

Wearables take a backseat as tech giants focus on virtual reality, AI



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Two years ago at Mobile World Congress (MWC), one of the world's biggest tech shows, "wearables" **was the buzz word** with electronics giants launching devices that were touted to be the next big product category.

From smartwatches to fitness trackers and clothing, internet-connected things were all the rage. But at MWC 17, tech firms are choosing to shy away from talking about wearables and instead, focus on new areas such as virtual reality (VR) and artificial intelligence.

"The biggest problem is that everyone had high expectations for wearables, they thought smartphones are declining and wearables were the next big thing. But the lack of a very strong value proposition has been the biggest hindrance for wearables," Francisco Jeronimo, research director of European mobile devices at IDC, told CNBC by phone on Monday.



Huawei unveil its latest watch product at the MWC in Barcelona.

Many companies that have wearable products didn't have them displayed on their MWC stands, and even the "wearables pavilion" at the event showcases just a handful of companies. **Huawei launched the Watch 2** at MWC, while LG recently unveiled the Watch Style and LG Watch Sport.

But not all companies are focusing on wearables.

"We are right now concentrating on smart devices one at a time, at this point in time our philosophy is developing future of communications, future off interactions, living a more enriched life, that is the focus area," Hideyuki Furumi, executive vice president of global sales and marketing at **Sony** Mobile, told CNBC in an interview this week.

"That is part of the reason we are talking a lot about these type of devices, it's really a current focus area ... towards smart products, hearable, wearable, and other interaction products like Xperia Touch."

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Sony used MWC to unveil a **new smartphone** and announced that it was commercializing the **Xperia Touch**, a projector that can turn any surface into a touch screen. Sony does have a smartwatch and fitness tracker range, but it was not on display.

Many other companies chose also to focus on other products, including Samsung with the new 2-in-1 tablet called the **Galaxy Book**, and Huawei with **its smartphones**.

The global smartwatch market declined 51.6 percent year-on-year in the third quarter of 2016, according to IDC, but the category is by no means down and out.

"The market is quite interesting, it is growing very fast, and we continue to forecast strong growth in the next years. But there is a change. First, we are seeing companies like the watchmakers, who understood they need to move their products to digital devices, but without compromising the design. And they are launching digital watches that have some functionalities. On the other hand, we see operators pushing connected smartwatches where if you don't need a smartphone to use it," Jeronimo said.

"The market is much bigger than we were thinking."



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