

Gradual gains seen in netbooks, Bernstein says

January 21 2009, By Rex Crum

The market for ultraportable laptop computers, also known as netbooks, is seen as having some of the best potential for the PC market, but is not likely to overwhelm the sector soon, according to a recent report.

The research report, by Bernstein Research analysts Toni Sacconaghi, Jeffrey Lindsay and Craig Moffet, estimates that more than 10 million netbooks will be sold this year, accounting for about 16 percent of the total consumer-PC market worldwide. The analysts said that the mobility offered by netbooks will help spur demand among consumers for wireless Internet access, leading to benefits for personal-technology products such as smart phones.

Bernstein's analysts say the impact of netbooks will most likely be seen in how the devices eat away at sales of higher-priced PCs and in giving smaller vendors more of a presence in the personal-computer market.

However, infrastructure requirements for wireless networks may provide a challenge in expanding the use of netbooks, and that wireless broadband networks will need to be developed more to appropriately accommodate any major growth in the use of netbooks and other wireless-computing devices.

"The issue is not speed, but rather throughput, in our view," the analysts wrote. "It would simply be too expensive to support the number of base stations required for wired broadband substitution."

Sacsonaghi, Lindsay and Moffet define throughput as the frequency of use of the network, how long an online session lasts and the intensity of the applications used. The costs associated with building up wireless networks mean that "it is unrealistic to expect that the wireless operators are going to provide huge amounts of unlimited broadband usage" to provide wireless broadband service that is the equivalent of traditional wired service.

In spite of that, the Bernstein analysts estimate that netbooks will scratch away a position in the PC market, but that the leading manufacturers, many of whom already are pushing into the netbook sector, will be able to defend their market positions against upstart, smaller players.

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