers are confident in their brand and products, but with the upcoming release date the speculations will soon have answers.

"The takeaway from the way the Apple Watch is being marketed is that Apple has done its homework on how to market a luxury product and is ready to compete head to head as a with luxury brands, whether or not luxury brands are ready to compete with Apple," said Reid Sherard, research lead on watches & jewelry at L2, New York.

Watch this

As the first release since Steve Jobs' passing and the iPad in 2010, Apple has implemented its Apple Watch at different fashion events and publications around the world to drive attention to the technology company's first fashion product.

Apple originally aligned itself with fashion in 2013 when it hired the former CEO of Burberry and continued to infuse itself through a partnership with the fashion brand with the iPhone 5S featured in Burberry's spring/summer 2014 collections ([see story](#)).

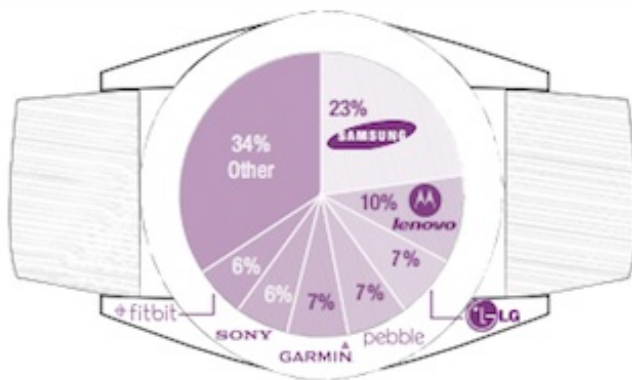
The brand continued its influences in fashion with the initial launch at the New York fashion week and a display at Colette in Paris in October ([see story](#)).

Then, in November, the watch appeared on the front cover of Vogue China ([see story](#)). Now, as the release date inches closer, with rumors anticipating a debut this month, anticipation among those in the fashion industry is on the rise.

In the March edition of Vogue, Apple unveiled its first advertising effort for the Apple Watch with a 12-page spread ([see story](#)).

#### The Apple Watch: Smartwatch Market Share 2014

March 2015



#### *Smartwatch competitors*

Apple Watch will start at \$349 and retail prices are expected to reach more than \$4,000 on the high end. There are three versions of the timepiece: Apple Watch, Apple Watch Sport and Apple Watch Edition. The casing and finishes are available in stainless steel, aluminum and 18-karat yellow or rose gold. Straps range from link bracelet to leather loop with multiple buckle options.

The watch will run on Watch OS, a new operating system that will communicate through Bluetooth to the user's iPhone.

App developers do not have access to all the features, but brands such as BMW, Starwood Hotels & Resorts, Facebook, Twitter and Pinterest are developing apps for the watch.

Activity trackers will be within native apps that can monitor the user's heart rate and daily activities. With the current power configuration, it is limited to four hours of sustained fitness tracking. Apple was planning to have sensors for stress levels, blood pressure and blood oxygen levels, but they were found to be unreliable.

In 2014 the smartwatch industry saw 6.8 million units sold. This is led by brands such as Samsung and Lenovo, and Apple is expected to surpass this number.

Denial has been the primary reaction from luxury brands. Some say it is a fad, while others think their heritage will protect them.

Some argue that watches are about the tradition and the craftsmanship, so avid watch wearers will not be interested in the trendy item. Other believe it could have a positive impact on the watch industry, bringing younger generations toward watch wearing.

Joining the ranks

Although Swiss watchmakers are acting as if the Apple Watch will not impact the industry, the trend of joining in on smart technology has indicated otherwise.

For instance, as the development of wearables has continued to move forward there have been ample opportunities for Swiss watchmakers to enter the space through collaborative efforts.

Collaborations, in any space in the luxury market, allow the partnering brands to explore their own heritages and best practices in a new way that may amplify their offerings.

Oftentimes, these collaborations connect brands that seem like an unlikely duo such as Silicon Valley and Switzerland's watch manufacturer partnership to create the first Swiss Horological Smartwatch ([see story](#)).

Staying in-tuned and aware of Apple's approach to the watch will likely help Swiss luxury brands understand consumers' desires.

"Luxury brands should be carefully watching how Apple approaches the sales process," Mr. Sherard said. "Apple is really good at making buying its products easy, and if they train consumers to expect one-touch click-and-collect checkout through Apple Pay in-store for a \$5,000 watch, that's going to change how consumers approach walking into Wempe expecting to spend the same amount of money on a Swiss watch."

Final Take

*Nancy Buckley, editorial assistant on Luxury Daily, New York*

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