

Kavitha Nair: Tablet adoption (and commerce) in India has just begun

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Sure, you've heard of Aakash, but there's a lot more action on the tablet front in India than this. Kavitha Nair explains.

Tablets are emerging as the new battleground as multi-nation corporations, Indian vendors and network operators race to capture market share of this burgeoning market.

In India already, consumers have a choice of 90 tablet models from over 40 different manufacturers. IDC India estimates 160,000 tablets shipped in the country in 2011 and estimates a volume of 2,650,000 tablets in 2012.

However, much like China, the adoption of media tablets remains in its early stages. While quarterly shipment volumes from vendors represent only a small fraction of sales across

Europe, the current wave of low cost tablets alongside the increased availability of high-speed 3G connections should act as a catalyst and give impetus for growth.

"The eventual evolution of media tablets as a substitute for laptops/notebook PCs will drive the growth of tablet adoption, especially for tier 2 and 3 cities," says Aishwarya Singh, Research Analyst at ABI Research. "Instead of being a supplementary device, media tablets could become the first device owned by the consumer in these locales."

Kalyan Banga, Manager at Research & Analytics Netscribes India, also points to an increase in enterprise mobility. Retail and banking, financial service and insurance (BFSI) top the list of enterprise mobility adopters.

The SMB sector, he indicates, is expected to spend Rs 7.8 billion in 2011 for the procurement of portable devices to support enterprise mobility. Added to this is the rise in disposable income and an emerging middle class in the country.

Who's buying these tablets? Who are the major players in the market? And how do the market dynamics in India differ from that in Europe and North America? Read on to find out.

Market dynamics: Emerging middle class buyers are the sweet spot



Samsung Electronics Co. Ltd's GALAXY Tab 750 and GALAXY Tab 730 feature Samsung's own TouchWiz user interface implemented on the Android 3.1 (Honeycomb) platform.

For the most part, multi-national vendors have positioned themselves in the high price segment that targets upper-class consumers. Domestic (and Chinese) companies appear to be eyeing the middle class segment, especially in tier 2 and tier 3 cities with their "value for money" tablets.

Apple's iPad, Samsung's Galaxy Tab 10.1 and RIM's PlayBook all play on the high-end, albeit with low shipment volumes. Reliance Communication's Reliance 3G Tab (\$280), Beitel Teletech's Beitel Magiq (\$220) and Lakshmi Access Communications Systems' (LACS) Magnum Pepper Tablet (\$99) are all powered by Android and target the mass market.

Indian mobile phone manufacturers like Lava and Micromax are in the process of launching tablets in this mass market segment, which Jaideep Mehta, VP and Manager at IDC India, believes will intensify the competition and drive volume growth.



Beitel Teletech, a Bharti Group firm's Android 2.2 tablet.

Is a price war inevitable? Probably

The unique selling proposition of all the players is value for money. This means feature-rich tablets at affordable prices with relevant local content.

With each passing month, consumers have more and more models at different price points to choose from. Industry watchdogs often compare the tablet market to the growth of the mobile phone market, and do not rule out major price wars.

IDC India's Mehta points to slow volume growth on the high end, possibly due to high price points. Tablets from RIM, Motorola and Acer have witnessed stagnation around volumes shipped. As a consequence, there's been a large build-up of inventories. The sole exception is Apple's iPad.

The low-end segment of the market (around \$120 to \$240 USD) is also value conscious and, not surprisingly, remains highly sensitive to price. Naveen Mishra, Lead Analyst at CyberMedia Research, believes the tablet from Reliance Infotel, which is a subsidiary of Mukesh Ambani, or the pending launch of the the Indian Government's low-cost Aakash tablet will be the tipping point for mass market adoption.

According to Mishra, this tipping point will also present consumers with affordable prices for high-speed data services.



Reliance Communications' Reliance 3G Tab running on Android 2.3

Wireless broadband will be the game changer

Indian consumers have the option of choosing from six to seven different 3G operators. Some of these operators will offer not just cheaper prices, but affordable data-plan bundles that heavily discount the price of individual tablets as well. This is starting to see traction but is yet to translate to huge volumes.

All this said, in terms of usage, Putchu sees consumers using tablet devices primarily over Wi-Fi networks.

Jaideep Mehta believes that for mobile telephony firms that plan to sell tablets, it will certainly be part of their strategy to ensure robust data consumption. These operators would need to create a market of consumers who will adopt the data service and use the services accordingly.

According to industry watchers, data services are the future for telcos. But high-speed data connectivity is still an issue across most of India. Mehta acknowledges these issues, and expects operators will enhance and improve their investments in the quality of 3G coverage, and in a few years, LTE coverage as well.

Proliferation of 3G networks and the anticipated launch of even faster wireless broadband in the form of 4G, WiMax, and LTE services will lead to new types of data services being demanded and consumed by mobile subscribers.

Reliance Infotel is seen as one of the key influencers of the market. For many months, rumors have indicated that Reliance Infotel will introduce a low-cost 4G LTE Android tablet that will cost anywhere between Rs 5000-8000 (approx \$94-\$151).

Putchu exercises caution around these rumors, however, explaining that Reliance holds a BWA (broadband wireless access) license, but has yet to officially announce anything. "To succeed, the company would require either a partnership with a 3G player or acquire one to support the limited LTE coverage. Otherwise the consumer will have limited access.

"At the prices being quoted in the media," he elaborates, "I suspect it to be only an LTE device. They might use this to kick start the service but will need to follow it up with an LTE + 3G, else there may be issues."



Olive Telecom's OlivePad VT100, India's 1st 3.5g tablet with Voice capability.

Also according to media reports DataWind -- the company manufacturing the low-cost Aakash tablet for the Indian government, is said to be in talks with Reliance Infotel to develop the world's cheapest 4G tablet.

News reports add that while most of the 4G tablets are priced close to \$400, the tablet from DataWind would be priced at nearly one-fourth of what is being offered by HTC, Dell and Motorola.

Not surprisingly, right now content consumption is the backbone of tablet adoption in India. Bollywood and Cricket are the two popular content formats consumed in addition to Internet browsing, social networking, mail and chat.

However, as the tablet user base grows, there will be a surge in new data focused applications from newspapers and consumer product companies. Eventually, this user base will become an attractive community for advertisers to target as well.

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If you are a tablet industry professional and would like to contribute a vendor-agnostic analysis piece to our Opinions section, please contact [Michael Singer](#), Business editor.