

Will Apple go for 'kill' with iPad Mini?

October 22 2012, by Glenn Chapman

Just weeks after its momentous launch of the iPhone 5, Apple is back with what is expected to be another hot gadget— a "mini" version of its market-leading iPad tablet.

[Apple](#) sent out invitations for an event Tuesday in San Jose, California, keeping details under wraps as it normally does, saying only: "We've got a little more to show you."

Reports have been swirling for months about the "iPad Mini," but Apple has made no comment.

But blogs which closely monitor Apple say the new [tablet](#) could be priced from \$249 to \$399, which could pressure [rivals](#) such as the [Amazon Kindle](#) Fire.

The event comes a little over a month after Apple released the [iPhone 5](#), the latest model of its iconic smartphone, which was greeted with record sales.

The October 23 gathering is three days ahead of the release of Microsoft's new Surface tablet and two days before Apple reports [quarterly earnings](#).

The [Wall Street Journal](#) has reported that Apple has begun production of 10 million of the new iPads. Some reports say it may be available November 2.

Analysts say Apple is virtually guaranteed a hit on release, but that the long-term outlook is less clear.

"For Apple, given its well-oiled product marketing machine, 10 million is not a surprise," said Roger Kay, a consultant and analyst with Endpoint Technologies Associates.

"They will also likely take some of the wind out of the [sails](#) of the others like Amazon."

But Kay said that although Apple essentially created the tablet market with the 10-inch iPad, it is making a "defensive" move with the new device, expected to have a screen of 7.85 inches (20 centimeters).

He said it is not clear if Apple will be dominant in that segment of the market, which has established products from Amazon, Samsung and others.

"Apple wouldn't have gone into this if others hadn't," he said.

"The bar has been set by Amazon. Even though the Kindle is not the same kind of device, it does what it does very well."

The Kindle Fire proved popular last year, and a new version was launched last month. Meanwhile the small-format Google Nexus 7 joined the Samsung Galaxy in the seven-inch [tablet market](#).

Also in the mix will be Microsoft's Surface—a late entry in the market—which has a 10.6-inch screen and starts at \$499, challenging the larger-format [iPads](#).

With Kindles selling from \$199, Apple will be forced to keep its price low for its new model and "will not have its normal profit margin," said

Kay. And some blogs say Google may sell a tablet as low as \$99.

Analyst Shaw Wu at Sterne Agee said the iPad Mini "is the competition's worst nightmare" but that sales will depend on how Apple prices the device.

"We do not believe Apple needs to price as low as \$199 to match Google's Nexus 7 and Amazon's Kindle Fire HD but believe a price point of \$299 or \$349 makes sense," he said.

"The key question is whether Apple decides to price in-line with its margin model, or does it get aggressive to 'go for the kill' against competitors?"

Ben Reitzes at Barclays said the Mini may erode some sales of the larger iPad but will grow the market.

"We believe a smaller iPad could be useful in promoting Apple's agenda in education with e-textbooks," he said.

"Also, the form factor could make more sense for gaming."

Jack Gold, analyst with J. Gold Associates, said Apple needs to get into the small tablet segment to maintain its leadership.

"There is a perception in the marketplace that Apple has lost some of its innovation capability, and if they can come out with an iPad Mini that is groundbreaking, which will be hard to do, they can get some of that aura back," Gold said.

Gold said Apple will have to wow consumers with the new device to protect its turf.

"Apple is a premium brand and they want you to pay a premium price," he said. "The only way to sustain that is to offer what the others don't."

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