

iPad and other gadgets drain Asia of electronic components

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In a picture taken on July 17, a customer walks past touchscreen adverts and products at a computer shop in Taipei. The launch this year of must-have gadgets such as the iPad, the iPhone 4 and a host of other smartphones, tablet computers and 3D televisions is draining the Asian market dry of electronic components.

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An [iPad](#) is sold on average every 2.3 seconds, with three million sold in the first 80 days after its launch in the US in April. Three million [iPhone 4](#) smartphones were also sold in only three weeks since its June release.

The increase in demand has made this a hot summer so far for Taiwanese touchscreen maker Wintek, and not just because

temperatures have risen to abnormally high levels.

Located in the central Taiwanese city of Taichung, the company has struggled to keep up with insatiable demand for its high-tech components.

"The strong demand exceeds our expectations," said a Wintek official, speaking on condition of anonymity. "Our clients keep pushing us to increase supplies."

Wintek, whose customers reportedly include global brands such as Apple of the United States, Finland's Nokia and South Korea's LG, said the component shortage surfaced in the second quarter of the year.

Apart from a gradual global recovery, one of the triggers for the sudden spike in demand for components has been the launch of several much-anticipated products, especially the iPad [tablet computer](#) from Apple.

For many products, the lead time -- the period from when a customer orders an item until he gets it -- has expanded significantly beyond the usual 10 to 12 weeks, according to iSuppli, an electronics industry research firm.

"When lead times enter the 20-week range, they indicate a major schism between component supply and demand," said Rick Pierson, a senior analyst for semiconductors and component price tracking at iSuppli.

Matthew Chao, an analyst at Taiwan's Industrial Technology Research Institute, said the iPad would continue to send ripple effects through the industry, causing demand to rise further.

For instance, HP and Acer are planning to unveil their own tablet computers in the third and fourth quarters, which will further boost

demand for components, he said.

"The market for smartphones and tablet computers is looking very bullish, especially since the fourth quarter is the traditional high season for the holidays," he said.

South Korean firms say they are struggling to acquire components due to shortages caused by strong demand, although they insist there have been no serious delays yet in overall production and shipments.

Samsung Electronics and Hynix Semiconductor, the world's largest and second-largest computer microchip makers, have boosted capital outlays to meet rising global demand.

Factories for Samsung and LG, which produce gadgets including mobile phones and flat panel screens, are running flat out.

"Our plants are now running at full capacity due to strong demand and brisk sales," a Samsung spokesman said.

Yet Samsung's production of memory chips meets only 70 percent of total international demand and its output of 3D televisions covers 80 percent of demand, he said.

Samsung is experiencing a shortage of touchscreen panels for mobile phones although this is not serious enough to delay production and shipments, he said.

"Spending on facilities has been boosted, but we expect the shortage of components to get worse because of unexpectedly strong demand," the spokesman said.

Regionwide in Asia, producers of components are likely to launch

ambitious expansion plans, analysts believe.

"Component makers for these products will keep expanding their output to meet growing demand," said Chao of the Taiwanese industrial research institute.

Taiwan's Wintek is currently expanding its production lines in the Chinese cities of Dongguan and Suzhou to catch up with the demand, adding a healthy 1.6 million touchscreens to the monthly supply.

The component makers may need all the extra capacity they can get as touch panel screens within the PC market is expected to grow rapidly in the coming years.

"Market estimates (show) that the tablet PC will form almost a quarter of the global PC market by 2015," said Satish Lele, an analyst at consulting firm Frost and Sullivan.

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