

## Gadgetry buzz overshadows Apple's bedrock business: the Mac

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Lost in the hubbub surrounding the iPad and new iPhone are Apple's other products -- its desktop and laptop computers.

Even <u>Steve Jobs</u> failed to give his company's core technology a mention during last month's Worldwide Developers Conference in San Francisco, an event that was virtually all about the <u>iPhone 4</u>.

But Apple's MacBook laptops, iMac desktops and low-end Mac mini desktops continue to represent a major portion of the Cupertino, Calif., company's business and innovative focus.



Apple reported Tuesday that second-quarter sales in its Mac unit soared 33 percent from the year before. Just recently, Apple quietly updated its Mac mini and entry-level MacBook. And a glance at the company's patent files indicates Apple's technologists continue to tinker with the Macintosh family of computers.

"There should be no talk about the demise of the Mac," said Richard Shim, research manager for IDC's <u>personal computing</u> program. "Everyone is infatuated with the latest shiny object."

Apple's latest shiny object is the iPhone 4, its best-selling product ever. Meanwhile, Jobs has talked up the new iPad tablet as a harbinger of a new computing form. And the company apparently has pulled the plug on its iconic "I'm a Mac" TV commercial campaign -- they aren't even on its website anymore.

But Apple continues to invest in its desktops and laptops, which had record sales in the most recent quarter.

"The Mac still represents the ultimate Apple experience," Kaufman Brothers analyst Shaw Wu said. "It's where it all started. It's still arguably the heart of the company."

In May, Apple refreshed its entry-level \$999 MacBook, giving it a faster Intel processor and longer battery life, from seven hours to 10 hours. And last month Apple gave its Mac mini a significant reworking, including an aluminum unibody similar to what the company uses for its iMac and MacBook Pro. Its iMac desktops and higher-end MacBook Pro line are expected to get updates in coming months as well.

Blogger Jack Purcher continually spots new research around the Mac, which he regularly reports on his website, Patently Apple.



In recent patent filings, Apple indicated it is looking at such innovations as solar-powered Macs, touch-screen technology for traditional computers and possibly a built-in projector that could let users display video, photos or a Keynote presentation on a wall. Another filing envisions an entirely seamless MacBook with invisible buttons, keyboards and track pads.

In yet another filing, Apple reveals it is working on technology built into a Mac computer or its iSight camera feature that would automatically detect a person's presence. The innovation would allow the machines to power up with nary a keystroke from users.

Macs have long been launching pads for features that have become core functions of the iPhone and iPad, including the Safari browser and the online iTunes store, which helped give birth to the App Store. The Mac operating system is also the foundation for both the iPhone and iPad.

Meanwhile, the success of other Apple gadgets, from the iPod to the iPad, have helped to sell more Apple computers. During the last quarter of calendar year 2009, the company recorded \$4.4 billion in sales of Macintosh laptops and desktops -- roughly equal to what it sold in all of 2003.

"The original surge in Mac sales was a result of the iPod," said Charles Wolf, an analyst with Needham & Co. "It's very symbiotic."

The popularity of the iPhone has only accelerated Mac sales further. "I'm certain the iPhone halo effect is stronger than the iPod, and that is starting to kick in," he added.

Those new to the Macintosh world wander into an Apple retail store and see more than sleek objects. There are one-on-one tutorial sessions available, free classes and the by-appointment help desk known as the



## Genius Bar.

Newcomers to the <u>Apple</u> world "start to see a support community that is nonexistent in the Windows world," Wolf said.

Last year, amid the tough global recession, shipments of Mac computers soared 13.5 percent while the global PC industry inched up 2.9 percent, Shim said.

The company, though, clearly has been repositioning itself as a broader tech gadget company. Wu said that within 12 months, iPad sales could outpace Mac sales, bumping traditional computers to third place when it comes to revenue.

"It remains to be seen if Apple's innovation will continue to be (centered) on the <u>Mac</u> first," Wu said. "They are now emphasizing the <u>iPhone</u> and the iPad."

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