

Smart phones outsell PCs for the first time

February 8 2011, By DANA WOLLMAN , AP Technology Writer

(AP) -- For the first time ever, smart phones such as Apple Inc.'s iPhone are outselling personal computers, according to a report by research group IDC that was released Monday.

Worldwide, consumer electronics makers shipped 100.9 million smart phones in the last three months of 2010, an 87 percent jump from a year earlier. PC shipments were weaker than expected, edging up just 3 percent to 92.1 million.

The two trends aren't necessarily related, said IDC analyst Ramon Llamas. Smart phones and PCs serve different purposes, and consumers generally need both. PCs remain important for writing papers, editing photos and creating other kinds of content.

PC sales are, however, have been hurt by competition from tablet computers - namely Apple's iPad.

Meanwhile, smart phones are getting a boost from falling prices. It's not uncommon to find brand-new models on sale for \$100, a price Llamas says consumers are willing to pay. Some retailers, such as Amazon.com Inc., are willing to offer [smart phones](#) at steep discounts, sometimes for as little as a penny.

Smart phone sales are also getting a push from growing interest in [Google](#) Inc.'s Android software, which powers dozens of phones made by HTC Corp., [Samsung Electronics](#) Co. Ltd., Motorola Mobility Holdings Inc. and others.

"[Android](#) continues to gain by leaps and bounds, helping to drive the smart phone market," Llamas said.

People also tend to replace their phones much more often than they do their computers. Consumers might wait three to five years to replace computers, some of which are protected under warranties that last several years. Meanwhile, cell phone subscribers often have the option of upgrading to a newer phone well before their two-year service contracts are up.

Such incentives are becoming less common, however. Last month, Verizon Wireless said it will phase out its early upgrade program, while [Sprint Nextel](#) Corp. said last week that it is making it more expensive for customers to upgrade ahead of schedule.

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