

Apple's absence to be felt at CES gadget show

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In this Jan. 6, 2010 file photo, Microsoft Entertainment and Devices Division President Robbie Bach speaks during CEO Steve Ballmer's keynote address at the International Consumer Electronics Show (CES) in Las Vegas. The International Consumer Electronics Show, which kicks off this week in Las Vegas. It's the largest trade show in the Americas, and organizers expect attendance to be as strong as last year. (AP Photo/Laura Rauch, file)

(AP) -- What do you call it when you have 120,000 people and an elephant in the room?

The International [Consumer Electronics Show](#), which kicks off this week in Las Vegas.

The elephant is Apple Inc. It won't be at the show this year, but its [tablet computer](#), the iPad, is the most important new product for an industry that needs to once again excite consumers. Sales of the iPad have been strong since its April debut, and the whole industry is now trying to

mimic Apple's success.

With the iPad, Apple single-handedly cracked the code for the tablet, a device that dozens of manufacturers have tried to take to the masses for two decades, with little success.

Apple itself doesn't do trade shows. When Apple has new products to reveal, such as iPads or iPhones, it stages its own events.

But nearly every other company in the industry will be there for CES, which runs Thursday to Sunday and is the largest trade show of any kind in the Americas. A good many of them will show off their tablets - computing slabs with touch-sensitive screens. Big names expected to do so include Motorola Inc. and Dell Inc.

DisplaySearch analyst Richard Semenza estimated that a hundred different tablet models are in development, though not all of them will reach store shelves.

Competing tablets will have a hard time catching up to Apple's lead, at least this year. Certainly, no one managed to do so last year, even though a lot of manufacturers, including Dell, brought out tablets. Samsung did have some success with its [Galaxy Tab](#), but sales didn't come close to the iPad's.

"For the next year or two, we expect there to be a lot of false starts, failed attempts, and disasters," Richard Shim, another DisplaySearch analyst, said in a blog post.

Apple sold 7.4 million iPads through September, in the device's first six months on sale. That means they're already outselling Apple's Mac computers, but not iPods or iPhones.

Analyst Shaw Wu at Kaufman Bros. believes Apple sold another 6.1 million iPads in the holiday quarter, and there's every indication that it was a popular holiday gift. Even some retailers that don't normally sell electronics, including TJ Maxx, carried the [iPad](#).

Apple's would-be competitors include Motorola, which has been hinting that it will show off its first tablet at the show. Dell and Acer Inc. are also expected to show tablets. Microsoft Corp. CEO Steve Ballmer will likely touch on tablets in his keynote speech Wednesday, an annual fixture the eve of the show's opening.

The electronics industry's need for a hot new product is especially strong this year. Overall, the recent holiday season was the best for retailers since 2007, but electronics sales were up just 1.2 percent from the previous year, according to MasterCard SpendingPulse, which tracks spending across all transactions, including cash. They're still down 10 percent from pre-recession levels.

For about five years, the industry has been bolstered by Americans rushing out to buy flat-panel TVs. Now, that rush is slowing, as 61 percent of households already have such sets, according to Leichtman Research Group.

Meanwhile, sales of other products that have driven growth, such as GPS units, picture frames and digital cameras, have tapered off. The people who really want them already have them, while the rest make do with their cell phones instead.

Other technologies that have been promoted at CES in recent years have been met with tepid interest from consumers.

At last year's CES, Japanese and Korean TV makers showed off 3-D TVs as a way to keep consumers buying newer TVs. But when the sets hits stores a few months later, sales were disappointing. Samsung

Electronics Co. estimates all manufacturers combined sold 1 million 3-D sets in the U.S in 2010, far short of its initial estimate of 3 million to 4 million.

This year, manufacturers aren't giving up on 3-D, but some of them are likely to change their strategy to make 3-D viewing a bit more affordable and comfortable. Last year's 3-D sets require bulky, battery-powered glasses, which cost about \$100 a pair. This year, we're likely to see more sets that use thin, unpowered glasses of the kind used in 3-D movie theaters. Vizio Inc., the No. 1 maker of LCD TVs for the U.S. market, already introduced one model with this kind of "passive" 3-D screen in December.

Aside from the benefit of cheaper glasses, the image flickers less with passive 3-D technology. On the other hand, it cuts the resolution in half. It's still high-definition, but less so.

"Having convinced the world to adopt 'Full HD' TVs, someone is going to have to get creative to market 'Half HD'," Semenza said. TV makers will also push Internet-connected TVs at CES.

"Basically, the TV will look like your smart phone and have access to the Internet," said Gary Shapiro, president and CEO of the Consumer Electronics Association, which organizes the show.

Internet-connected TVs have been around for several years and are starting to gain consumer interest now that they can display video from such online sources as Netflix Inc. and Hulu.com. Research firm NPD estimates that 12 percent of TVs sold in the U.S. were Internet-capable.

At the show, manufacturers are set to talk about TVs that are even "smarter," with access to better downloadable applications for social networking and other tasks.

"This is going to be the year for ... the first generation of truly smart TV applications, where people are building them for the first time unique to this platform," said Eric Anderson, vice president of content and product solutions at Samsung Consumer Electronics America's. Samsung has a nearly 60 percent market share of Internet-capable TVs sold in the U.S.

Apple is involved in connecting TVs to the Internet as well, through its Apple TV add-on box. But Apple's isolation from the rest of the industry may be hurting it here. It hasn't let anyone build its software into TVs, so its \$99 add-on box is competing with software that comes free with many TVs.

Apple's shadow also falls on the presence of Verizon Wireless, which will be at CES to show off the first phones for its next-generation wireless data network, known as 4G. The network was turned on in December and offers the highest data speeds yet, but only for sticks that plug into laptops.

[Apple](#) is widely expected to introduce a version of the iPhone for Verizon's network this year, but indications are that it won't happen at CES.

That leaves the CEO of Verizon Communications Inc., Ivan Seidenberg, to talk about other smart phones at his keynote presentation Thursday, while everyone will be thinking of the elephant in the room.

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