Report: Phablets May Gouge Small Tablet Sales

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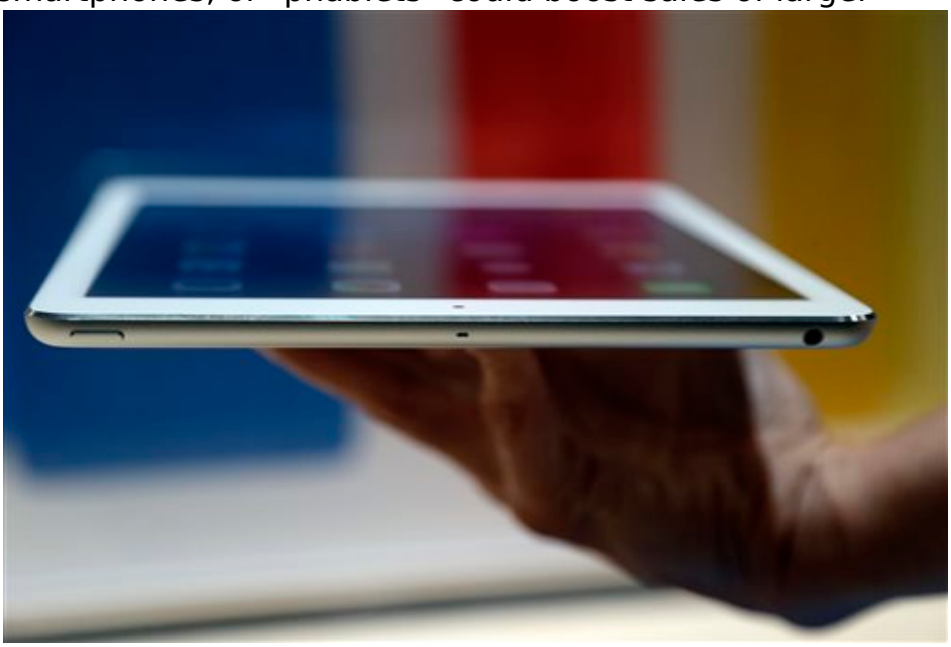
The trend towards larger smartphones, or "phablets" could boost sales of larger tablets, according to IDC.



IDC notes that the market has trended toward small tablets over the last 24 months, but the rise of large phones could well push consumers back toward larger tablets, noting that "the difference between a 6-inch smartphone and a 7-inch tablet isn't great enough to warrant purchasing both."

Apple's launch of the iPad Air could drive the market back toward larger screens, presuming consumers are willing to pay the higher costs associated with bigger screens.

"In some markets consumers are already making the choice to buy a large smartphone rather than buying a small tablet, and as a result we've lowered our long-term forecast," said Tom Mainelli, research director, tablets, for IDC. "Meanwhile, in mature markets like the U.S. where tablets have been shipping in large volumes since 2010 and are already well established, we're less concerned about big phones cannibalizing shipments and more worried about market saturation."

IDC lowered its forecast for worldwide tablet shipments to 221.3 million units in 2013. That's down slightly from a previous forecast of 227.4 million but still 53.5 percent above 2012 levels.

By 2017, annual market growth is expected to slow to single-digit percentages and shipments will peak at 386.3 million units, down from the previous forecast of 407 million units.

Windows-based tablets are not expected to steal share from tablets running iOS and Android until the latter part of the forecast.

"For months, Microsoft and Intel have been promising more affordable Windows tablets and 2-in-1 devices," said Jitesh Ubrani, research analyst for IDC. "This holiday season, we expect a huge push for these devices as both companies flex their marketing muscles; however we still don't expect them to gain much traction. We're already halfway through the holiday quarter, and though there have been some relatively high-profile launches from the likes of Dell, HP, and Lenovo, we've yet to see widespread availability of these devices, making it difficult for Windows to gain share during this crucial period."

Tablet OS Market Share, 2012 - 2017

Tablet OS	2012 Market Share	2013 Market Share*	2017 Market Share*
Android	52.0%	60.8%	58.8%
iOS	45.6%	35.0%	30.6%
Windows	0.9%	3.4%	10.2%
Other	1.4%	0.8%	0.4%
Grand Total	**100.0%**	**100.0%**	**100.0%**

Source: IDC Worldwide Quarterly Tablet Tracker, December 2013

* Forecast

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