

## China's Netbook Market: Not as Big as It Looks

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### Report Summary

China's blue-ocean netbook market offers the kind of high margins that no PC or CE vendor wants to miss.

The result, however, is intense competition between every player in the netbook value chain. Already, the x86-based platform is being threatened by ARM-based platforms.

Netbook market drivers are clear. Netbooks decrease costs for users, and PC vendors are all keen to profit in an emerging market. Operators are offering service packages to promote their newly launched data services and are providing subsidies that boost vendor profits. The steady increase in mobile Internet subscribers will drive sales of end-devices. Finally, netbooks provide a better mobile Internet experience than mobile phones.

However, the market is not as big as it seems for two main reasons. First, 3G network capacity for data access remains limited. Second, Intel wants to limit market development in order to protect its notebook market. It has also launched its latest ultra-low voltage (ULV) platform, which will further squeeze the netbook market space. For these reasons, future market trends remain unclear for each player. The result may be that the netbook ends up being a transitional product.

To better understand China's netbook market, In-Stat interviewed specialists from several parts of the industry, including operators, netbook vendors, chipset vendors, OEM vendors, and national agencies. Based on this research, the report first outlines the current status of the Chinese netbook market. It also discusses the development of the 3G market and operator plans for 3G services, and analyzes each part of the netbook value chain and its key players. Finally, it provides netbook shipment forecasts based on an analysis of the current market drivers and barriers.

### HIGHLIGHTS

- According to Intel forecasts, the netbooks market will eventually account for 15%–20% of the total laptop market.
- In-Stat estimates that TD-SCDMA subscribers will number less than five million by 2011, indicating limited space for end-device market growth.
- Operators will decrease netbook subsidies gradually.
- A total of 2.46 million netbooks will be shipped in China this year, more than half via telco channels.

For more information or to purchase, see the [report online](#) or call 1.480.483.4441.

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