

Amazon may be planning smartphone: Citi analysts

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Members of the media cover the launch of the new Amazon tablet, the Kindle Fire, in September 2011 in New York City. Amazon, which began shipping a tablet computer this week, may be eyeing the smartphone market.

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Citigroup said in a research note published on Thursday that it believes the Seattle-based online retail giant plans to launch a smartphone next year.

"Based on our supply chain channel checks in Asia led by Kevin Chang, Citi's Taipei-based hardware research analyst, we believe an Amazon Smartphone will be launched in 4Q12," Citigroup analyst Mark Mahaney said.

"We believe (Foxconn) is now jointly developing the phone with Amazon," Mahaney said, and it will be manufactured by Hon Hai's TMS business group, which makes Amazon's Kindle [electronic book reader](#) and Kindle Fire tablet.

The Citigroup analysts said they believe the Amazon smartphone will use an OMAP 4 processor from Texas Instruments and would cost Amazon around \$150 to \$170 to make.

"With the clear success of the Kindle e-reader over the past three years, and Kindle Fire possibly succeeding in the low-priced [tablet market](#), we view this as the next logical step for Amazon," Mahaney said.

The Kindle Fire sells for \$199, less than half the cost of the cheapest [iPad](#) from Apple. According to Amazon, the Fire is already the "bestselling item across all of Amazon.com."

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