

US braces for holiday clash of tech giants

August 26 2012, by Rob Lever



People try products at the Apple store in Grand Central Terminal in July, in New York City. It's beginning to look a lot like a big season in the United States for mobile gadgets, with the still-rumored launch by Apple in September of a new iPhone, expected to ignite fresh growth in the smartphone market in the US and worldwide.

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Apple is also widely expected to unveil a new tablet computer that will be a smaller version of the hot-selling [iPad](#).

But other big tech firms are not sitting idle.

Microsoft is launching its new Surface tablet in late October, and will be pushing hard to sell Windows-powered smartphones. Google has already launched its own branded tablet and smartphone selling alongside other devices powered by its Android system from makers including Samsung.

And many analysts expect Amazon to unveil at least one updated model of its Kindle Fire [tablet computer](#) at a news conference September 6.

"This season is going to be exciting," said [Rob Enderle](#), a [technology analyst](#) and consultant with the Enderle Group.

"This is the first time Apple has faced competition on a number of critical fronts. And it's the first time competition is coming from Google directly."

Enderle said he expects Microsoft to spend \$1 billion on marketing for its new devices and its Windows 8 platform.

"So the conflict in the fourth quarter is going to be legendary," Enderle said.

"And it's an election year, so we are going to be awash in ads for voting and ads for buying."



Microsoft's new tablet Surface is displayed during a press conference in June, in Hollywood, California. It's beginning to look a lot like a big season in the United States for mobile gadgets, with the still-rumored launch by Apple in September of a new iPhone, expected to ignite fresh growth in the smartphone market in the US and worldwide.

US consumers appear to be ready to shop.

The [Consumer Electronics Association](#) projects record sales of electronics of \$206 billion this year, the first time above the \$200 billion mark.

Tablet sales alone are expected to reach \$29.1 billion, up 83 percent, the association said.

"Tablets are the fastest-growing product category in the history of the [consumer electronics industry](#), and sales will continue to increase as

more products hit the market," said Steve Koenig, CEA's director of industry analysis.

US smartphone sales will total \$33.7 billion in 2012, for more than 108 million units, according to the group.

Analyst Colin Gillis at BGC Partners said he sees "feverish" anticipation for the new [iPhone](#), and predicts Apple will sell 10 million of the new phones at the launch and 14 million iPads in the fourth quarter.

Ramon Llamas, an analyst with research firm IDC, said Apple remains the company to watch in the mobile sector because of its rabid customer loyalty and ability to command premium prices.

"Every year when the iPhone is released it should become a national holiday because of all the hype, all the long lines," he said.

But he said there is strong potential for growth from the new Windows-powered phones expected from Nokia and others.

"I don't think the platform has been widely evangelized, but I like it," he said.

Sarah Rotman Epps at Forrester Research said Microsoft has been losing ground by being late to the party, and will cede more customers with its relatively late release of Windows 8 on October 26.

"Every day Windows 8 is not in the market, Microsoft is losing opportunity with consumers," she said.



File picture shows a Amazon Kindle Fire tablet. It's beginning to look a lot like a big season in the United States for mobile gadgets, with the still-rumored launch by Apple in September of a new iPhone, expected to ignite fresh growth in the smartphone market in the US and worldwide.

She noted that at the start of 2011, Windows was the preferred operating system for consumers but that has slipped as Google's Android and Apple's iOS dominate the market for mobile devices.

"Microsoft is rapidly losing mindshare among consumers, but once it hits the market, we do think it will gain traction," she said.

Jack Gold of the consultancy J. Gold Associates said Samsung, the biggest maker of Android phones also expected to launch Windows-based devices, "is going to continue to be the market leader in smartphones" because of its "huge momentum."

Gold said the new competitive landscape may be good for consumers, possibly bringing down prices.

"I think there is going to be tremendous pressure on Apple to lower their prices," he said.

"Apple has the high end of the market but that only works when they have a huge advantage."

One problem for Apple is that rivals such as Google and Amazon are subsidizing their devices to drive consumers to their content—books, music, film and shopping.

Some analysts say the \$200 Kindle Fire and [Google](#) Nexus tablets are sold at a loss.

"Apple will have to respond," Gold said.

Notably absent in the final months of the year will be BlackBerry maker Research in Motion, which delayed its new platform expected to challenge the market leaders until early 2013.

Gold said that "it's never good to be three or six months late," although the delay may mean "they won't have to compete with everyone else and can get visibility."

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