Overview

Executive Summary

Netbooks are highly-portable devices primarily designed to access email, browse the Web and utilize Web-based applications on the go. Consumers facing a down economy are looking for affordable Internet device solutions to maintain or enhance their mobile lifestyle. According to a recent PriceGrabber.com online survey, one in 10 online consumers has purchased a netbook. Furthermore, of those consumers that own a netbook, 91 percent own a laptop and 87 percent own a desktop. This shows that netbooks appeal to consumers as a complement to their laptop or desktop, not a replacement. Most netbook owners have all three form factors likely because each serves a distinct purpose.

Innovations in technology have had an impact on the netbook's success. In particular, Intel introduced the low-power Intel Atom processor in March 2008 that is used in most state-of-the-art netbooks. Additionally, with further innovation and price drops, the solid-state drive may be a popular replacement option for the hard disk drive. Forty-three percent of online users say they would consider purchasing a netbook with the higher performance solid-state drive option only if price drops considerably. The growing ubiquity of wireless Internet access will continue to shape consumer's dependence on and supplier's direction for mobile Internet devices.

What is the Consumer Behavior Report?

The Consumer Behavior Report is designed to give merchants, media, and industry analysts insight into shopping trends, purchasing behavior, product pricing and market share. Each month, a different topic will be the focus of the report.

What is the Netbook Trends and Solid-State Technology Forecast Report?

The *Netbook Trends and Solid-State Technology Forecast* report examines data sourced from 1,545 online respondents who completed the *Computer Accessories and Digital TV Transition* survey fielded from January 6, 2009 to January 14, 2009 and Market Reporter, a statistical database that tracks actual consumer shopping behavior on PriceGrabber.com, a major comparison shopping engine. PriceGrabber.com has more than 26 million unique users per month and up-to-date daily pricing of products supplied by more than 13,000 sellers. PriceGrabber.com also has a free shipping site http://FreeShipping.PriceGrabber.com/ to provide consumers with comparison shopping tools for evaluating free shipping offers on almost 6 million products from more than 1,000 retailers.

Netbook Trends and Solid-State Technology Forecast

In recent months, netbooks have become some of the most popular personal computing devices on PriceGrabber.com and this consumer product category continues to show widespread appeal. The small, low-cost personal computing form factor, now commonly referred to as a "netbook," is optimized for Internet usage on the go and serves a distinct purpose from laptops and desktops. PriceGrabber.com classifies netbooks as having a screen smaller than 11 inches, costing under $500, and employing a low-power processing chip. According to a recent PriceGrabber.com survey of 1,545 US online respondents, one in 10 online users has purchased a netbook.

The netbook industry continues to introduce innovative options, including: solid-state drives, touch screen capability, integrated 3G broadband wireless, larger screens and other stylistic enhancements to improve user experience. In part of this recent survey, PriceGrabber.com specifically asked users about their familiarity with and interest in performance-enhancing solid-state drives as they relate to this emerging netbook category.

Netbook Trends

The netbook is a highly-portable device primarily designed to access email, browse the Web and utilize Web-based applications on the go. Netbooks vary in weight and screen size typically ranging from seven to 11 inches and weighing between two and three pounds. These highly-portable devices are available at ultra-low price points. Netbooks have a wide range of light-weight operating systems, including Windows and Linux options. They rely heavily on the Internet for remote access to web-based applications due to limited local storage drive capacity – specifically in netbooks with the solid-state drive option (see Table 1). Hence the name "netbook," the device excels in web-based computing performance.

- **Tight economy drives popularity for low-cost netbooks.** The average price of the top 10 netbooks on PriceGrabber.com is $379 (see Table 1). This attractive price point is important to the 57 percent of consumers surveyed who indicated that they made a concerted effort to cut back financially in the past few months. As consumers face a down economy they see netbooks as an attractive, low-cost option to complement a portable lifestyle.

[Table 1] Top 10 Netbooks on PriceGrabber.com

Rank	Manufacturer	Top 10 Netbooks on PriceGrabber.com	Average Price	Launch Date	Drive Capacity
1	Acer	Aspire One 150-1126 Netbook	**$390**	Oct-08	160GB HDD
2	Lenovo	IdeaPad S10 Netbook	**$349**	Sep-08	80GB HDD
3	Hewlett-Packard	Mini 1000 Netbook - Customizable	**$357**	Nov-08	**8GB SSD**
4	Lenovo	IdeaPad S10 Netbook	**$349**	Sep-08	80GB HDD
5	Acer	Aspire ONE A150-1447 Netbook	**$377**	Sep-08	160GB HDD
6	Samsung	NC10-14GB Netbook	**$484**	Oct-08	160GB HDD
7	Acer	Aspire One 150-1672 Netbook	**$381**	Nov-08	160GB HDD
8	Acer	One AOA150-1570 Netbook	**$368**	Sep-08	120 GB HDD
9	Dell	Inspiron Mini 9 Netbook - Customizable	**$399**	Sep-08	**8GB SSD**
10	Asus	Eee PC 900HA Netbook	**$336**	Nov-08	160GB HDD

Source: PriceGrabber.com Market Reporter Database 2009
Top products ranked by merchant referrals from 1/05/09 through 1/18/09
Pricing based on an average monthly price of all bids for each netbook product
Launch date is based on first appearance on PriceGrabber.com
Drive capacity is measured in gigabytes of solid-state drive (SSD) and hard disk drive (HDD)

- **Nearly half, 48 percent, of the top 25 products in the laptop subcategory are netbooks.** Of the most popular laptops and netbooks, the majority of the netbooks listed below are manufactured by Acer (see Table 2).

**[Table 2] Top 25 Laptops and Netbooks on PriceGrabber.com**

Rank	Manufacturer	Top 25 Most Popular Laptops and Netbooks on PriceGrabber.com	Average Price
1	Apple	13.3" MacBook Notebook	$996
2	**Acer**	**Aspire One 150-1126 Netbook**	**$390**
3	Apple	15" MacBook Pro Notebook	$1,645
4	**Lenovo**	**IdeaPad S10 Netbook**	**$349**
5	Hewlett-Packard	Pavilion Dv4-1120us Notebook	$738
6	Apple	13.3" MacBook Notebook	$1,263
7	**Hewlett-Packard**	**Mini 1000 Netbook - Customizable**	**$357**
8	**Lenovo**	**IdeaPad S10 Netbook**	**$349**
9	Sony	VAIO VGN-FW230J/H Notebook	$813
10	Apple	13.3" MacBook Air Notebook	$1,326
11	**Acer**	**Aspire ONE A150-1447 Netbook**	**$377**
12	Apple	MacBook Pro Notebook	$2,378
13	**Samsung**	**NC10-14GB Netbook**	**$484**
14	Sony	VAIO VGN-FW235J/H Notebook	$865
15	**Acer**	**Aspire One 150-1672 Netbook**	**$381**
16	**Acer**	**One AOA150-1570 Netbook**	**$368**
17	Lenovo	ThinkPad SL400 Notebook	$574
18	Apple	13.3" MacBook Notebook	$1,584
19	Apple	15.4" MacBook Pro Notebook	$1,944
20	**Dell**	**Inspiron Mini 9 Netbook - Customizable**	**$399**
21	Apple	13.3" MacBook Notebook	$1,218
22	Lenovo	ThinkPad SL500 Notebook	$626
23	**Asus**	**Eee PC 900HA Netbook**	**$336**
24	**Acer**	**Aspire One 150-1049 Netbook**	**$385**
25	**MSI**	**Wind U100-439US Netbook**	**$346**

Source: PriceGrabber.com Market Reporter Database 2009
Top products ranked by merchant referrals from 1/05/09 through 1/18/09
Pricing based on an average monthly price of all bids for each netbook and laptop products

- **Innovation impacts netbook popularity.** Over the last six months, netbook market share (defined by PriceGrabber.com as the number of product referrals to sellers) in the laptop subcategory has increased 18 percentage points from July 2008 to December 2008 (see Table 3). Innovations in technology have had an impact on the netbook's success. In particular, Intel introduced the low-power Intel Atom processor in March 2008 that is used in most current day netbooks.[1]

[Table 3] Netbook Growth as % of Total Laptop Sub-Category
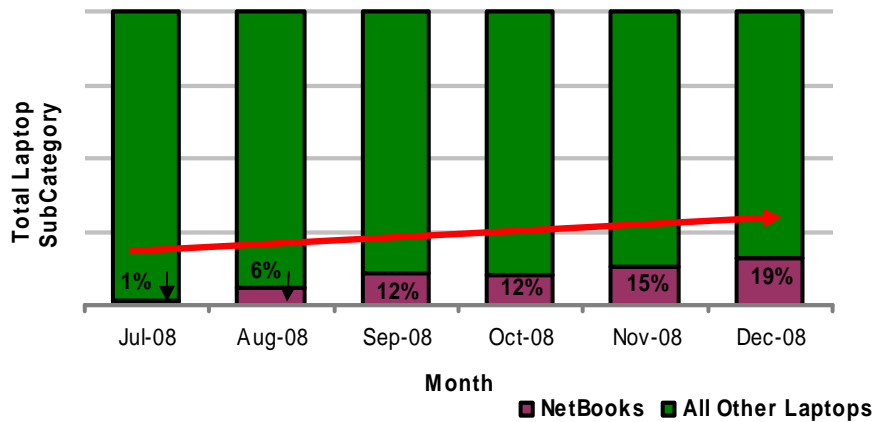
Source: PriceGrabber.com Market Reporter Database 2009,
Each column represents all product clicks in the Laptop Subcategory per month
Percentages represent the market share by clicks of netbooks compared to the total laptop subcategory

- **The netbook complements the laptop and the desktop – it's not a replacement.** One in 10 online users own a netbook, 75 percent own a laptop and 83 percent own a desktop (see Table 4). Of those consumers who indicate owning a netbook, 91 percent also own a laptop and 87 percent also own a desktop. Most netbook owners have all three form factors most likely because each serves a distinct purpose. The netbook claims to be different, not better, than other mobile Internet devices on the market. It may not compromise price and portability, but it does compromise processing speed, comfort and battery life. With a slower processor and two and a half hours of battery life, it cannot run complex local computing applications and it generally will not serve as a practical device for everyday productivity.

**[Table 4] Which of the following technology
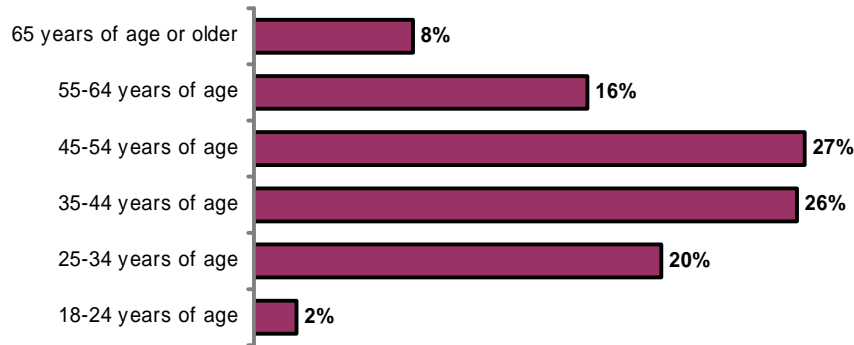devices do you personally own?**
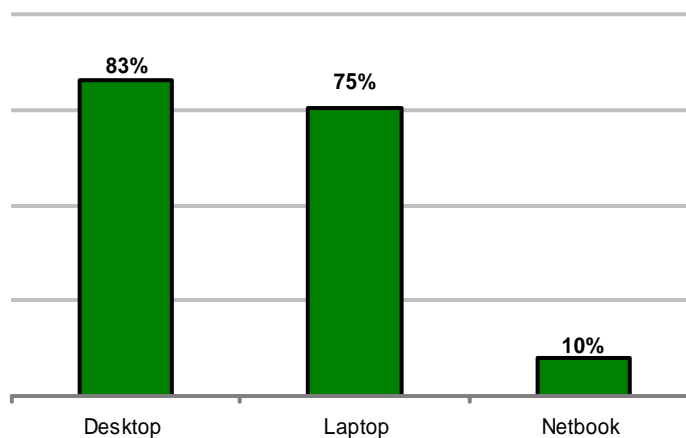
Source: PriceGrabber.com Computer Accessories & Digital TV Transition Survey 1/06/09-1/14/09,
n =1,537 US online consumers

- **Netbook owners are spread across all consumer age segments 18 years and older.**
  Survey data reveals that consumers of all age segments have purchased a netbook. Nearly
  one third, 27 percent, of netbook owners fall within the 45-54 age segment and another 26
  percent fall within the 34-44 age group (see Table 5).

[Table 5] Age Distribution of US Adults who Own a Netbook

Age Group	Percentage
65 years of age or older	8%
55-64 years of age	16%
45-54 years of age	27%
35-44 years of age	26%
25-34 years of age	20%
18-24 years of age	2%

■ 10% of online users who own a netbook

Source: PriceGrabber.com Computer Accessories & Digital TV Transition Survey 1/06/09-1/14/09,
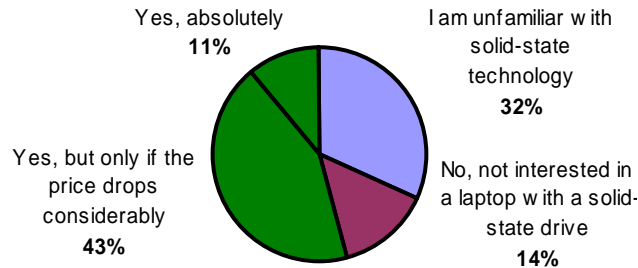*n =142 US online consumers*

Solid-State Technology Forecast

The growing ubiquity of wireless Internet access continues to shape consumer dependence on and
suppliers' direction for the mobile Internet devices (MIDs). Consumers are buying into the netbook
concept for its ultra-small form factor, ease of Internet accessibility and affordable price. What will
happen to netbook popularity when suppliers introduce more expensive models with solid-state
drives, among other pricey options? The solid-state drive option is already on the market. It is
designed to emulate and replace the hard disk drive where performance takes priority over
capacity. According to a recent survey, consumers are familiar with solid-state technology and
most are unwilling to pay a premium for the solid-state drive option at this time.

- **Consumers are aware of solid-state technology.** Sixty-eight percent of online users are
  familiar with solid-state technology and its current application in laptops and netbooks.
  Consumers are interested in this technology, as two of the netbooks found on the top 10
  netbook list feature the solid-state drive option (see Table 1). Another 14 percent of online
  users indicate that they are not interested in a netbook or laptop with a solid-state drive (see
  Table 6, purple portion).

[Table 6] If you are familiar with solid-state technology, would you consider purchasing a netbook with a solid-state drive in the next few years?

Yes, absolutely
11%

I am unfamiliar with solid-state technology
32%

Yes, but only if the price drops considerably
43%

No, not interested in a laptop with a solid-state drive
14%

Source: PriceGrabber.com Computer Accessories & Digital TV Transition Survey 1/06/09-1/14/09, n =1,525 US online consumers

- **The idea of a netbook with solid-state technology is appealing**. The primary deterrents from switching more netbook hard drives to solid-state drives are the higher price and lower capacity. The cost per gigabyte of the solid-state drive is no where comparable to the cost-efficient hard disk drive, as of yet (see Tables 7 and 8). Fifty-four percent of online users indicate they would consider purchasing a netbook with a solid-state drive when price per gigabyte drops considerably in the next few years (see Table 6, green portion).

[Table 7] Top 5 Solid-State Drives on PriceGrabber.com

Rank	Top 5 Solid-State Drives on PriceGrabber.com	Average Price	Price / Gigabyte
1	Intel X25-M 80GB Solid State Drive	$489.99	($6.12/GB)
2	Transcend 2.5 Solid State Disk (SSD) 128GB SATA MLC with Build-In ECC	$229.99	($1.80/GB)
3	Crucial 32GB Solid State Drive	$92.00	($2.88/GB)
4	Transcend TS64GSSD25-M 2.5 64GB PATA Solid State Hard Drive	$119.99	($1.87/GB)
5	Transcend 32GB Solid State Disk	$64.99	($2.03/GB)

Source: PriceGrabber.com Market Reporter Database 2009
Top products ranked by merchant referrals from 1/05/09 through 1/18/09

[Table 8] Top 5 Hard Disk Drives on PriceGrabber.com

Rank	Top 5 Hard Disk Drives on PriceGrabber.com	Average Price	Price / Gigabyte
1	Seagate Barracuda 7200.11 1.5TB Hard Drive	$127.99	($0.08/GB)
2	Samsung Spinpoint F1 1TB Hard Drive	$94.90	($0.09/GB)
3	Seagate Barracuda 7200.11 1TB Hard Drive	$99.99	($0.10/GB)
4	Seagate Barracuda 7200.11 1TB Hard Drive	$98.69	($0.10/GB)
5	WD Caviar Black 1TB Hard Drive	$109.99	($0.11/GB)

Source: PriceGrabber.com Market Reporter Database 2009
Top products ranked by merchant referrals from 1/05/09 through 1/18/09

End Notes

[1] The Intel® Atom™ processor was announced in a press release on March 2, 2008. The release stated that the low-power processor was designed specifically for mobile Internet devices (MIDs) and affordable Internet-centric computers arriving later that year, in 2008. *Intel® PR Press Relations.* Intel Announces Intel® Atom™ Brand for New Family of Low-Power Processors. Technology [Internet]. 2008 Mar 02 [cited 2009 Jan 27]. Available from: http://www.intel.com/pressroom/archive/releases/20080302comp.htm

Disclaimer

The data, market trends and analysis in this report were prepared by PriceGrabber.com. The data included in this report is sourced from the *Computer Accessories and Digital TV Transition Survey* fielded between January 6, 2009 and January 14, 2009 and the 2009 Market Reporter database. The maximum sampling error for the survey results based on the sample of 1,545 respondents is +/− 3 percentage points at the 95% confidence level.

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