Tablet Market Segmentation

Subject: Marketing Management

MMS Batch 1
Introduction to India’s Tablet Market

673%

- Growth over last year attained by India’s tablet market (Source: CyberMedia research, Oct 2012)
- Over 5 lakh tablets sold during April-June quarter
- Average price of tablets sold dropped to Rs. 13,000 from Rs. 26,000 last year
History of Tablet Segment

- 2002- Microsoft’s failed attempt to launch tablet
- 2010- Apple took the computer world by storm with launch of the iPad
- 2010- Samsung counters Apple’s move by unveiling the Galaxy Tab, running on Google Android OS
- 2010-2012- Many more companies like HTC, RIM, Motorola jump in the tablet market
- 2012- Microsoft reenters the tablet market with Surface
Demographic Segmentation
Need-Based Segmentation

**Consumer Tablet Segment**
- Focus is retail consumer
- **Needs**-
  - Entertainment (movies, songs, games, e-books etc.)
  - Add-on devices like camera, GPS navigation
  - Internet browsing, email, e-commerce
  - Moderate disk space (16-64 GB)
- **Products**-
  - Apple iPad, Samsung Galaxy Note, Google Nexus, Amazon Kindle, Barnes & Noble Nook, Aakash 2

**Business Tablet Segment**
- Focus is business-users
- **Needs**-
  - Office application support (outlook, MS Office, SAP, etc)
  - Seamless integration with company’s VDI, corporate exchange email and work-based calendar
  - Security, rugged design
  - High speed 3G/UMTS, WiFi connectivity
  - Keyboard extension
  - Expendable memory, micro-USB port
- **Products**-
  - Cisco Cius, Asus Vivo (Transformer), Fujitsu Stylistic tab, Apple iPad 2, Microsoft Surface
# Primary Use-Based Segmentation

<table>
<thead>
<tr>
<th>Consumer Segment</th>
<th>Definition</th>
<th>Key Tablet Use Cases</th>
<th>Description</th>
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</table>
| Corporate Professionals   | • Professionals spend most of the day in offices  
                        | • Connectivity is high priority                                                   | • Portability  
                        | • Connectivity on the move  
                        | • E-mail & internet access  
                        | • Client presentations  
                        | • E-book reader  
                        | • Writing & annotation | • Corporate professionals use tablets extensively as it provides portability and the bigger display (as compared to smartphones) is conducive for extensive web browsing, remote e-mail access and reading |
| Tech Savvy/Gadget Crazy   | • Own latest device  
                        | • Early adopters                                                                 | • Applications  
                        | • Connectivity on the move  
                        | • E-mail & internet access  
                        | • Multimedia  
                        | • Gaming                                                                 | • Technology savvy early adopters explore the latest applications and games and are always-on the internet while on the move |
| High End Youth and Prosumers | • Aspirational Category  
                        | • May go beyond their means to own better gadgets                               | • Applications  
                        | • E-mail & internet access  
                        | • Multimedia  
                        | • E-book reader  
                        | • Gaming                                                                 | • High end youth and prosumers moderately use tablets for various applications and services  
                        | • Their primary goal is to cater to the aspirational value of the device |
| Mass Market               | • May not be connected to Internet but own a communication device             | • Multimedia on the go  
                        | • Basic internet and e-mail access                                              | • Mass market consumers in India are expected to use the tablets primarily for multimedia consumption                                      |
Feature-Oriented Segmentation

Operating System-based

- iPad sales boosted in Q2, 2011, with launch of iPad 2
- Android sales rose in Q4, 2011, with launch of Kindle Fire
- Market moving towards Android tablets from iPad’s
- Biggest threat to iPad in Q3 and Q4 of 2012 as two game-changers (Google Nexus tablet and Kindle Fire) are launched

Source: Convergence Catalyst Estimates and Analysis report, 2012
Important Features Perceived by Consumers

*The importance is measured as a percentage of total number of unsolicited opinions expressed by the customers*

Source - Opinion mining survey by Amplified Analytics
Feature-Oriented Segmentation

Media Tablets
- Normal touchscreen-driven tablets
- No keyboard, mouse functionality
- Ex. Micromax Funbook series, Kindle Fire

Hybrid Tablets
- High-end tablets
- Positioned similar to “ultrabooks” in laptop-market
- Ex. Asus Transformer Prime, Microsoft Surface

- Market moving from media tablets to hybrid tablets
- Example - migration to touchscreen mobile phones
Marketing Focus- Based Segmentation

Single-purpose Tablets
- Specific functionality
- Less applications available
- Ex. Barnes & Noble Nook, Amazon Kindle
- Comparatively cheaper

Multi-purpose Tablets
- Various possible uses
- Large variety of applications
- Ex. Apple iPad, Galaxy Tab, Amazon Kindle Fire
- Higher cost

Current Scenario-
• Consumers moving from single-purpose tablets to multi-purpose tablets
• Willingness to pay for features
• Demand for e-readers declining sharply
Price-Based Segmentation

- Demographic Segmentation:
  - Income
  - Education

- Psychographic Segmentation:
  - Lifestyle
  - Social class
  - Personality
Price-Based Segmentation

**Premium Range**
- Apple (range - 24,000 to 41,000)

**Middle Range**
- Samsung (range - 19,000 to 37,500)
- Microsoft (range ~ 23,000)
- Asus/Google (range - 16,000 to 20,000)
- RIM (range - 13,000 to 16,000)

**Lower Range**
- Micromax (range - 6,000 to 11,000)
- Datawind (range - 2,000 to 3,000)
- HCL (range - 7,000 to 14,000)
- Karbonn (range - 5,000 to 7,000)

*All price figures in Rs.*
Indian Tablet Market Share (Acc. to Sales)

* Based on Sales Data (Q2, 2012)
Geographic Segmentation

Urban Areas
- Better penetration
- Targeting companies: Apple, Samsung, Asus/Google, etc.
- Consumer lifestyle suitable for sustainable growth in urban areas

Rural Areas
- Grossly underpenetrated
- Targeting companies: Datawind, Ubisoft, etc.
- Government initiatives support the cause
- Tablets would provide cheap option for connectivity and availability of information
- Highest growth expected in next two years
Future of Tablets in India

- In 2012, majority of sales expected from retail channels
- Consumer will choose between either a smartphone or a tablet (not both)
- In 2013, significant adoption by verticals like education, retail, aviation, etc.
- Better infrastructure and availability of digitized content to support growth
- 2014 potential sales - 5.5 million units

*Source: Convergence Catalyst Estimates and Analysis report*
Indian Consumers are yet to clearly understand the core value proposition of tablets
Huge Opportunity for Marketers

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Key Statistic</th>
</tr>
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<tbody>
<tr>
<td>Number of active internet users in India</td>
<td>~97 million</td>
</tr>
<tr>
<td>Number of existing PC users in India</td>
<td>Over 52 million</td>
</tr>
<tr>
<td>Number of households with TV in India</td>
<td>~141 million</td>
</tr>
<tr>
<td>Number of unique mobile device owners in India</td>
<td>Over 540 million</td>
</tr>
<tr>
<td>Number of unique smartphone users in India</td>
<td>Over 20 million</td>
</tr>
<tr>
<td>Number of Facebook users in India</td>
<td>~62 million</td>
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</tbody>
</table>
Thank You!

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