Google Challenges Kindle Fire With New Tablet

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Google unveiled its attempt to catch up to Apple and Amazon in the growing market for tablet computers. It also provided a titillating glimpse at its vision of a digital future through the mind-boggling lens of internet-connected glasses. The debut of a long-anticipated tablet computer bearing Google's brand and equipped with its latest operating software kicked off an annual conference for about 6,000 computer programmers.

Although the tablet drew plenty of applause, the biggest crowd-pleasing moment came near the end of a nearly two-hour performance Wednesday when Google conjured a scene worthy of a *Mission Impossible* movie. After Google co-founder Sergey Brin trotted on stage during the middle of a presentation, he cut away to a live video feed showing a group of skydivers the company hired to jump out of a blimp hovering about 7,000 feet above downtown San Francisco. The skydivers were wearing a pair of internet-connected glasses that allowed the audience inside to see what the skydivers were seeing as they parachuted on to the roof of the building where the conference was being held.

The glasses are still a work in progress, although Google gave U.S. programmers attending the conference a chance to order a $1,500 prototype that they can start experimenting with early next year. The Google-branded tablet, called the Nexus 7, will start shipping next month in a direct challenge to Amazon's Kindle Fire. The tablet also could appeal to consumers looking for a less expensive, less sophisticated alternative to Apple Inc.'s iPad. The Nexus 7 is designed specifically for Google Play, an online store that sells movies, music, books, apps and other content. That mirrors Amazon's strategy with the Kindle Fire, although Amazon's strength in online retailing has seeded its store with a more extensive selection than Google Play. Amazon declined comment.

The size and price of the Nexus 7 also matches the Kindle Fire. Both have 7" screens and sell for $199. The Nexus 7 is slightly lighter at about 0.75 pounds, compared with the Kindle Fire's 0.9 pounds. By contrast, the iPad's screen measures nearly 10" diagonally and weighs 1.44 pounds. Apple sells its latest models for $499 and up, though an older version is available for $399. Customers can start ordering the Nexus 7 through Google on Wednesday, initially in the U.S., Canada and Australia. The device won't ship until mid-July.

Google's announcement that it's putting its brand on a tablet comes a week after Microsoft Corp. did the same thing. Both moves risk alienating Google's and Microsoft's hardware partners. Those companies, in turn, could be less inclined to work closely with Google and Microsoft. The Nexus 7's price looks like a relative

bargain, given that it boasts more features than the Kindle, including a front-facing camera with 1.2 megapixels. The Kindle is believed to be a roughly break-even product for Amazon at $199. Samsung Electronics Co. sells a tablet similar to Google's for $250.

Andrew Rassweiler, an analyst with IHS iSuppli, said he suspects Google will be selling the Nexus 7 at a loss. Google has previously put its own brand on a flagship line of "Nexus" smartphones, but that market is more mature than the tablet market, and there was less risk of Google alienating partners, particularly because it didn't price the phones lower than the norm. Much like the Nexus phones, the Nexus 7 tablet will be a showcase for a new version of Google's Android operating system — this one called Jelly Bean.

Although the tablet carries the Google brand, the machine will be made by AsusTek Computer Inc. Google recently expanded into the device-making business with its $12.5 billion purchase of Motorola Mobility, but the company has stressed that it intends to continue to rely on Asus and other manufacturers that have embraced Android. Jeff Orr, an analyst with ABI Research, said Microsoft's announcement of its Surface tablet last week and Google's Nexus 7 add up to a "troubling" situation for tablet makers such as Samsung Electronics Co., which makes the Galaxy line.

When a software-supplying partner turns around and puts out its own hardware product, "is that a partner or an enemy?" Orr asked. Orr also questioned whether Google's strategy of pricing the tablet low is really going to win it any fans in the long term. Apple, he noted, dominates the tablet market with a product that's expensive but works well. There are already other Android-powered tablets on the market, but none have proven nearly as popular as the iPad or Kindle Fire. That has raised worries at Google as more people rely on tablets to surf the internet.

For Google, advertising dollars are at stake. If Apple retains its dominance and other players such as Amazon and Microsoft gobble up the rest of the sales, they could set up their operating systems in ways that de-emphasize Google's search engine and other services. Apple develops its own system, while Amazon modifies Android for use in Kindles. Microsoft's will run on a new version of Windows. Apple already has announced that the next version of the iPad operating system will abandon Google's digital maps as the built-in navigation system. That shift could cause neighborhood merchants to spend less money advertising on Google.

The iPad currently has about 68 percent of the tablet market, according to Forrester Research. The research firm expects the increasing competition to whittle the iPad's share to 53 percent in 2016, with Android-powered tablets at about 30 percent and Windows tablets accounting for the remainder. Forrester predicted 760 million tablets will be in use by 2016. "Google's user base for music, books, and movies is not nearly as strong as Apple or Amazon, so it will take time to build a strong customer base for the Nexus 7", predicted Forrester analyst Frank Gillett.

He also said the Nexus 7 and other Android tablets are at a disadvantage because computer programmers still haven't built as many compelling applications for that platform as they have for the iPad.

In another expansion into consumer electronics, Google also announced a home entertainment device called Nexus Q that is similar to Apple TV, a small box that can stream music and movies over internet connections. The Nexus Q sends content from your personal collection or YouTube to your existing TV and speaker systems. You control it through a separate Android phone or tablet. The Nexus Q, which Google is calling the world's first "social streaming device," will be available in July in the U.S. initially and sell for $299. Apple TV currently sells for just $99. Other internet-streaming devices, such as the Roku, that connect to TVs sell for even less than that.

The glasses that Google demonstrated won't be cheap either, although Brin told reporters that the company plans to charge consumers significantly less than the $1,500 that developers had to pay for prototypes. The glasses, which Google is calling Project Glass, probably won't be released to the mass market until early 2014, Brin said. "It's not a commodity product," Brin said. "We view this as a premium sort of thing."

Google began developing the glasses in a secret research lab more than two years ago and announced what it was working on in April. Wednesday's presentation marked the first extended demonstration of how the glasses might work.

Also on Wednesday, Google unveiled a new search tool to help you get the right information at the right time on your mobile device. Called Google Now, the tool will be part of Jelly Bean, which will be available in mid-July. Some devices, including the Galaxy Nexus, will get the upgrade automatically over the air. With Google Now, if you say "traffic," for example, it will look at your usual commute to work and show you alternative routes if there's a lot of traffic. It will tell you the scores of your favorite sports teams automatically, and it will keep you up to date on flight statuses if you are flying somewhere.

The feature bears resemblance to the Siri virtual assistant on Apple's iPhone. Jelly Bean will also come with the ability to share photos by tapping two phones together.

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