Amazon tablet seen as worthy iPad rival

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Forrester Research analyst Sarah Rotman Epps, in a blog post accompanying a report released Monday, said Amazon taking on Apple is a "bit like David taking on Goliath."

But Rotman Epps said Amazon's "willingness to sell hardware at a loss combined with the strength of its brand, content, cloud infrastructure, and commerce assets makes it the only credible iPad competitor in the market."

"If Amazon launches a tablet at a sub-$300 price point -- assuming it has enough supply to meet demand -- we see Amazon selling 3-5 million tablets in the fourth quarter alone," she said.

The Seattle, Washington-based Amazon, maker of the Kindle electronic book reader, is capable of "disrupting not only Apple's product strategy but other tablet manufacturers' as well," the Forrester Research analyst said.

Apple sold 9.25 million iPads last quarter and dominates the market for the multi-media devices, which are also being produced by South Korea's Samsung, Blackberry maker Research In Motion and scores of other companies.

But none of the iPad's rivals has managed to put a scare so far into the California-based gadget-maker whose legendary co-founder Steve Jobs stepped down as chief executive last week.

Citing disappointing sales, US computer giant Hewlett-Packard killed its iPad competitor, the TouchPad, last week after just seven weeks on the market.

According to technology research firm Gartner, the iPad will account for 68.7 percent of the 69.7 million tablets to be sold this year and will remain the top-selling device over the next few years.

Amazon has not publicly announced plans to produce a tablet but numerous press reports have said the online retail giant will come out with one this year.

The Wall Street Journal reported last month that Amazon plans to unveil a tablet computer powered by Google's Android operating system before October.

The New York Post, citing a "a source with knowledge of the plans," said last week that Amazon will enter the tablet fray in late September or October with a device that costs "hundreds less than the entry-point $499 iPad."

Like with the low-priced Kindle, Amazon would not be looking to make a profit on the hardware but from digital content such as books, music, movies and games and applications sold for the device.

Forrester's Rotman Epps said the arrival of an Amazon tablet could also encourage Android software developers to create more programs.

Apple's App Store currently boasts more than 100,000 applications for the iPad while just a few hundred have been created for tablets running a version of Android called Honeycomb.

"If Amazon's Android-based tablet sells in the millions, Android will suddenly appear much more attractive to developers who have taken a wait-and-see approach," Rotman Epps said.

"The bottom line: A year from now, 'Amazon' will be synonymous with 'Android' on tablets, a strong second to Apple's iPad," she predicted.

Amazon shares were up 3.04 percent in early afternoon trading on Wall Street at $205.33 while Apple shares gained 1.54 percent to $389.48.

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