

Amazon expected to unveil tablet at mystery event

September 27 2011, by Chris Lefkow

With nearly 30 million iPads sold, Apple is the undisputed tablet computer champion. BlackBerry maker Research In Motion, US computer giant Hewlett-Packard, South Korea's Samsung and scores of other companies with devices powered by Google's Android software have all taken swings at the iPad and missed.

A contender may finally be here.

Amazon, maker of the Kindle [electronic book reader](#), is expected to unveil an Android-powered tablet at an event in New York this week according to numerous press reports.

The Seattle-based online retail giant is holding a press conference in the Big Apple on Wednesday but has enigmatically declined to say what it was about.

According to the technology blog TechCrunch, the Amazon device will be called the "Kindle Fire" and will feature a seven-inch (17.78-centimeter) screen, smaller than the iPad's 9.7-inch (24.6-cm) display.

It will ship in the second week of November, TechCrunch said.

Technology analysts are predicting that an Amazon tablet could pose the most serious challenge yet to Apple's dominance of the fast-growing tablet market.

"More than any other recent tablet introduction, Amazon's entry is set to shake the still-solidifying market to its very core," independent [technology analyst](#) Carmi Levy told AFP.

"Unlike hardware manufacturers who lack the pockets and the resolve to slug it out with Apple in a protracted war over market share, Amazon has both the resources and the will to stay in the game as long as it needs to," he said.

Forrester Research analyst Sarah Rotman Epps, in a recent blog post, 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."

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

While Gartner said Android-powered tablets will see their market share rise from 14.2 percent last year to 19.9 percent this year, most of Apple's tablet rivals are struggling.

Samsung is mired in global legal battles with Apple over patent infringement claims, HP discontinued production of its TouchPad after just seven weeks and RIM shipped only 200,000 PlayBooks last quarter, when Apple sold 9.25 million iPads.

Levy and other analysts said they expect Amazon to significantly undercut Apple on price. Apple's cheapest iPad sells for \$499 but Levy said an Amazon tablet could start at around \$250.

"Since Amazon is in the business of moving content and not hardware, I expect its tablet to be very aggressively priced," he said. "An artificially low price point would also put pressure on Apple -- something no competitor has been able to do thus far."

Citi analyst Mark Mahaney said a recent survey indicates that tablet buyers are very price-conscious.

"Pricing remains a critical factor, and \$200-\$300 is an important range to draw new buyers into the [tablet market](#)," Mahaney said in a research note.

"Amazon faces a significantly large tablet opportunity given its history with being price competitive, ability to enjoy very low distribution costs (vs. other tablet brands), and its ability to integrate top consumer-preferred activities on tablets," the Citi analyst said.

Forrester is predicting that Amazon could sell 3-5 million tablets in the fourth quarter alone with a device priced under \$300.

Like with the 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.

"Over the past few years, Amazon's customers have gotten used to one-click purchases of books and other published content via the Kindle," Levy said.

"(Amazon's) goal is to drive as much business as possible to and through its online retail presence," he said. "Amazon doesn't need to maximize its profits on every [tablet](#) sold."

"It'll take thinner margins -- or even per-unit losses -- if that means

getting as many Amazon tablets into consumers' hands before the all-important Christmas shopping season," the analyst said.

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