

Tablet computers are the hot ticket at CES

January 6 2011, By Dan Gallagher

SAN FRANCISCO - While this year's Consumer Electronics Show will highlight predictable advancements in flat-screen TVs, car stereos and digital cameras, much of the oxygen at the annual event will likely be sucked up by tablet computers.

The tablet market is exploding - thanks in no small part to the runaway success of the [iPad](#), of which Apple Inc. has sold some 14 million units since their debut last April. Samsung released its own tablet in November in the U.S., and claimed to have sold about 1 million units in the initial weeks following the launch.

And that's just the beginning. Analysts expect tablets to be big sellers this year and next, displacing PCs to some extent.

On Monday, analysts at ISI Group raised their global shipment forecast for tablets by 9 percent to 50 million units. Shipments in 2012 are expected to hit 92 million units, the brokerage said, adding that it has also trimmed its forecast for PC sales in the same period.

"The iPad is the clear leader currently, but there is a significant opportunity for new platforms to gain ground," ISI analyst Abhey Lamba wrote in the report.

Several players from the PC and mobile-phone industries are planning to take a crack at the market. Many of these devices are expected to make their debut in Las Vegas at CES - which kicks off Wednesday.

From the phone side, Motorola, [HTC](#) and possibly [Palm Inc.](#) - now a division of Hewlett-Packard - are expected to unveil new tablet devices at the event. BlackBerry maker [Research In Motion](#) is also expected to show off its upcoming Playbook tablet.

From the PC side, Dell, Toshiba, Acer and Asus are expected to introduce tablet products.

JPMorgan Chase sees the tablet market reaching \$34 billion by 2012. At that level, tablet devices could cannibalize around 10 percent of total laptop PC sales - particularly at the low end of the spectrum in products such as netbooks.

"There will be new winners and losers," JPMorgan Chase analyst Mark Moskowitz wrote in a report in December, noting that he expects Apple to remain the tablet company to beat.

"In contrast, the traditional PC ecosystem could be at risk as tablets utilize alternative semiconductors and storage media," Moskowitz wrote.

As usual, Apple has chosen not to take part in the CES event. Analysts widely expect the company to announce updates to the iPad later this month - a year after Apple first lifted the wraps on the device.

CES is expected to feature several manufacturers making use of the Android mobile operating system developed by Google. Android has already proven to be a strong draw in the smart-phone market, even outpacing Apple's iPhone platform, according to some measures.

Motorola will likely be watched the closest. The resurgent cell phone maker has staged a comeback with its line of Droid smart phones, and is widely expected to debut the first tablet to make use of the Android 3.0 operating system - also known as Gingerbread.

"While we expect nearly every major (original equipment manufacturer) to introduce a tablet at CES, we believe Motorola will steal the show," analysts for Jefferies & Co. wrote in a research note to clients.

RIM will also be under scrutiny, as investors are looking for more details on the Playbook tablet expected to be launched later this quarter.

One factor that could curb rapid adoption of non-iPad tablets is the limited number of apps available for those devices. This could be offset by the fact that most of these devices are expected to be able to run multimedia content using Flash on websites, which the iPad cannot do in its current state.

"We expect a lot of tablets, but the absence of well-developed software and app ecosystems is likely to prevent big surprises," Pacific Crest Securities wrote in a preview report.

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