

European pad adoption lags behind other regions

➤ Worldwide pad shipments more than tripled year-on-year in Q1 2012

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Market analyst firm Canalys reported today that global pad shipments more than tripled year-on-year in Q1 2012. Vendors shipped 20.3 million pads, representing 19% of all client PC shipments in the quarter. A year ago pads accounted for just 7% of PC shipments. Adoption rates, however, vary significantly across regions, shaped by differing economic conditions and the resultant influence on consumer spending, as well as the availability of popular content through local app stores.

North America remained the largest region by shipment volume (almost half of the global total), with pads representing 36% of PCs shipped in the region. Asia Pacific was the second largest, rising 232% year-on-year to exceed 5 million units. But shipments in EMEA (Europe, Middle East and Africa) of 4.7 million in Q1, and year-on-year growth of only 180%, mean the region is lagging behind.

‘The challenging economic conditions in Europe are affecting the market. The austerity measures taken by governments to address public debt are resulting in low economic growth rates, limited job creation and pressure on disposable income at a time when households are also dealing with rising living costs,’ said Canalys Analyst, Tim Coulling. ‘Contrast this to booming economies in the Asia Pacific region and the rapid rise in middle income households, particularly in China. These present vendors with the greatest opportunities for growth.’

‘China is now the second largest market for pads, with shipments in Q1 six times what they were a year earlier,’ said Nicole Peng, Canalys Research Director, China. ‘Localization of content and app stores is particularly important for success here, which most foreign competitors have yet to achieve.’

Overall, 4 of the 10 largest markets for pads are in the Asia Pacific region. In addition to its growing economies, government-led school projects to give students pads to replace textbooks in India, and similar planned initiatives in South Korea and Thailand, will continue contributing to growth in the region.

Economic pressure in Europe is not the only factor for the lower rate of adoption in the EMEA region.

‘There are more than 750 million people in Europe. The population is twice the size of the US, but there are only half as many pads shipped,’ Coulling added. ‘Content availability is a key driver for pads. After TVs themselves, pads are now the most popular device for watching TV content. US users can choose from many content aggregation services, such as those offered by Netflix, Hulu, Xfinity, Apple, Google and Amazon. Having to negotiate digital rights across multiple countries, combined with the variety of languages and cultures, make it complicated and more costly to deliver similar services consistently across Europe.’

Canalys’ latest quarterly research shows Apple continuing to dominate the market, though the analyst firm estimates Apple had 58% share globally in Q1, down from 74% a year earlier.

‘During the quarter it launched the new iPad and lowered the price of the iPad 2. This boosted shipments after a record Q4 and increased pressure on competitors who are fighting on price. It also makes them more accessible to the education sector,’ said Canalys Research Analyst, Michael Kauh. ‘Apple’s performance in the Asia Pacific region is of particular note, with shipments growing 252% even though the new iPad shipped earlier in North America and Europe.’

Canalys estimates Amazon remained in second place with 10% share, although all its shipments were in North America.

‘Amazon’s rise in the pad space is testament to the need for a compelling content proposition. You cannot succeed by focusing on device specifications alone,’ Kauh added. Samsung was the third biggest pad vendor in the quarter, but given the size of its portfolio, it has been underperforming. ‘It tries to position its pads in the same price bracket as Apple, but its lack of content means the products are often overlooked by consumers,’ Kauh said.

Canalys’ research puts Asus in fourth place, followed by Lenovo, RIM and Acer.

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