

IPad Impact: Tablets contribute to PC market pain

October 14 2010, By JORDAN ROBERTSON , AP Technology Writer

(AP) -- Few companies can disrupt an entire industry with a single product launch. But Apple Inc., whose history is filled with such game-changing moments, has done it again with its iPad tablet.

Apple's [iPad](#) has rattled the technology world by causing many consumers to think twice about buying new personal computers, two market-research firms reported Wednesday.

That hesitation was one reason worldwide shipments of new PCs stumbled in the third quarter, growing more slowly than research firms IDC and Gartner Inc. had anticipated.

The other big factor was consumers' dreary outlook on the economy, especially in the U.S. and Europe, which has led them to pinch pennies more, pay off debts and spend less on PCs and some other kinds of electronics.

The hype about tablets has computer makers and their suppliers worried about how much ground traditional PCs might lose in coming months and years. Apple sold 3.3 million iPads in the device's first three months on the market, and some analysts estimate Apple sold more than 5 million during the following quarter, which ended in September.

Until now, it wasn't clear whether Apple was poaching would-be PC buyers with the iPad, or merely giving Apple fans another expensive gadget to add to their computer collections.

Far fewer tablets are sold than PCs, of course, and [Intel Corp.](#), the biggest maker of PC microprocessors and a new entrant in the tablet market, said Tuesday in reporting its quarterly numbers that it's too early to tell how much of the PC business is being cannibalized by tablets. But IDC and Gartner said the smaller, keyboardless devices are at the very least pushing many consumers to pause their decisions on buying new computers.

Gartner said PC makers shipped more than 88.3 million machines in the third quarter, an increase of 7.6 percent over last year. Gartner was expecting a 12.7 percent rise.

IDC put the third-quarter number at 89.3 million, a 10.5 percent increase, which was 3 percentage points below what it expected.

Both companies blamed economic anxieties for depressing sales, and each had its own take on the iPad's effect.

"Hype around devices such as the iPad has also affected consumer notebook growth by delaying some PC purchases, especially in the U.S. consumer market," said Mikako Kitagawa, a Gartner analyst. "Media tablets don't replace primary PCs, but they affect PC purchases in many ways."

So far, Kitagawa said, hype around media tablets has led consumers to take a wait-and-see approach to computer purchases.

Bob O'Donnell, an IDC vice president, said the iPad is hurting sales of netbooks - small, inexpensive laptops.

"The halo effect of the device also helped propel Mac sales and moved the company into the number three position in the U.S. market," O'Donnell said.

Both companies kept Hewlett-Packard Co., based in Palo Alto, Calif., as the world's No. 1 PC maker, with more than 17 percent of the market. They say Taiwan's Acer Inc. is No. 2 with roughly 13 percent of the market and Dell Inc., of Round Rock, Texas, is No. 3 with about 12 percent.

For the U.S., IDC names HP, Dell and Apple the top three PC makers. Gartner's data show Apple at No. 4, behind HP, Dell and Acer in U.S. sales.

Gartner said HP suffered a 20 percent decline in shipments in Asia as the company jettisoned less-profitable deals in the region.

Finding ways to grow profitably is a tall order in the PC industry, which is characterized by competitive pricing and a trend toward commoditization that hurts nearly every [computer maker](#). The exception is Apple, which has ridden to a \$274 billion market value, second only to Exxon Mobil Corp. in the U.S. [Apple](#) is based in Cupertino, Calif.

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