

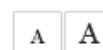
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December 16, 2011

Will RIM Dump its Unsold Tablets?

By Quentin Fottrell



In addition to its plummeting profits and sinking stock, BlackBerry maker Research In Motion is also sitting on a huge inventory of unsold tablets. Some analysts say a fire sale is inevitable.

Although the company hasn't officially discounted the device, RIM's PlayBook is selling on Amazon.com and other sites for 40% off its \$499 retail price. But even at a discount, experts say buyers should know the risks of getting gadgets with uncertain futures.

RIM [said its fiscal third-quarter earnings](#) plummeted a whopping 71%, mostly because shoppers have shunned its tablets. The company took a \$485 million charge related to unsold PlayBooks. RIM's stock price has also dropped by over 70% so far this year, putting further pressure on the company to boost profits – and sales.

So RIM may have little choice but to find a way to unload the remaining tablets, if demand doesn't pick up, says Rick Singer, CEO of marketing site GreatApps.com. "RIM will need to shift its unsold inventory. RIM is in a downward spiral and has been for some time," he says. Apple's iPad, Amazon's Kindle Fire and Barnes & Noble's Nook Tablet continue to dominate the tablet market, he says.

The company wouldn't comment on such a possibility, but during a call Thursday executives said that demand is expected to increase following the release of a new

operating system in February.

Though holiday shoppers might be tempted by the PlayBook, experts say it's main drawback even at the cheaper price is a much smaller library of apps compared to competitors. Apple currently has over 600,000 apps, Android has 325,000, but Blackberry offers just 51,000 apps, according to app aggregator site MobileWalla.com. "Everyone wants to be where the masses are and that's on Apple and Android," says Singer. "The Android market is really gaining steam."

[Electronic sales](#) are being driven by tablets and smartphones this holiday season, but Apple and Amazon are leading the race. "RIM is clearly not seeing the benefit," Singer says. Amazon's \$199 Kindle Fire costs less than 50% of the Playbook and iPad 2, which start at \$499, and has Wi-Fi, Flash video and access to Android apps and games — plus movies, books, songs and [other digital content](#) Amazon sells.

It may be too late for this version of the PlayBook, says Seth Rabinowitz, a partner at management consulting firm Silicon Associates. "I don't think the PlayBook even makes a good paperweight let alone a stocking stuffer, unless its a gift for your business-engineering-studying nephew as an example of what not to put on the market," he says.

