Report: Tablet Market Losing out to Wearables, Larger Smartphones

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Research firm IDC thinks Google's Glass, Samsung's Galaxy Gear and Apple's rumored iWatch are set to cut into the tablet market.

In a statement Thursday, IDC noted that that tablets will face growing competition from larger smartphones and the prospect of new categories such as wearable devices that will divert consumer spending.

IDC lowered its tablet forecast for 2013 and beyond. The company now expects worldwide tablet shipments to reach 227.4 million units in 2013, down from a previous forecast of 229.3 million but still 57.7 percent above 2012 shipments.

Despite the slight reduction for this year, IDC maintains still expects global shipments of tablets to hit 407 million by 2017.

Tom Mainelli, research director of tablets for IDC said in a statement that after a lower than anticipated second quarter, hampered by a lack of major product announcements, the second half of the year is critical for makers of slates.

"We expect average selling prices to continue to compress as more mainstream vendors utilize low-cost components to better compete with the whitebox tablet vendors that continue to enjoy widespread traction in the market despite typically offering lower-quality products and poorer customer experiences," Mainelli said.

IDC also noted that it expects shipments to slow in mature markets, which have typically driven growth in the space. growth to begin to slow in these markets. As a result, IDC now expects the mature market (comprised of North America, Western Europe, and Japan) to shrink from 60.8 percent of the worldwide market in 2012 to 49 percent by 2017.

"Year-on-year growth is beginning to slow as the tablet market approaches early stages of maturity," said Jitesh Ubrani, research analyst for IDC. "Much of the long-term growth will be driven by countries like China where projected growth rates will be consistently higher than the worldwide average."

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