Pixel Watch bill of materials estimate can’t explain the sky-high price

Enlarge / The Pixel Watch. It’s a perfect, round little pebble.
Ron Amadeo

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Why is the Pixel Watch so expensive? The device’s $350 and $400 price tags are well above the closest comparable products from Apple and Samsung, especially considering Google’s first-generation smartwatches use slower, older parts compared to other products. The company is charging more for less, and while the Pixel Watch is a nice piece of hardware, it’s hard to make the price make sense compared to faster products with better parts, like the $250 Apple Watch SE and $280 Galaxy Watch 5.

Counterpoint Research‘s report details the Bill of Materials (BoM) for Google’s Pixel Watch, and comes to the conclusion that the $400 LTE version device costs $123 to build. Companies always need to build big profit margins into their products to cover R&D, labor, and other costs, and to justify the endeavor, but the $123 bill of materials shows Google is just charging more than the competition rather than facing some kind of supply chain problem.

For comparison, we can look at Counterpoint Research's last bill of material estimate for the Apple Watch, which happened in 2021 for the Apple Watch Series 6. The Series 6 had an MSRP of $400, the same as this LTE Pixel Watch, but Counterpoint's bill of materials had it costing more than the Pixel Watch: $136. Just like how it feels in the market, Counterpoint says Apple is offering more watch for less money. Apple is a company famous for having the highest profit margins in the industry, yet comparing these estimates would give the Apple Watch a 66 percent profit margin, and Google a 69 percent margin.

That doesn't even include the hidden cost of the Pixel Watch: Google's watchband bundling. Samsung and Apple let you buy a watch body and then select the watchband you want to pair with it, so you only pay for the watchband you want to wear. Google forced everyone to buy the bottom-tier rubber watchband with the Pixel Watch (a $50 accessory), and if you want a band in a better style, that will cost extra. To make matters worse, the watch comes with *three* watch band halves to cover large and small wrists—you pick the size you want and throw out the extra half. It feels like Google wanted to cut down on the logistics of stocking a smartwatch, and that forces customers to pay extra for watch band components they don't need, and generates unnecessary e-waste.

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Enlarge / Counterpoint Research’s breakdown of the Pixel Watch costs.
Counterpoint Research

The report also gives a breakdown of where Google is spending that $123, and It’s not much different from the Apple Watch breakdown. Samsung gets a big shoutout as one of the big component winners in the Pixel Watch breakdown. The Pixel Watch features Samsung’s Exynos 9110 SoC and a Samsung modem, both manufactured at a Samsung Foundry, so Samsung accounted for 20 percent of the total BoM cost. The 9110 is a 4-year-old chip, and Samsung’s own watches offer the newer, faster, more power-efficient Exynos W920 for less money.

In second place is China’s favorite display manufacturer, BOE, which scored 14 percent of the BoM according to this estimate. BOE supplied the 1.2-inch OLED display and is the main rival

to Samsung’s display division nowadays. A common criticism of the Pixel Watch is the large screen bezels, which could have been fixed with a better display supplier.

While the Pixel Watch is overpriced, this is, at least, a fixable problem. The second-generation watch—hopefully Google builds a second-generation watch—needs to be priced in line with the competition with specs to match. Google needs to let people buy only the watch bands they want to cut down on hidden costs and e-waste. The company also needs to get its rebooted Wear OS ecosystem to a decent state, though it’s making progress on that every day. We’re also still waiting for those metal bands to launch, which will happen sometime this spring.

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