



Tablet Market Outlook

- Tablet Research Study, Wave 2

April 2011 (with Addendum – July, August 2012)

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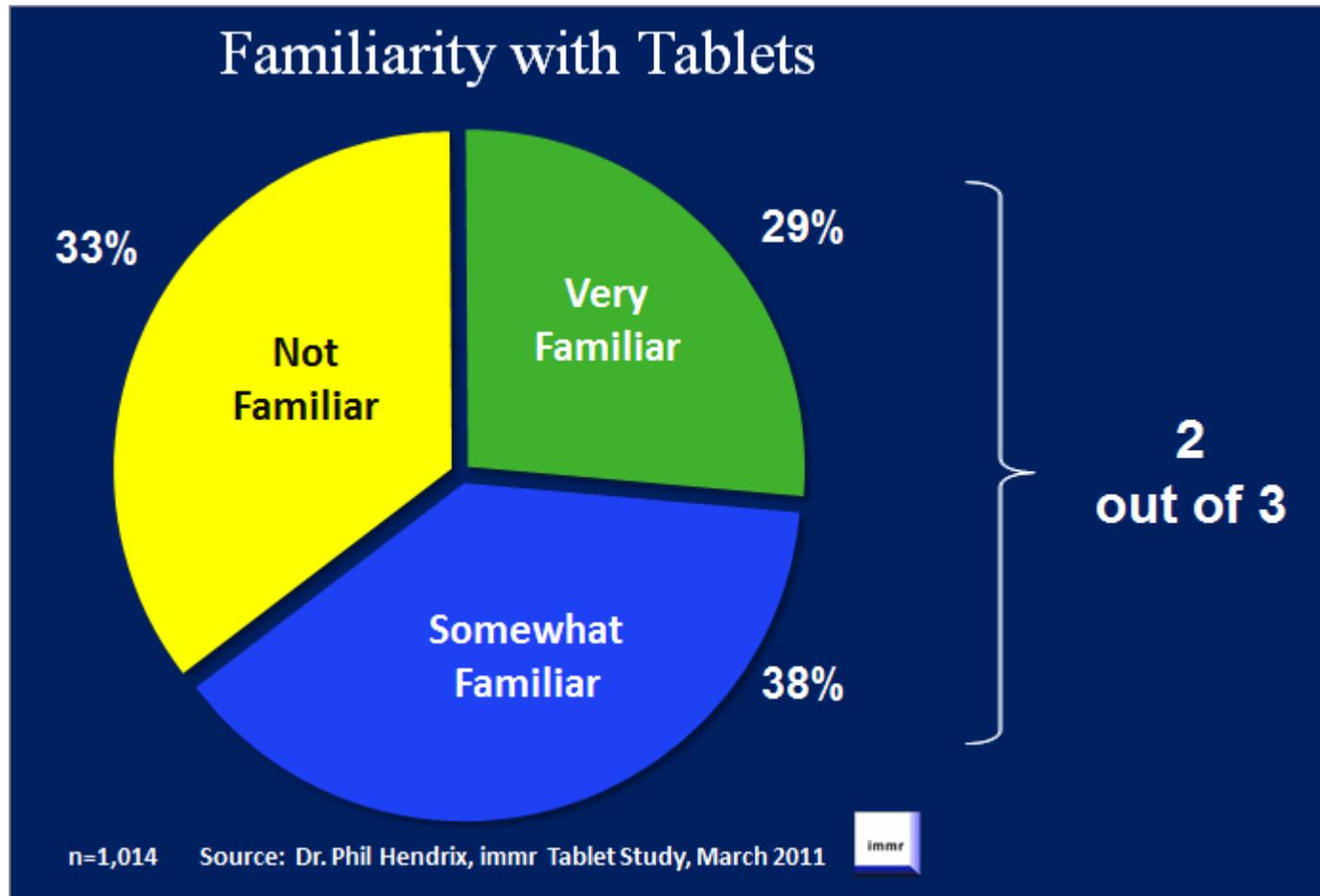
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How Familiar are Consumers with Tablets?

❖ Nearly 3 out of 10 consumers are very familiar with Tablets, while two out of three are at least “Somewhat Familiar”



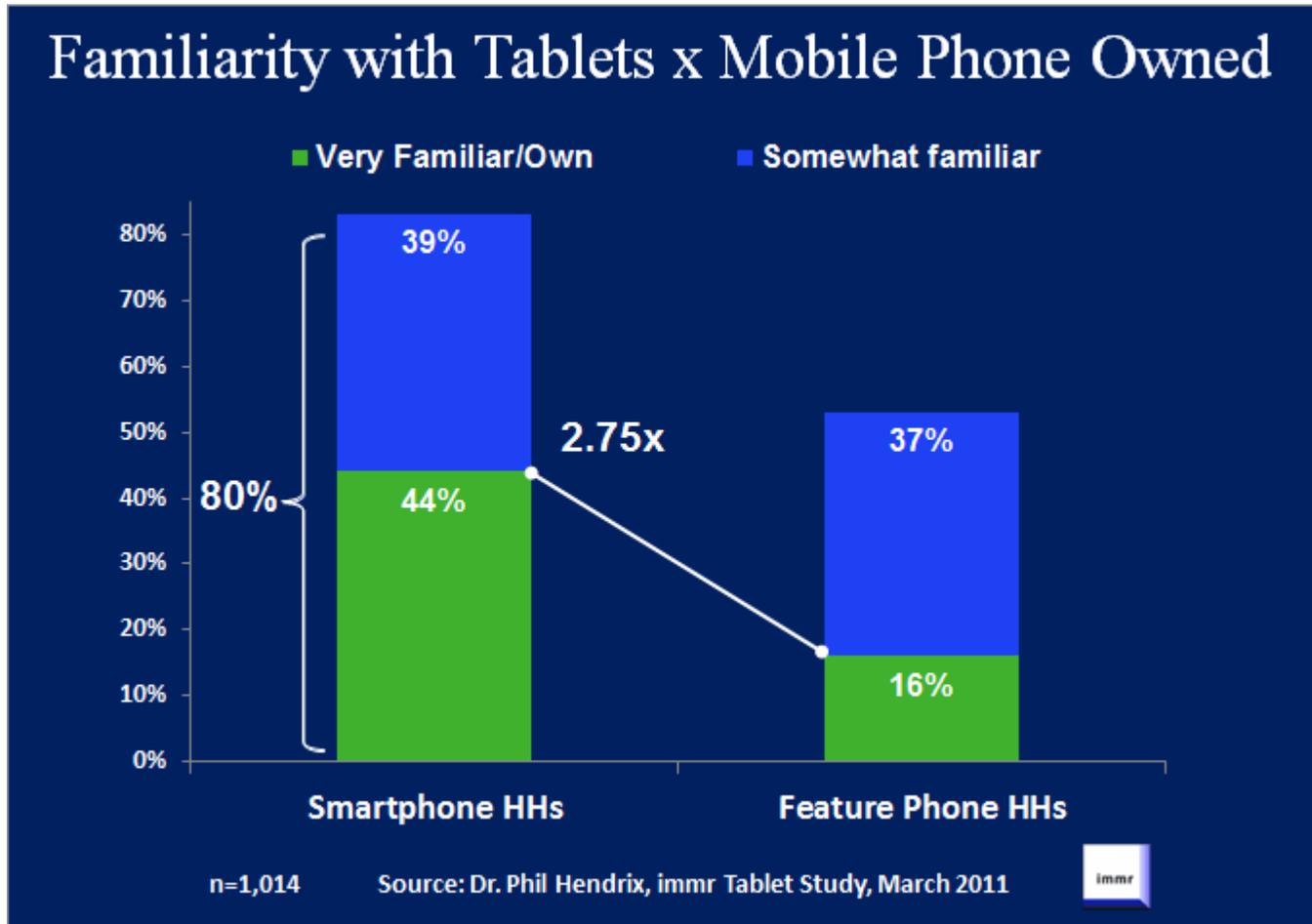
Text Tablets (also known as Tablet PCs) are a new type of PC that includes the Apple iPad, Samsung Galaxy Tab and other models. How familiar are you with Tablets?

Source Tablet Research Study	Date March 2011	Question QC01	Segment	Total Sample n = 1,014
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How Familiarity Varies by Type of Mobile Devices Owned

❖ Compared to Feature Phone owners, Smart phone owners are much more familiar with Tablets



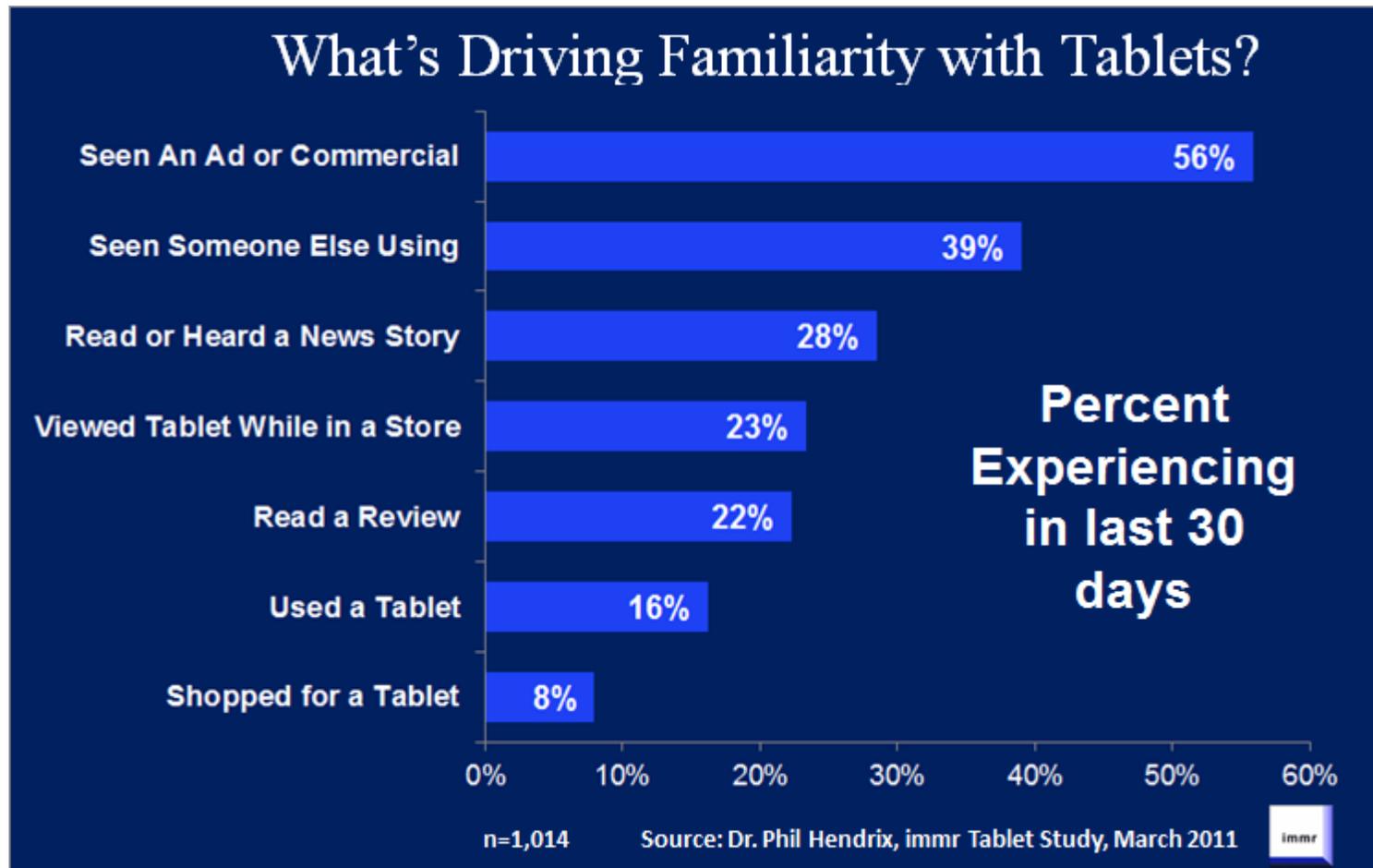
Text Tablets (also known as Tablet PCs) are a new type of PC that includes the Apple iPad, Samsung Galaxy Tab and other models. How familiar are you with Tablets?

Source	Date	Question	Segment	Total Sample
Tablet Research Study	March 2011	QC01		n = 1,014



What's Driving Familiarity with Tablets?

- ❖ Consumers are being exposed to Tablets through OEMs, the media and other users. In the last 30 days, over half have seen an ad or commercial for a Tablet, while 4 in 10 have seen someone else using a Tablet.



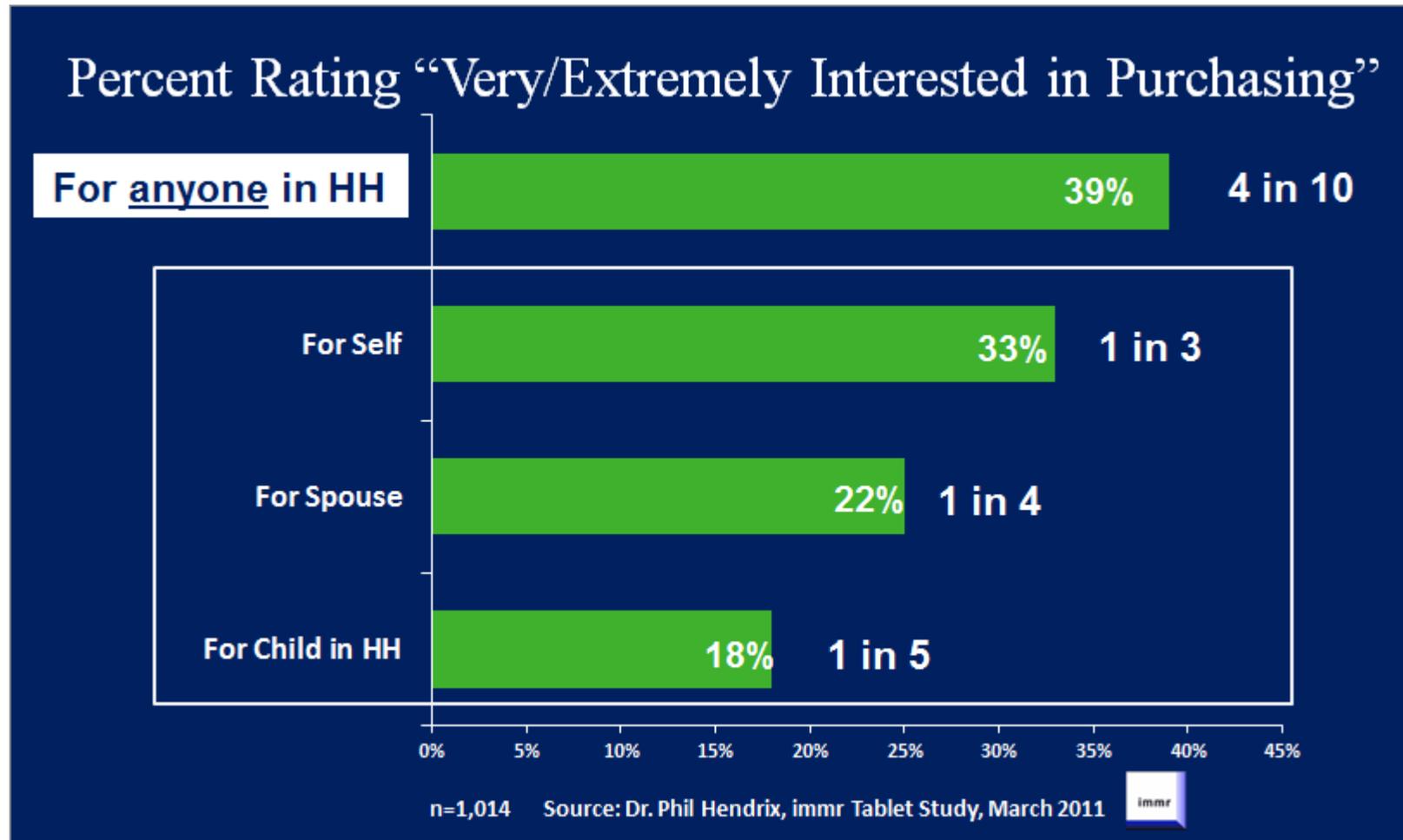
Text In the last 30 days, which if any of the following experiences have you had with Tablets? (check all that apply)

Source Tablet Research Study **Date** March 2011 **Question** QC02 **Segment** Total Sample **n = 1,014**



How Interested are Consumers in Purchasing a Tablet?

❖ Four out of ten consumers are very or extremely interested in purchasing a Tablet

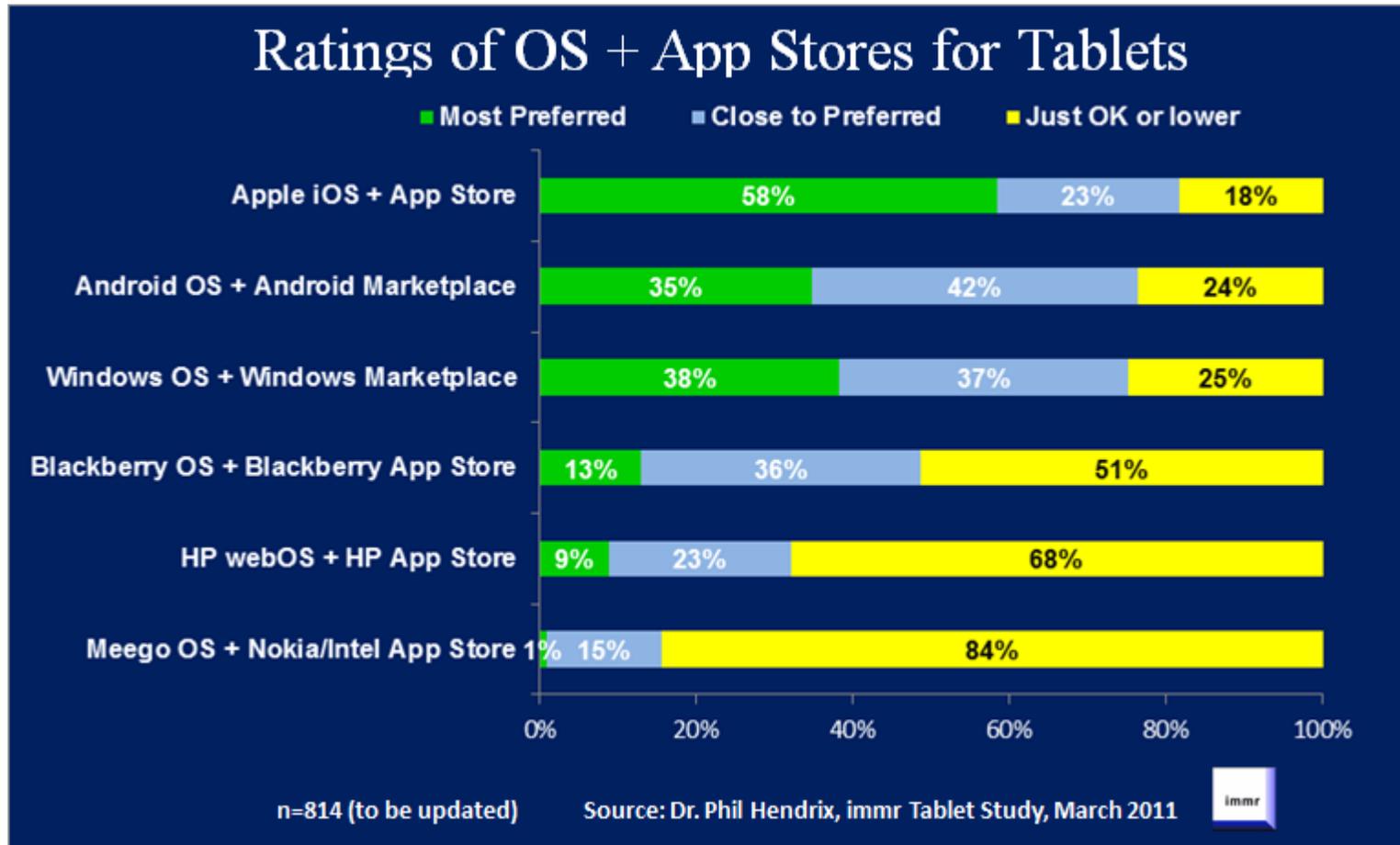


Text Overall, how interested are you in purchasing a Tablet for... (a) yourself; (b) your spouse (if married); (c) for your child(ren) age 7-12; 13-18; 19-24 (if present) (Scale: Not at all interested; Somewhat interested; Fairly interested; Very interested; Extremely interested)

Source Tablet Research Study **Date** March 2011 **Question** QC06 **Segment** Total Sample **n = 1,014**



Who's Winning the OS + App Store Battle?



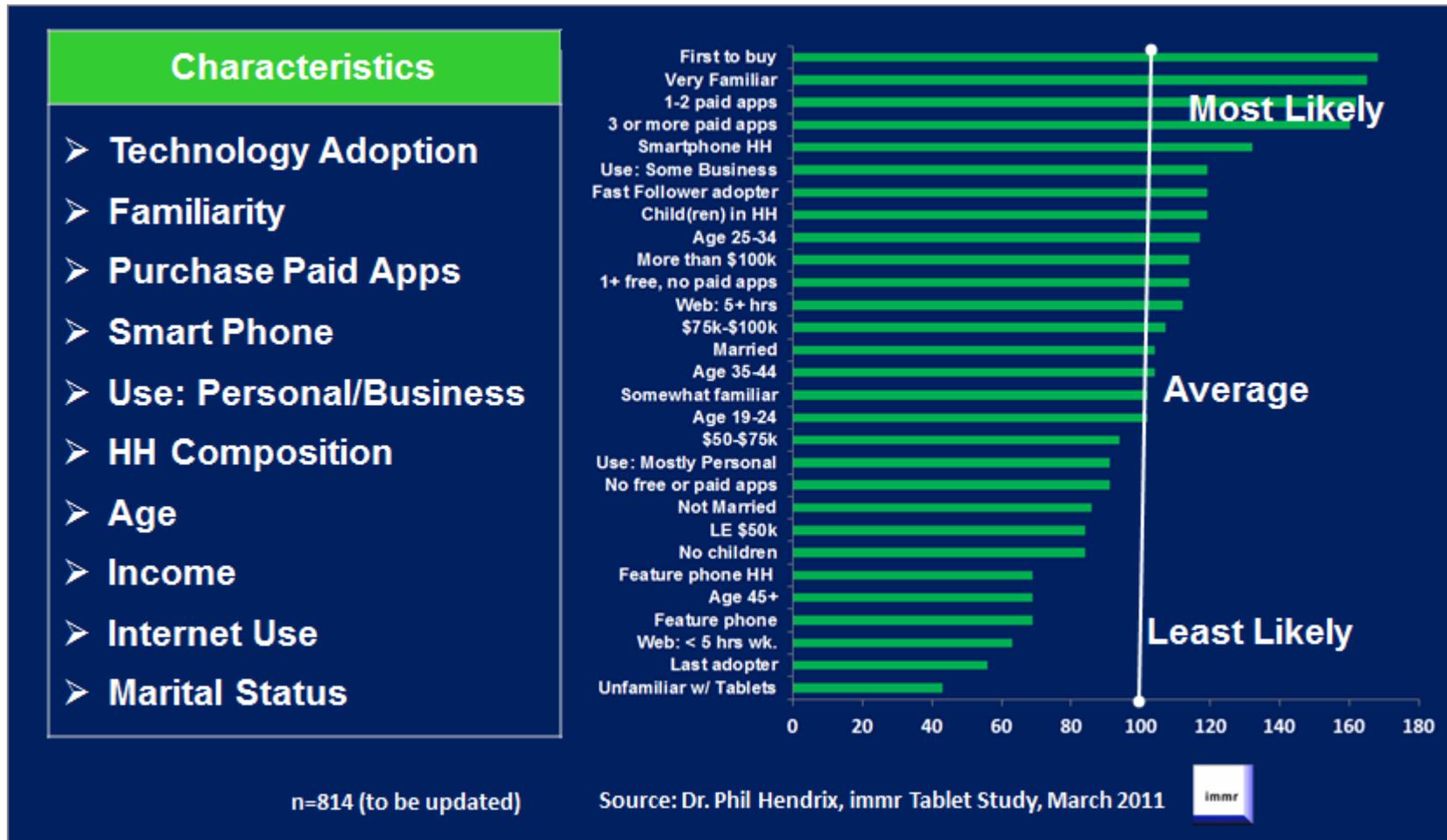
Note: Ratings of Tablet OS and App Store combinations; ties permitted

Source	immr Tablet Research Study	Date	March 2011	Question	QE02...	Segment	Total Sample	n = 814
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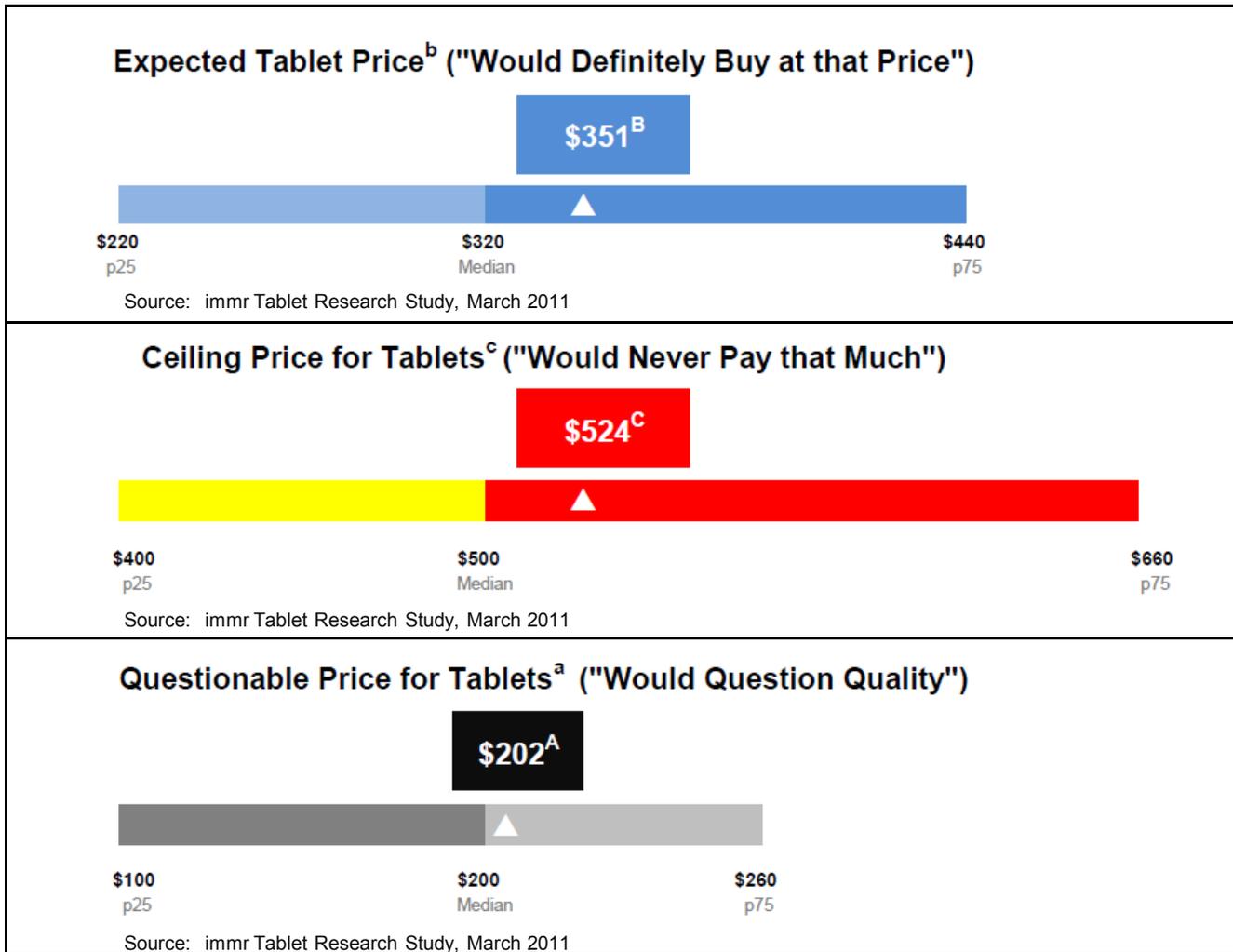


Characteristics of Likely Tablet Purchasers

❖ Likely Tablet Purchasers are distinguished by a number of characteristics. Smart phone HHs, for example, are 1.5x as likely to be interested in purchasing a Tablet, while individuals age 45+ are only 75% as likely, compared to the average (index = 100).



How Much Will Consumers Pay for Tablets?



Note: A, B, and C are mean of responses to questions shown on next page; p25 is 25th percentile; p75 is 75th percentile response.

Source immr Tablet Research Study **Date** March 2011 **Question** QE03 **Segment** Interested in Purchasing Tablet **n = 314**



How Much Will Consumers Pay for Tablets? (cont'd.)

Discussion

- For prospective Tablet buyers (e.g., those “very or extremely interested” in purchasing a Tablet for themselves or a household member), \$350 is the “sweet spot” in Pricing. At that price, the average prospective buyer would definitely buy.
- As prices rise above \$350, prospective buyers view Tablets as “getting expensive” and would have to weigh the costs and benefits more carefully before buying.
- For the average Tablet buyer, \$525 represents a ceiling beyond which they are unwilling to go. While there are “premium buyers” willing to pay more, those buyers represent a small segment of the overall market.
- At the other end of the market, prospective buyers question the quality of Tablets priced below \$200.
- Additional findings re: price sensitivity and elasticity included in final report.

Text of Questions:

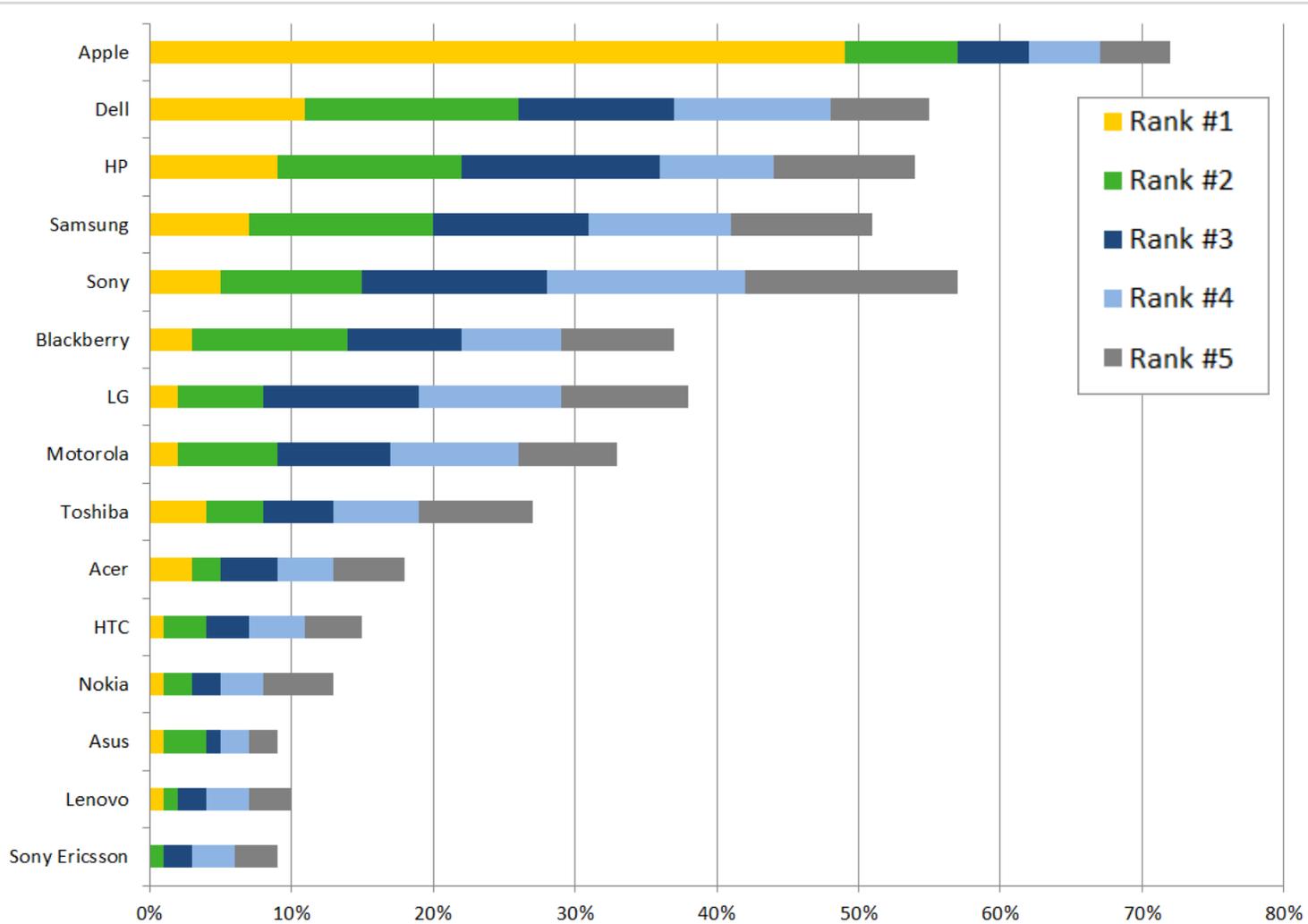
^aA Tablet priced below \$____ (A) would cause you to question its quality and believability.

^bTablets priced between (A) and \$____ (B) represent such a good value that you would definitely purchase one.

^cTablets priced between (B) and \$____ (C) are starting to get expensive - you would have to carefully weigh the cost-benefit before purchasing. Prices higher than (C) are much too expensive - you would NEVER consider buying a Tablet that cost more than C, regardless of its features.



Likelihood of Considering Brands for Tablet Purchase



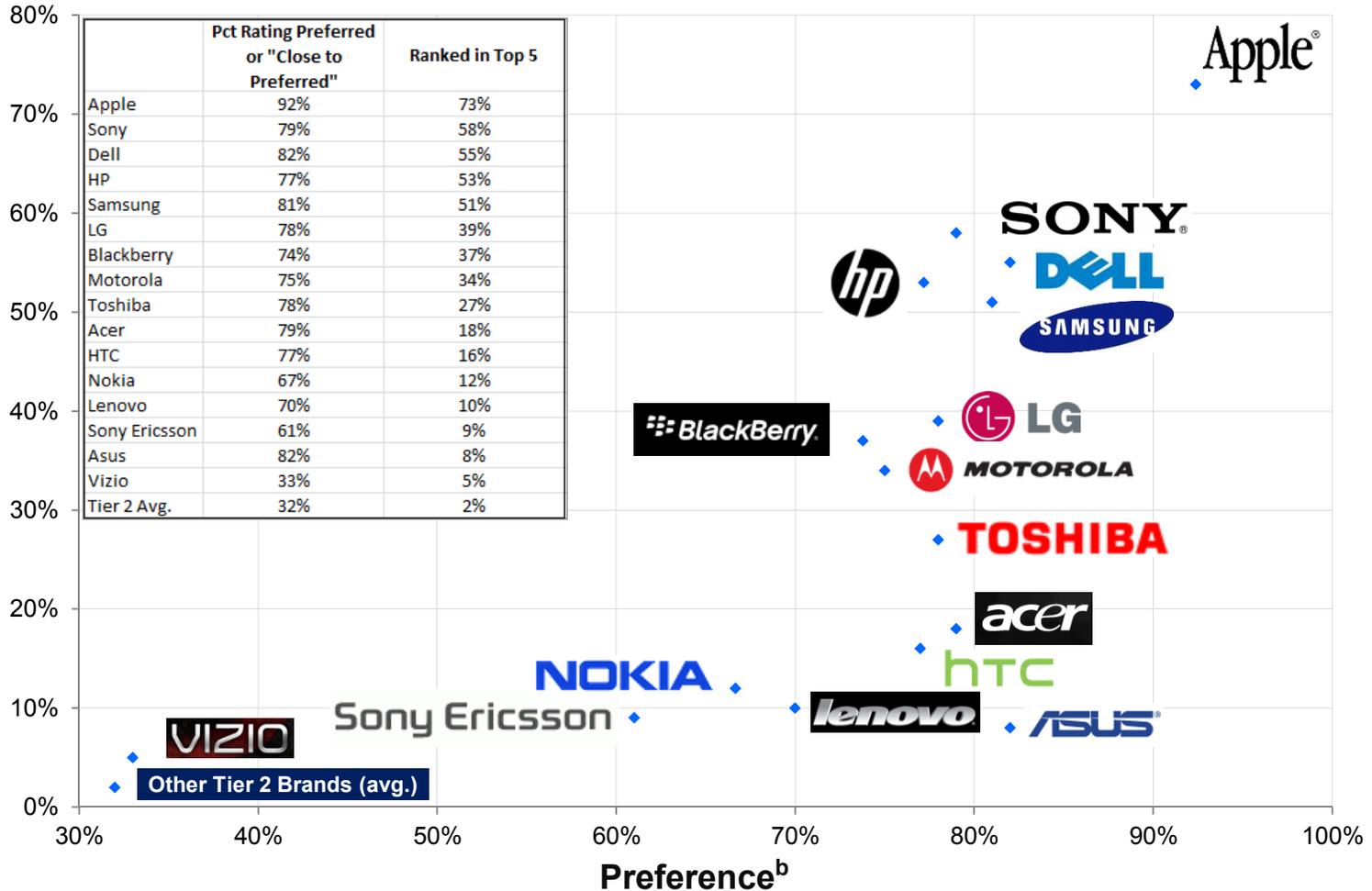
^aPercent Ranking Brand #1, 2, 3, 4, or 5 of Top 5 Brands They Would Consider for a Tablet

Source	Immr Tablet Research Study	Date	March 2011	Questions	QD04:1_15	Segments	Total Sample	n = 1,014
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Brands Most Likely to be Considered, Preferred for Tablets

Consideration^a



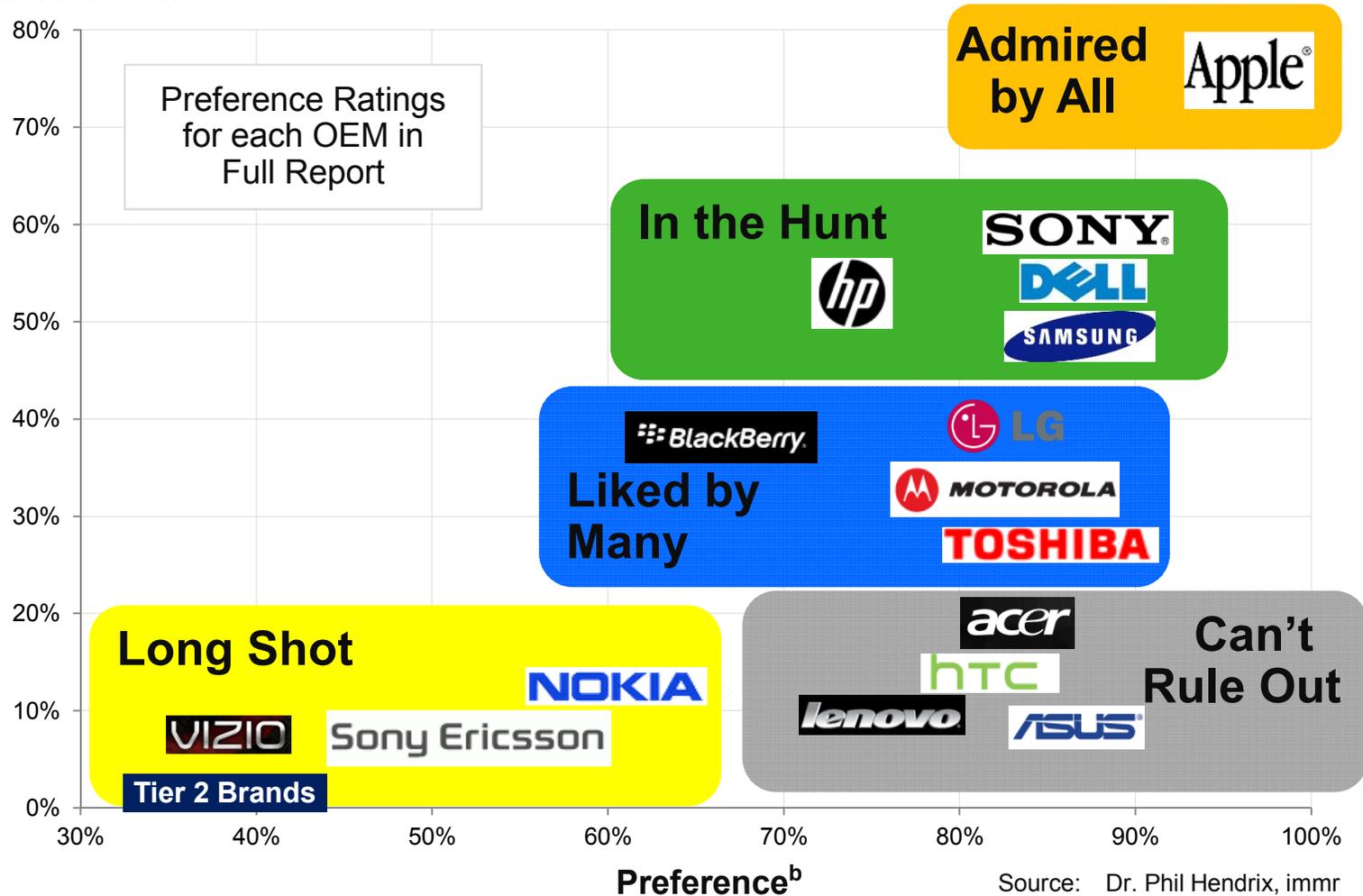
^aPercent Ranking Brand as 1 of Top 5 Brands They Would Consider for Tablets

^bAmong respondents who ranked Brand in Top 5, percent rating "Preferred" or "Close to Preferred" on 5 pt. scale



Which OEMs Are Best Positioned to Win the Tablet War?

Consideration^a

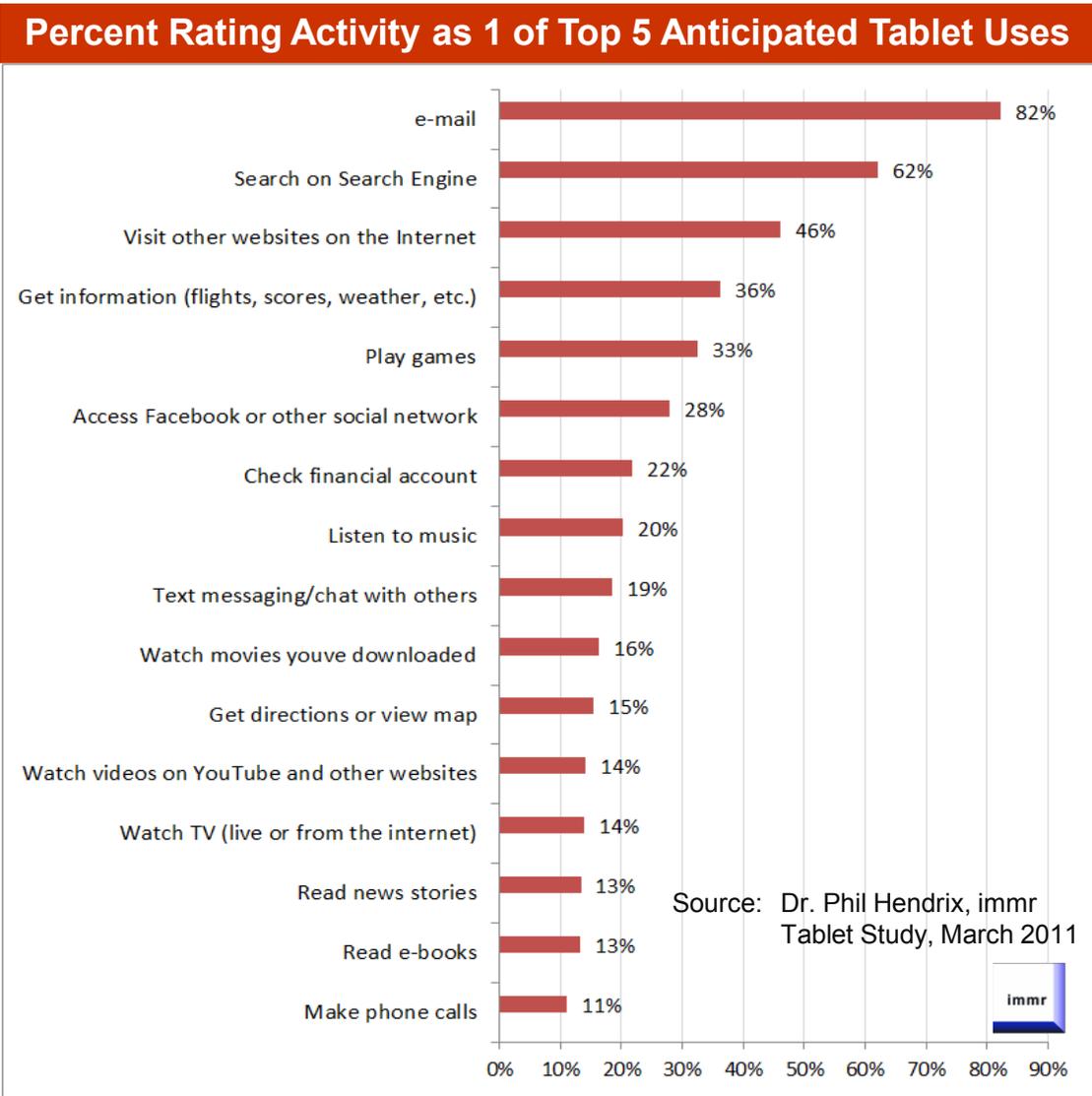


^aPercent Ranking Brand as 1 of Top 5 Brands They Would Consider for Tablets (n = 1,014)

^bAmong respondents who ranked Brand in their Top 5, percent rating Brand "Preferred" or "Close to Preferred" on 5 pt. Scale (n varies by brand, from n=1,014 for Apple, HP, Blackberry and Nokia to 100-700+ for other brands)



Anticipated Uses of Tablets – Overall

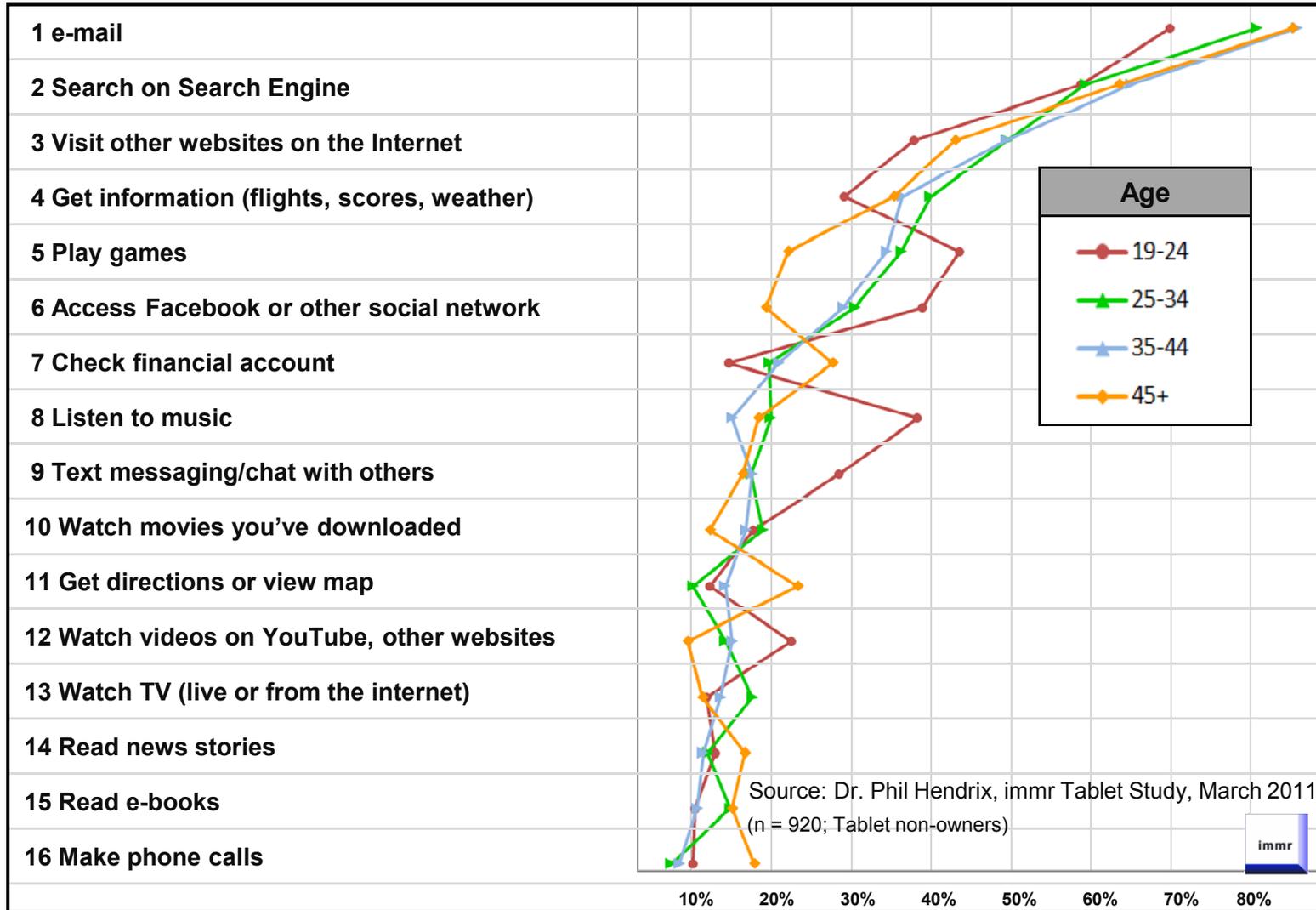


Source **Immr Tablet Research Study** Date **March 2011** Questions **QX04:1_29** Segments **Tablet Non-owners** n = 920



Anticipated Uses of Tablets x Age Group

Percent Rating Activity as 1 of Top 5 Anticipated Tablet Uses



Screen Size Pros and Cons

Explanation given to Survey Respondents

Screen Size Measured diagonally, 7" and 10" Tablets are the most common sizes

Which Tablet Size is best for you?

Pros

Cons

7"

- | | |
|--|--|
| <ul style="list-style-type: none"> ▪ Lighter, easier to hold ▪ Small enough to display most apps ▪ Natural size for e-books ▪ Fits more easily into purse, glove box | <ul style="list-style-type: none"> ▪ Web sites can appear shrunken or require fiddling to resize ▪ Keyboard can be cramped for two-hand use, too large for one-hand ▪ Too large for most pockets ▪ Viewing some content/magazines requires more zooming in/out |
|--|--|

7" Tablet Examples: Samsung Galaxy Tab; ViewSonic ViewPad 7; Barnes & Noble Nook Color.

10"

- | | |
|---|---|
| <ul style="list-style-type: none"> ▪ Web pages require less zooming and resizing ▪ More natural size for digital magazines, larger e-books appear at a more natural size ▪ Touch screen keyboards are nearly laptop-size ▪ Larger area and detail available on maps ▪ Increased legibility for creating and editing documents and spreadsheets ▪ Easier to share video, photo, and game experiences with a group of people. | <ul style="list-style-type: none"> ▪ Less portable than smaller devices ▪ Heavier, not as easy to hold for extended periods ▪ Not as large as most standard laptop screens ▪ Apps designed for the smaller screens of smartphones often appear awkwardly large or pixilated ▪ More screen means more room for smudges. |
|---|---|

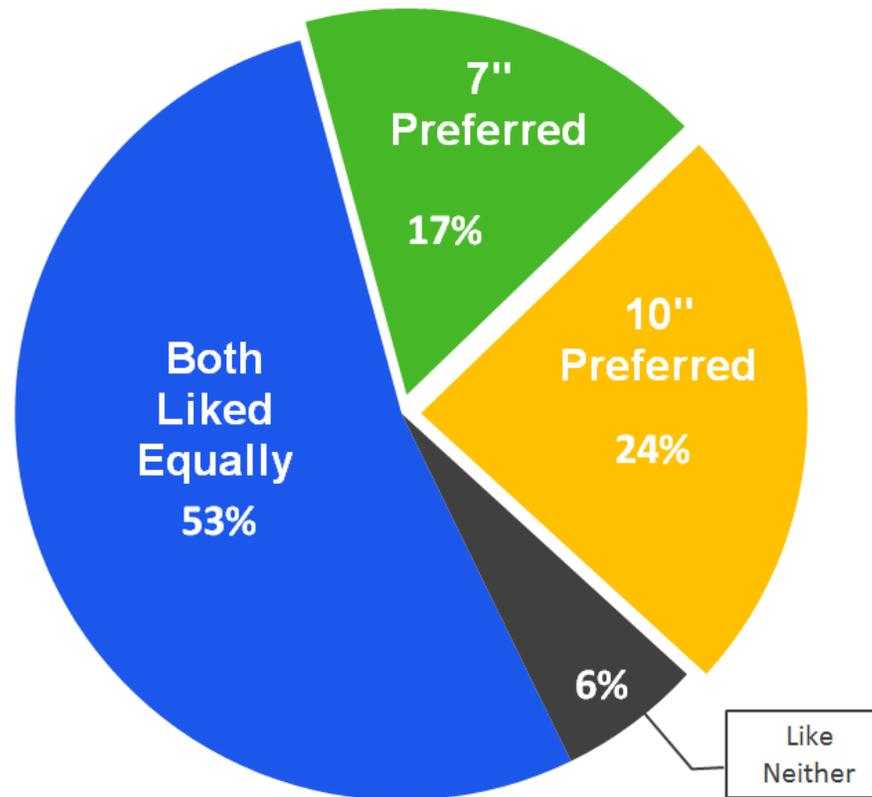
10" Tablet Examples: Apple iPad; Motorola Xoom; Toshiba tablet; ViewSonic G Tablet.

Source: CNet Tablets Buying Guide



Preferences for Tablets x Screen Size

Consumers' Preferences for 7" vs. 10" Tablets



Source: Dr. Phil Hendrix, immr Tablet Choice Study n = 1,014
www.immr.org

Text Please rate your preferences for tablets with the following Screen Sizes: 7" and 10" (Scale: Most Preferred; Close to Preferred; Just OK; Consider Reluctantly; Reject)

Source Tablet Research Study **Date** March 2011 **Question** QC01 **Segment** Total Sample **n = 1,014**



Tablet Choice Model



Tablet Choice Study

The Tablet Study also includes a Choice Model exercise to better answer the questions below.

Choice Modeling	Questions Answered
<ul style="list-style-type: none">➤ Respondents shown series of Tablets➤ Tablet features and prices varied according to an experimental design➤ Respondents indicate likelihood of choosing➤ Statistical modeling used to estimate impact of features, brands, pricing➤ Effects incorporated into simulator, using to do “what if” analyses	<ul style="list-style-type: none">➤ Demand and Market Share➤ Market share x Brand➤ Share x Model (size; Wi-Fi/3G; etc.)➤ Feature value/impact➤ Price elasticity➤ Impact of Operator Subsidy➤ Modeling competitive scenarios



Features Examined in Tablet Choice Model

- Brand
- OS + App Store
- Tablet Size
- Tablet Weight
- Display Quality
- Wi-Fi/3G
- RAM, Storage, Battery Life
- GPS, Cameras
- Cellular calling capable
- Price and Operator Subsidy

- 18 Brands
- 7" and 10" models
- Prices – \$99 - \$799
- Subsidies: 0% - 60%
-
-
-
- 10k+ combinations

Examples – Tablets Shown in the Choice Task

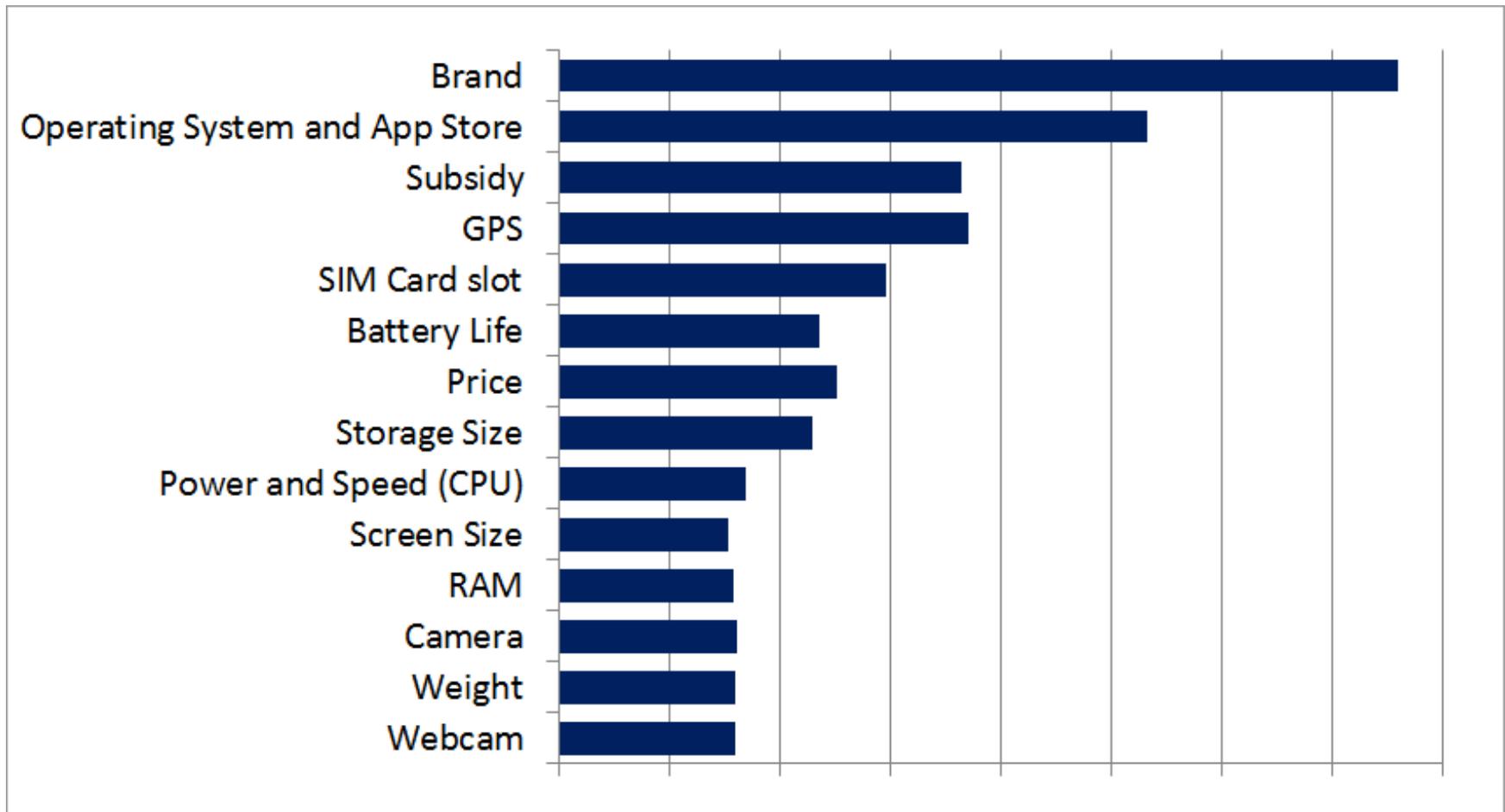
Feature	
Brand	HP
Screen Size	10"
3G/Wi-fi	Wi-Fi Only
Operating System	HP webOS
App Store	HP App Store
Processor Speed (CPU)	1.2 GHz
Weight	1.10 lbs.
Profile	Lean Profile Model
Display Quality/Readability	Better
Battery Life	8 Hrs
RAM	2 GB
Internal Storage	16 GB
GPS	Included
Camera (for photos)	3 Mp
Webcam (for webchat, video calling)	1.2 Mp
Cellular Calling Capable	No
Price (no data plan required)	\$399

Feature	Tablet 6 of 10
Brand	Motorola
Screen Size	7"
3G/Wi-fi	Wi-Fi + 3G
Operating System	Android OS
App Store	Android Marketplace
Processor Speed (CPU)	1 GHz
Weight	0.85 lbs.
Profile	Regular Profile Model
Display Quality/Readability	Best
Battery Life	8 Hrs
RAM	1 GB
Internal Storage	8 GB
GPS	Included
Camera (for photos)	3 Mp
Webcam (for webchat, video calling)	1.2 Mp
Cellular Calling Capable	Yes
Price (no data plan required)	\$329



Illustrative Results from the Choice Model

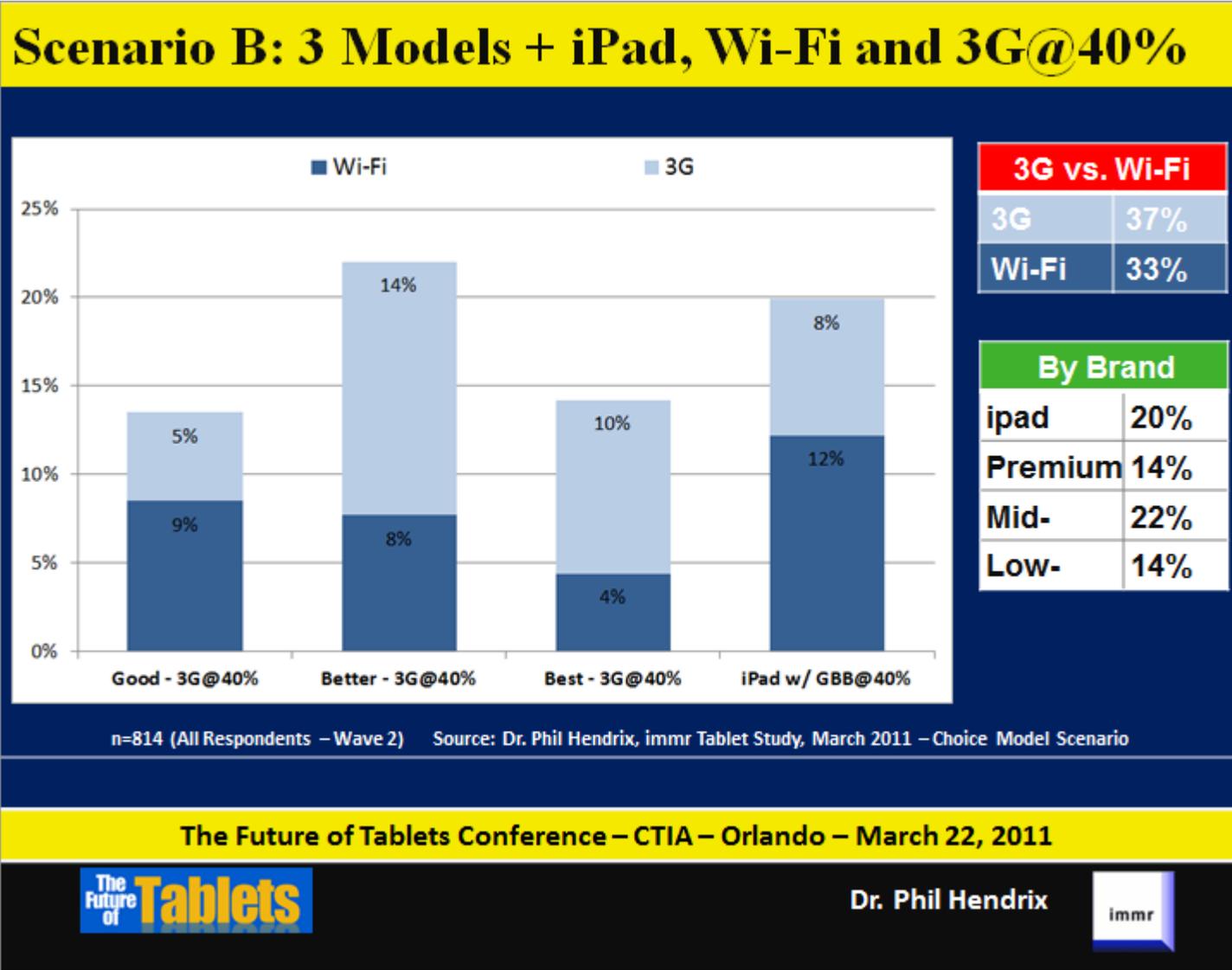
Tablet Feature Impacts on Consumer Choice



Source	immr Tablet Research Study	Date	March 2011	Question	Choice	Scenario	Across All	n = 1,014
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Illustrative Results from the Choice Model



Source	immr Tablet Research Study	Date	March 2011	Question	Choice	Scenario	Across All	n =	814
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Thank You!

**Additional research findings available –
for more info contact Dr. Phil Hendrix.**

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Appendix



Overview of Research

Research Objectives

- Estimate Tablets market potential
- Calibrate consumer preferences for Tablet models and features
- Estimate price and feature elasticity
- Profile Tablet buyer segment

Research Approach

- Online survey with national sample of consumers
- Choice Modeling methodology to calibrate brand and feature preferences
- Simulator to model share under various model x feature scenarios
- Data collection Feb. – March 2011

Sample Characteristics

- Mobile phone owners age 19+
- n = 1,014 (including supplement from immr Wave 1 study)
- Quotas for:
 - Age
 - Gender
 - Region
 - Feature and smart phone owners

Survey:

- Online survey (length ~ 20 mins.)
- Survey questions plus
- Choice Model

^aAddit'l criteria applied in selecting sample: Annual HH income; Responsibility for selecting consumer electronics for HH; Employment status

Dr. Phil Hendrix – Bio



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Dr. Phil Hendrix is the founder and director of immr, a research and consulting firm focused on “very new” product and market opportunities, and an analyst with GigaOm Pro. He specializes in helping organizations identify, verify, and capitalize on opportunities for products that are new-to-customers and very often new-to-market. Dr. Hendrix has developed perspectives and research-based tools to uncover customers’ unmet needs, reveal hurdles slowing adoption, trigger interest and accelerate purchase, and determine features and pricing to maximize market penetration. He has extensive experience adapting and applying research approaches, both qualitative and quantitative, to amplify weak market signals and help clients innovate successfully.

Phil has led significant engagements with numerous startups (such as Company.com) and multiple business units of Fortune 100 clients in telecommunications (AT&T, Verizon, Sprint, Sony Ericsson, and others), financial services (American Express), transportation (UPS), insurance (Allstate, United Healthcare), healthcare (Meridian Health, US Oncology), and others. He has worked closely with senior management and client project teams on issues ranging from “traditional marketing” (segmentation, positioning, branding) to innovation, user experience, and customer retention. Over the course of his career, Phil has helped clients conceive and successfully launch dozens of new products, businesses, and brands. He has extensive experience in B2C and B2B (SMB) markets. He is also a frequent speaker at industry and academic conferences.

Phil brings a unique combination of academic rigor, strategic perspective, and hands-on experience to his work. Before founding immr, Phil was a partner with DiamondCluster (strategy and technology consultancy), founder and head of IMS (Integrated Measurement Systems), and a principal with Mercer Management Consulting. He has held faculty and research positions at Emory University and the University of Michigan, where he taught courses in research design and analysis, buyer behavior, and marketing strategy, and the Survey Research Center at U. of Michigan. After receiving his PhD in marketing from the University of Michigan, Dr. Hendrix completed post-doctoral studies in applied statistics and mathematical psychology.

Overview and excerpts from Phil’s recent publications are available at Slideshare (www.slideshare/pehendrix), with additional information available at www.immr.org and GigaOm Pro.



Dr. Phil Hendrix – Recent Reports and Publications



Excerpts available at www.slideshare.net/pehendrix



Copies available at <http://pro.gigaom.com/>

MOBILE

Location: The Epicenter of Mobile Innovation in 2010

By Phil Hendrix, PhD

MOBILE

Will Google Unleash The Next Wave in Mobile App Innovation? By Dr. Phil Hendrix

Introduction

Since the mobile phone was introduced some three decades ago, there has been a remarkable, steady stream of innovations across the entire mobile value chain, from chipsets and standards to wireless networks, devices and applications. Until very recently, however, mobile apps were used and enjoyed only by the small segment of individuals technically proficient and tenacious enough to install and use.

With the iPhone and App Store, Apple has unleashed mobile apps to the general population, and adoption and use have exploded. Now open in nearly 80 countries, the App Store has attracted more than 35,000 applications, and in less than a year more than 1 billion mobile apps have been downloaded – a milestone that took iTunes more than 3 years to achieve. Apple's iPhone success has also attracted developers in droves – both existing and new – who are devoting more of their efforts to creating innovative new mobile apps. Competitors are rushing to emulate Apple's success and strengthen their own mobile app stores.

Shazam, the music recognition app, illustrates the impact that Apple has had on mobile apps. First introduced in 2009, Shazam, like many other mobile apps, languished for years, with few consumers aware of and even fewer accessing, installing, and using the service. Within six weeks of the iPhone 3G's launch, 1.5 million new users had downloaded Shazam from Apple's App Store. The fact that Apple featured Shazam in its advertising didn't hurt either. In the six months since, Shazam has been downloaded more than 35 million times. Small wonder that Chew Wang, Shazam's COO, calls the iPhone 3G launch the "moment of truth" for Shazam.

MOBILE

Google's Mobile Strategy: Enable Innovation, Boost Access

By Phil Hendrix, PhD

Co-Presented by:

MOBILE

How Speech Technologies Will Transform Mobile Use

By Phil Hendrix, PhD

Co-Presented by:

admob | DISTIMO | FLURRY | pinch media

Mobile Analytics

Panel Discussion
September 10, 2009

Moderator: Dr. Phil Hendrix

GigaOM Pro Workshop – Mobile Analytics: A Numbers Game – September 10, 2009

MOBILIZE

the gigaom network

MOBILE

Google's Mobile Strategy

A GigaOM Pro Research Roundtable

Co-Presented by Dr. Phil Hendrix

The M in MIDS STANDS FOR MOBILE

Dr. Phil Hendrix, immr

Introduction

Mobile Internet Devices, or MID, appear poised to take off. While much of the discussion has focused on the devices themselves, there is considerably less consensus about the implications of MID for the wireless industry, and vice versa. Since the M in MIDS stands for Mobile, the ultimate success depends on the efforts of OEMs (original design manufacturers), MNOs (mobile network operators), and other companies intertwined in the wireless ecosystem. With carefully executed and coordinated efforts, OEMs and MNOs could create a "virtuous spiral" that accelerates the adoption and use of both MID and mobile broadband services. However, challenges common to new-to-market products raise uncertainty and present significant risks.

To better understand these challenges and outline strategic options, immr conducted a Survey of Thought Leaders in Wireless and Technology. Co-sponsored by immr, GIGA, Venudis.org, and GigaOM, the survey gathered views of some 250 respondents, providing valuable insights regarding opportunities, challenges, and keys to success for MID and related services. This report summarizes findings from the Thought Leader Survey, along with comments provided by respondents (in the box on the right of each page). In the final section, we reflect on the findings and outline recommendations that could help companies – especially MNOs and OEMs – capitalize on the opportunity presented by MID.

What's a MID?

As the graphic below suggests, numerous terms for MID are common and there is little consensus around definitions. We use the inclusive definition of MID shown below in both the Thought Leader research and in subsequent discussion.

MID, or Mobile Internet Devices, are a new class of devices/PCs that offer many of the features of a PC but at 1-3 lbs. are lightweight and portable enough to easily carry and use virtually anywhere, at any time.

Someone who has an iPhone right now, eventually has a MID already.

Small niche – too big to replace cellphones, too small to replace laptops.

Thought Leaders' Views

MID are "the computing and communication device of the future"

...with the appropriate 3G connection options. MID could be the personal device of choice for millions, the same way cell phones became their personal communication device.

MID will finally replace all these items (PC, mobile phone, writing pad, PDA, portable TV, portable video, iPod, DTD)

With smartphones taking on 80% of MID-type activities, it will be tough to convince people to carry yet another device.

Is it a MID or a...?

www.immr.org | Market Outlook for MID | 1 | October 2008



Recent Presentations, Conference Participation

	<p>Workshop – Monetization Models for Location, Augmented Reality and Context Services^a April 28, 2010 – San Francisco</p>		<p>If we build it, will they come? Consumer Demand and Preferences for Tablets in the iPad Era^c Oct. 5, 2010 – San Francisco</p>
	<p>Dealing With The Data Tsunami: The Big Data Panel^a June 23–24, 2010 – San Francisco</p>		<p>WCA Presents: What’s Hot about LBS?^a Oct. 8, 2010 – San Francisco</p>
	<p>The Futures of Location-based Services^a The Future of Geo-locos Investment^a July 21, 2010 – San Francisco</p>		<p>Local at the Bleeding Edge + Making Money with Location-Based Services^{a,b} Nov. 3, 2010 – New York</p>
	<p>Build Sustainable LBS Business Models for 2011 and Beyond^a Sept. 14 – 15, 2010 – San Jose</p>		<p>Visions for 2011 – M-Commerce^b Wireless Technology Forum Nov. 18, 2010 – Atlanta</p>
<p>Location-Based Marketing Summit</p>	<p>Trends and Numbers - Where is It All Going^b Sept. 29-30, 2010 – New York</p>		<p>Are Tablets Taking Over?^{a, c} Wireless Technology Forum March 18, 2011– Atlanta</p>
	<p>Apps vs. Web: The Fight For The Future^a Sept. 30, 2010 – San Francisco</p>		<p>Market Outlook for Tablets^c Future of Tablets Conf. March 22, 2011 - Orlando</p>

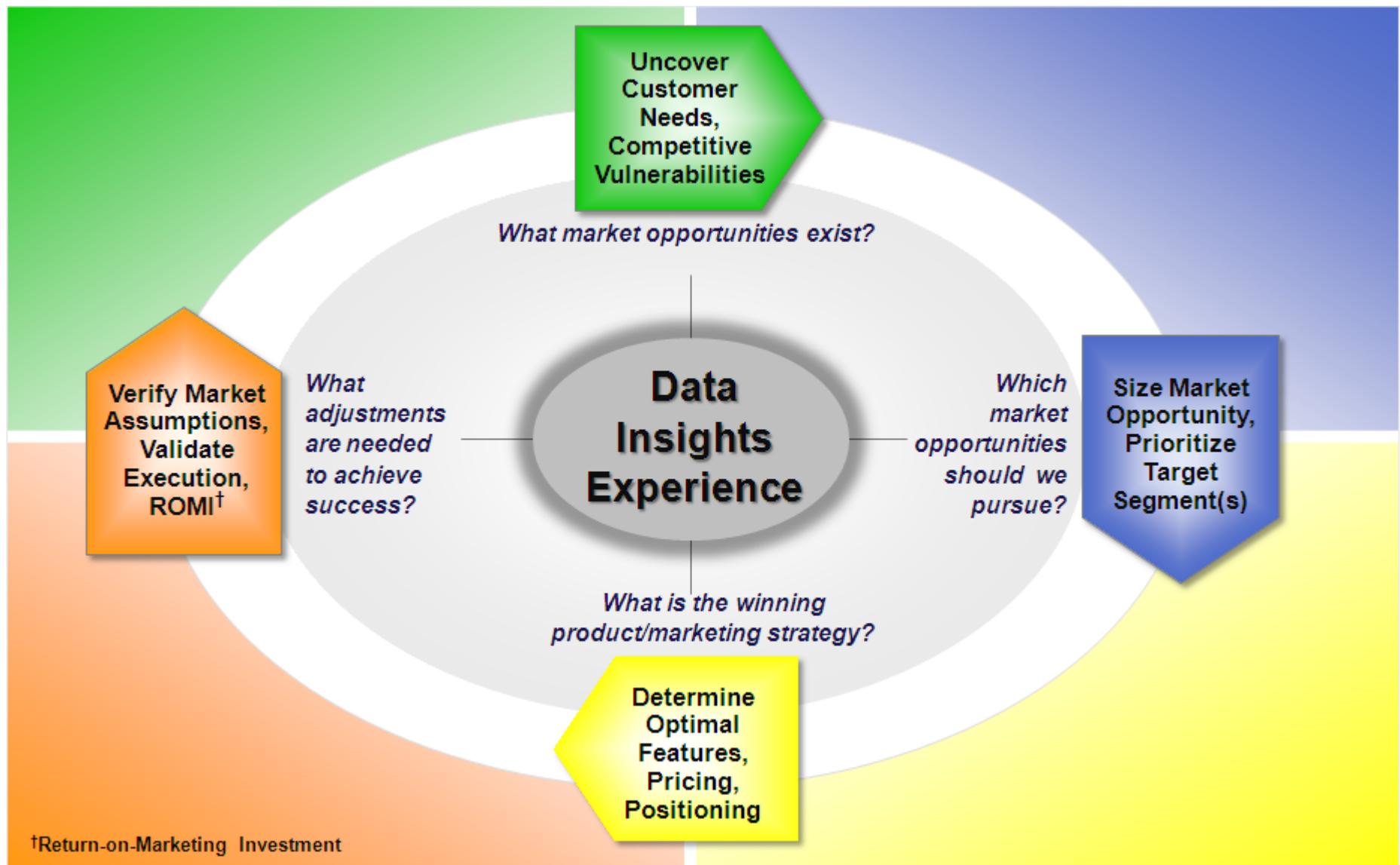
^aModerated session/panel

^bParticipating on Panel

^cPresenting



immr Helps Clients Verify and Capitalize on Market Opportunities



Selected Clients

Selected Clients with Whom We've Worked



Products, Services and Issues Examined

General	Network/Operators	Devices/OEMs	Services/Apps
<ul style="list-style-type: none"> Market Segmentation Market sizing Competitive Positioning Branding Product configuration 	<ul style="list-style-type: none"> Bundling Plans and pricing Wi-fi/Hot spots Customer Service/ Self-Service Customer Retention Web Interface (functionality/usability) 	<ul style="list-style-type: none"> Smart phones MIDs (Mobile Internet Devices) Channel strategy Promotional strategy 	<ul style="list-style-type: none"> Innovation and new product development Mobile Apps (wide range) MVoIP (Mobile VoIP) Location-based Services Unified Messaging Speech Recognition