

Apple Inc. (AAPL)'s Ecosystem Will Boost the Sales of Apple Watch and Apple Pay

By Lakshman V. 10 September 2014 (excerpt)

Apple Inc. is lining up a series of product launches in the next few months, like larger screen phones, smartwatch and payment service. Most of these products have already started creating excitement among the consumers. David Kudla, CEO and Chief Investment Strategist at Mainstay Capital Management, talked on CNBC about Apple's new products and their ecosystem in general.

Kudla pointed out that the consumers are looking forward to the three Apple Inc. products, iPhone 6, Apple Watch and Apple Pay. He mentioned that the upgrade to the larger screen was unavoidable in order to compete against phablets from Samsung and other companies. He added that the Apple Pay product might have a significant contribution towards the Apple ecosystem.

"[...] People are looking at these one-off product lines and it's important to remember the part that they play in the Apple ecosystem [...] For those who want to maintain—stay in that Apple ecosystem—they will pay up and we will see these products do well," Kudla said.

Apple Watch requires an iPhone paired onto it, which Kudla thinks is the biggest disappointment to the consumers initially. But he feels that this move might promote the Apple Inc. ecosystem and help out the organization eventually. People who would like to embrace that ecosystem would definitely go for it and purchase it. Apple Watch's price tag starts at \$349 in US and is expected to hit the market in early 2015.

Kudla said that the increased popularity to health and fitness would attract many to utilize the fitness tracking features of Apple Watch. Apple Inc. were pretty much ahead of the competitors with their iPhones and iPads and captured a big chunk of market share with it. But, they are not the first ones to the smartwatch market, as companies like Samsung and Sony have already launched their smartwatches.

"They are behind the curve in a couple of areas. Certainly, with the iPhone 6 and 6+ that was essentially to get to the larger screen size—the phablet screen size that Samsung has had for some time. With the Apple Watch, yes, there are other smartwatches in the space, but they haven't been received quite that well. They are really not getting traction and Apple stands a better chance. [...]" Kudla said. ...