Amazon To Release Tablet Wednesday

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NEW YORK (AP) — So far, no company has been able to even come close to rival the success of Apple's iPad, but with the expected unveiling of its version of a tablet computer Wednesday, analysts say Amazon has a real chance.

Amazon.com Inc. is nearly unique in its ability to sell content such as e-books, movies and music suited for a tablet, just like Apple does. In addition, the "Kindle" tablet could be a reminder, right in the owner's hands, to buy general merchandise from Amazon. Running out of toilet paper? Just add it to your Amazon shopping cart.

"In essence, the Kindle is a Trojan horse for Amazon's retail and media brands," said Morgan Keegan analyst Justin Patterson.

Seattle-based Amazon hasn't confirmed that it's launching a tablet, but it's holding an event in New York on Wednesday morning, with its CEO Jeff Bezos speaking.

With the iPad, Apple has created a whole new product category of tablet computers. Many have tried to copy its success, but so far, the iPad is the only really successful product. Apple sold 28.7 million of them from April 2010 to June 2011. Analysts at research firm Gartner Inc. expect the iPad to account for three out of four tablet sales this year.

Analysts believe Amazon's new tablet will come in two sizes: one with a screen that's 7 inches (18 centimeters) on the diagonal, a bit larger than the Kindle e-reader, and one that's 10 inches (25 centimeters), slightly bigger than the iPad.

They also expect Amazon to subsidize the cost of the tablet, on the expectation that it will make the money back when owners buy things through the tablet. That might allow the company to undercut Apple on price, something other manufacturers have had a hard time doing. Apple's profit margin on the iPad, which starts at $499, is lower than it is for many of its other products, particularly the iPhone.

"Amazon's willingness to sell hardware at a loss, combined with the strength of its brand, content, cloud infrastructure, and commerce assets, makes it the only credible iPad competitor in the market," wrote Forrester analyst Sarah Rotman Epps.

Epps believes Amazon can sell 3 million to 5 million tablets in the fourth quarter. That compares with Apple selling 9.3 million iPads in the April to June period.

Shawn Milne, an analyst with Janney Capital Markets, expects Amazon to charge $250 for its tablet, "especially if it's wrapped with one-year free membership" to its express shipping service, the $79-per-year Prime, and strong video and other content. He expects Amazon to sell 2 million to 3 million units before a "beefed up"

version with a larger screen likely becomes available in the first quarter.

Two other companies are treading the same path as Amazon, but they don't have quite Amazon's heft. One is Barnes & Noble Inc., which launched a "Nook Color" e-reader last year that's nearly indistinguishable from a small tablet. It has a color screen, runs a version of Google Inc.'s Android operating system and accepts third-party apps. It's also modestly priced at $250. Yet Barnes & Noble sees it first and foremost as an e-reader, not as a springboard into competition with a full-blown tablet like the iPad.

Sony Corp.'s first iPad-style tablet, which started shipping two weeks ago, is linked to the company's online movie and music stores. It's set up to capitalize on Sony's library of PlayStation games as well, but so far, only plays a few of them. However, Sony doesn't come close to matching the breadth of content in Apple's iTunes store.

This year, Amazon started streaming movies for no extra charge to customers who've signed up for its Prime premium shipping program. On Monday, it added TV shows and movies from News Corp.'s 20th Century Fox studio, bringing the total number of streaming titles to 11,000 titles. That's about half of what Netflix's streaming library has.

Analysts also see Amazon as a possible bidder for Hulu, the TV-streaming website.

The question is: What unique features can Amazon bundle into its tablet that might compel consumers to choose it over an iPad? There's not that much an Amazon tablet could do that the iPad can't. The iPad can be used to read books from Amazon and Barnes & Noble, even if Apple's restrictions now make it harder to buy books directly from these stores. It can be used for general shopping from Amazon. The iPad plays movies and TV shows from Netflix and Hulu, and has access to tens of thousands of applications and games in the App Store.

On the application side, the Amazon tablet will start out at a big disadvantage, just like all the other iPad competitors. It might be able to run tablet apps from Google's marketplace, but both the selection and quality is lower than in Apple's store.

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