

Samsung kicks off battle for holiday spending (Update)

September 3 2014, by Frank Jordans



DJ Lee, Executive Vice President of Samsung, presents a Samsung Galaxy Note 4 during his keynote at an unpacked event of Samsung ahead of the consumer electronic fair IFA in Berlin, Wednesday, Sept. 3, 2014. (AP Photo/Markus Schreiber)

Samsung unveiled two smartphones and a virtual-reality headset Wednesday in a bid to draw consumer attention before its fierce rival, Apple, announces its holiday lineup next week.

Samsung, whose phones have gotten progressively larger each year, has decided that bigger isn't better this time. Instead, Samsung's Galaxy Note 4 retains the 5.7-inch screen of last year's model, but adds a speedier processor, a better screen, better cameras and software to fit more people into selfies.

The announcement at the IFA trade show in Berlin comes as Samsung's smartphone sales fell 4 percent in the second quarter, compared with a year ago, even though it launched the Galaxy S5 in April. According to IDC, Samsung's share of the global smartphone market fell 7 percentage points to 25 percent.

"Samsung needs the Galaxy Note 4 to be a hit," said Ben Wood, chief of research at CCS Insight. "It has to make up some of the ground it lost as a result of the relatively poor reception to the all-plastic Galaxy S5."

Wood said the new metal-based design of the Note 4 could offer the kind of premium look and feel that Samsung needs to compete with Apple's much-anticipated iPhone 6.

Apple's iPhone 6 is widely expected to have a 4.7-inch screen, up from the current 4 inches, to make it more competitive with larger smartphones made by Samsung and other companies. There has been speculation that Apple may also unveil an iPhone with a 5.5-inch screen, putting it in competition with the Note 4.

A computerized wristwatch might come from Apple, too, competing with Samsung's own smartwatches.

Besides the Note 4, Samsung unveiled the Galaxy Note Edge with a side display for quick access to the camera controls, news and frequently used apps.

Ian Fogg, an analyst who follows the mobile industry at IHS in London, said the side display distinguishes Samsung's phone from others, but Samsung will need to persuade app developers to take advantage of it.



The Galaxy Note Edge

Samsung's earlier attempt to introduce finger levitation, allowing users to hover their fingers over a device and not touch the screen, didn't take off. Developers didn't build the technology into their apps.

But some of those who got their hands on the Edge at the IFA show were enthusiastic.

"Users often don't know what they want until they see it, and I think this will be one of those features," said Martin Gicheru, managing editor of Techweez, a technology news site based in Nairobi, Kenya.

Alongside its new phones, Samsung launched an eye-catching virtual-reality headset called Gear VR. It uses sensors to gauge the head's position, giving people an immersive experience with concerts, aerial footage and games.



The curved display of a Samsung Galaxy Note edge is pictured during an 'Unpacked event' at the IFA, one of the world's largest trade fairs for consumer electronics and electrical home appliances in Berlin, Germany, Wednesday, Sept. 3, 2014. The IFA takes place in Berlin from Sept. 5 until Sept. 10, 2014. (AP Photo/Michael Sohn)

But video and other content will need to be developed. Some content partnerships were announced Wednesday, and Samsung says more will come by the time the device goes on sale. NextVR of Laguna Beach, California, plans to offer live sports and music events through the Samsung device. NextVR already works with other virtual-reality headset makers.



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The Gear VR requires a Note 4 to work, limiting its appeal for anyone who doesn't want to buy a new phone. But its modest price of \$200 makes it an attractive add-on for those already planning to splash out on the latest Samsung phone. Prices for the phones weren't announced, but

the Note 4 will probably be in the range of \$700 and the Edge will likely be even more.

All three products are due for release in October—in time for holiday shopping. Apple's new phones are likely to come out sooner.



English television presenter Rachel Riley shows a virtual-reality headset called Gear VR, during an unpacked event of Samsung ahead of the consumer electronic fair IFA in Berlin, Wednesday, Sept. 3, 2014. (AP Photo/Markus Schreiber)

Even as Samsung unveiled its phones, tech analysts at Gartner predicted that iPhones will be the "must-have" gadget of the holidays.

"There's no question that's going to be the new device that will drive existing upgrades," Gartner analyst Hugues J. De La Vergne said.

He said there has been pent-up demand for larger iPhones, and Apple looks to be delivering on that, negating a major advantage that Android phones have had.

Besides facing that challenge from Apple, Samsung also has been losing ground to upstart Chinese manufacturers after several years of headlong growth, according to IDC.



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Speculation is also rife that Apple will launch a smartwatch in time for the holidays. In just a year, Samsung is on its fifth smartwatch with the announcement of its Galaxy Gear S last week. Unlike past watches, this

one has 3G cellular connectivity and can do more without a companion smartphone nearby.

Wood, of CSS Insight, said Samsung's rapid roll-out of new products underlined the ever-quickenning pace of the mobile devices space.

"Samsung (has) to anticipate Apple's every move while looking over its shoulder at the ever-present threat from Chinese manufacturers," he said.



The display of a Samsung Gear S smart watch is pictured during an 'Unpacked event' at the IFA, one of the world's largest trade fairs for consumer electronics and electrical home appliances in Berlin, Germany, Wednesday, Sept. 3, 2014. The IFA takes place in Berlin from Sept. 5 until Sept. 10, 2014. (AP

Photo/Michael Sohn)

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