

Samsung starts US sales of Galaxy Note 10.1

August 15 2012, by YOUKYUNG LEE



In this Aug. 14, 2012 photo, Samsung's new Galaxy Note 10.1 tablet is demonstrated in New York. Samsung Electronics Co. will start selling the new tablet in the U.S. Thursday, Aug. 16, 2012, in its latest effort to compete with Apple's dominant iPad. (AP Photo/Mark Lennihan)

Samsung Electronics Co. is taking another shot at the dominance of Apple's iPad with a tablet equipped with a digital pen and a faster processor at the same price tag.

The Wi-Fi only version of the Galaxy Note 10.1 will go on sale in the U.S. on Thursday. The price starts at \$499 for the basic model with 16 gigabytes of storage and \$549 for the 32-gigabyte model, expandable with an external memory card.

Apple's latest iPad starts at the same price but the Note 10.1 offers some features that the iPad doesn't have, while its screen resolution is lower

than the iPad's. It is Samsung's first Android tablet equipped with a digital pen and can run two applications side-by-side on a screen divided in half.

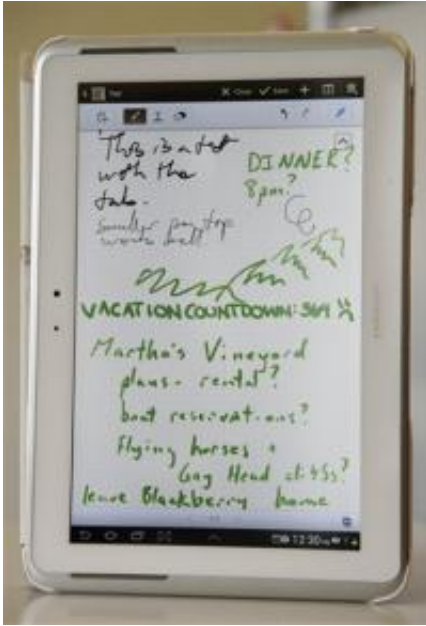
The split screen, made possible by the quad-core processor and 2 gigabytes of RAM, can be useful when taking notes while watching a video or surfing the Internet.

Analysts said this capability of the Note tablet is intended to attract business and education customers, a strategy that could be more effective than going all out against the iPad, which already dominates nearly 70 percent of the worldwide tablet market.

[Review: Samsung tablet takes aim at iPad with pen](#)

Samsung released about a half dozen Android tablets in the last two years under the Galaxy Tab series but none of them has been as popular as the iPad. Analysts say Android tablets are less successful because of a dearth of applications and higher prices.

But with the Note 10.1, the South Korean company believes it has a product that will find favor with corporations and schools despite the iPad's rich pool of applications and sharper screen.



In this Aug. 14, 2012 photo, words are written on Samsung's new Galaxy Note 10.1 tablet in New York. Samsung Electronics Co. will start selling the new tablet in the U.S. Thursday, Aug. 16, 2012, in its latest effort to compete with Apple's dominant iPad. (AP Photo/Mark Lennihan)

While Apple makes one new model for the iPhone and iPad every year to meet demand from all around the world, Samsung releases multiple mobile products with variations in prices, screen sizes, hardware and operating systems.

This strategy helped Samsung edge pass Apple in smartphone sales but hasn't paid off in the tablet area, probably because Samsung's previous tablets were not differentiated enough from the iPad. Samsung's second-quarter market share in the global tablet market fell to 9 percent, while nearly seven out of 10 tablets in the market were emblazoned with Apple logo, according to IHS iSuppli.

Analysts say they see how multitasking, the note-taking feature and other

tasks that can be done with the digital pen can help differentiate the Galaxy Note 10.1 from the iPad, something that may grab the attention of professional artists, educators and businesses if these features are executed smoothly.

"I think the video on the left and note-taking on the right half of the screen can be widely used for educational purposes," said Lee Sei-cheol, a technology analyst at Meritz Securities.

Samsung has improved the pressure-sensitive pen to make it feel more natural and accurate since the "S Pen" digital pen was first introduced with the Galaxy Note last year. The unexpected success of the 5.3-inch hybrid of a smartphone and a tablet emboldened Samsung to further explore the digital pen features.



An artist uses the Samsung Galaxy Note to draw a Batman figure at a news conference, Wednesday, Aug. 15, 2012 in New York. Available in the U.S. starting Thursday, the \$499 tablet comes with a pen, or more precisely, a stylus.

The Galaxy Note shows that the pressure is building on the iPad, and Apple will have to work if it wants to maintain its lead. (AP Photo/Mark Lennihan)

There are also some 30 applications for sketching and note taking as well as Adobe Photoshop Touch and games where S Pen comes in handier than touching the screen. Samsung plans to expand the list of applications that support multitasking, which is currently limited to six, an official said.

Other features indicate that Samsung developed the products with the education and corporate markets in sight. The updated S Note app can recognize handwritten math formula, geometric shapes, English alphabets and Chinese characters, allowing the digital pen to function as an input device in the absence of a physical keyboard.

"The S Pen offers both active content creation as well as passive content consumption," President of Samsung Electronics America Tim Baxter said in a statement.

In South Korea, Samsung has already started going after enterprise clients and schools with the Galaxy Note 10.1 and the company has not released the product for consumers.

Samsung Life Insurance and its affiliated insurance company Samsung Fire & Marine Insurance began handing out the Note 10.1 for sales people who are ditching large stacks of paper for the tablet.

Samsung also said it will donate nearly 600 Note tablets to eight South Korean schools for educational use. South Korea is rolling out a \$2 billion project to replace paper books with digital texts.

Worldwide market share for tablet systems

Apple's iPad and the iOS system running it dominate the market for tablet computers despite growing competition, according to Gartner. On Thursday, Samsung Electronics Co. will make its latest challenge with the Galaxy Note 10.1, running Google's Android system.

Here are Gartner's figures for worldwide unit sales and market share for tablet computers in 2011 and projections for 2012.

The figures are broken down by operating system. Android includes modified versions used in Amazon.com Inc.'s Kindle Fire and Barnes & Noble Inc.'s Nook Tablet. Tablets based on Windows will come out later this year with the Oct. 26 release of Windows 8. The report came out before Research in Motion Ltd. announced yet-another delay in its new BlackBerry 10 operating system, which could affect sales for 2012.

iOS (Apple Inc.'s iPad) — 40 million units, 66.6 percent share in 2011; projected 73 million units, 61.4 percent share in 2012

Android (Google Inc.) — 17.3 million units, 28.8 percent share in 2011; projected 37.9 million units, 31.9 percent share in 2012

Windows (Microsoft Corp.) — none in 2011; projected 4.9 million units, 4.1 percent share in 2012.

QNX/BlackBerry (Research in Motion Ltd.) — 807,000 units, 1.3 percent share in 2011; projected 2.6 million units, 2.2 percent share in 2012.

Other — 1.9 million units, 3.2 percent share in 2011; projected 510,000 units, 0.4 percent share in 2012.

Top 5 makers of tablets, led by Apple; Samsung 2nd

On Thursday, Samsung Electronics Co. will start selling the Galaxy Note 10.1 in the U.S. in its latest effort to compete with Apple's dominant iPad. The Note will have a digital pen and a faster processor at the same price tag as the iPad.

Apple had extended its dominance in tablet computers in the second quarter, shipping nearly seven out of every 10 tablets, according to research firm IHS iSuppli. A new model came out a few weeks before the April-June quarter began. Google's challenger, the Nexus 7, didn't start shipping until the third quarter. Sales of the Note will also be reflected in the third quarter.

Apple's 69.6 percent share in the April-June quarter is up from about 58 percent in the first quarter. It's the highest since the first quarter of last year, when Apple had 70 percent in a market with fewer competitors then.

Here are the top five manufacturers of tablets in the second quarter, as released by IHS iSuppli on Tuesday:

Apple Inc., maker of the iPad, 17 million shipped worldwide, 69.6 percent share

Samsung Electronics Co., maker of Galaxy line, 2.3 million, 9.2 percent.

Amazon.com Inc., maker of Kindle Fire, 1 million, 4.2 percent

AsusTek Computer Inc., maker of Transformer line, 688,000, 2.8 percent

Barnes & Noble Inc., maker of Nook Tablet, 459,000, 1.9 percent

Other, 3 million, 12.3 percent

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