

APPLE IPAD IN INDIA: WAS THERE A WAY OUT?¹

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By the end of 2011, customers eagerly awaited Apple's new tablet the iPad3—to be launch in 2012. If Apple stuck to its usual, yearly launch schedule, the company would risk of falling behind competitors, already rising to close the gap in market share. Customers were looking forward to have iPad3 with carbon fibre chassis, 128 GB storage option, dual HD cameras, a high resolution screen and base prices lesser than that of iPad 2.

Despite being the market leader worldwide for tablets, Apple had lost this position to Samsung in India. By the end of 2011, RIM's PlayBook had also surpassed Apple's market share figures in India. Had Apple considered India a non-consequential market? Should Apple have considered India in the long term perspective?

THE EVOLUTION OF TABLETS

The first Table PC named Newton, launched in the year 1993 by Apple Laboratories, almost sank in to the oblivion history. Later in 2001, Microsoft introduced Windows XP Tablet PC edition coining the name "Tablet PC" for the first time. Though many other players emerged into the tablet market - PACEBLADE PACEBOOK, NOKIA 770 INTERNET TABLET, SAMSUNG Q1, SONY UX, ASUS R2H, APPLE AXIOTRON MODBOOK, the final breakthrough came from Apple Inc. in the form of iPad in 2010, which has globally grabbed the highest market share as of September 2011.²

MARKET FOR TABLETS — GLOBAL SCENARIO

In 2009, 1.03 million tablets were sold worldwide, down from 1.3 million in 2008. Despite market volatility, the global tablet market was experiencing significant growth since the entry of the iPad in 2010. Worldwide tablet shipments were projected to rise to 60 million units in 2011.³ According to Gartner, an

¹ This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Apple Inc. or any of its employees.

² "Tablet PC Comparison," www.tabletpccomparison.net/, accessed August 27, 2011.

³ "Tablet Market Likely to Expand Globally in the Coming Years," www.gomobi.org/tablet/tablet-market-likely-to-expand-globally-in-the-coming-years.html, accessed August 28, 2011.

information technology research and advisory firm, nearly 63.6 million tablets would be sold globally in 2011 — an increase of 261.4 per cent from 17.6 million units sold in 2010.⁴

According to the International Data Corporation (IDC), worldwide media tablet shipments rose by 88.9 per cent on continual basis and 303.8 per cent year over year in the second calendar quarter of 2011 to 13.6 million units.⁵ Based on these facts, IDC revised its forecast figures of total tablet sales from 53.5 million to 62.5 million units worldwide for 2011. The Dow Jones Newswires predicted that by 2015, global tablets sales were expected to rise to 242.3 million units.⁶

The sales curve of tablets was rising very fast compared to other electronic gadgets like HDTVs, handheld gaming consoles and mp3 players. According to the U.S. technology research firm Yankee Group, the global revenue from the sales of tablet devices was \$16 billion in 2010 and expected to increase to \$46 billion by 2014.⁷ Another research firm, Strategy Analytics, projected the total revenue at \$49 billion for the year 2015.⁸ Apple's iPad dominated tablet traffic globally, but iPhone-Android race was much closer on the smartphone front.⁹

IMPACT OF TABLETS ON MARKET FOR PC

The success of tablets created a very big impact on consumer demand for personal computers. Gartner forecasted the growth of the global PC market for 2011 to 3.8 per cent from 9.3 per cent in 2010. The major reasons for this shrinkage were attributed to the slower economies in Western Europe and the United States, along with a boom in tablet sales.¹⁰ Hewlett-Packard Co's consumer PC sales plunged 23 per cent in the Jan.-Mar. quarter 2011, and the company lopped \$1 billion off its annual sales forecast. While rival Dell Inc. beat analysts' estimates due to corporate demand, its sales to consumers slumped 7.5 per cent. Meanwhile, Jefferies & Co. estimated the sale of tablets to touch 70 million units in 2011, further ballooning to 246 million over the next three years.¹¹

MARKET FOR TABLETS — INDIAN SCENARIO

2011 saw the rise of tablets in India. In the recent past, this growing economy witnessed numerous companies launching their iPad challengers into the market. Ever since Apple introduced its iPad in April 2010 to the U.S. market, major players like Samsung, Dell, HP and many others had followed suit. In India, the tablet market was largely driven by the relevant content and low prices. Samsung being the first to launch a tablet in this market during October, 2010, enjoyed its position as a market leader. According to Cyber Media Research (CMR), Samsung had a 45.8 per cent share of the country's 158,000 media tablets sold within the first nine months since its launch.¹² Research In Motion's (RIM) PlayBook held a 21 per cent share (in terms of unit shipment). As a late entrant into the Indian market, Apple garnered a

⁴ "Gartner says Apple Will Have a Free Run in Tablet Market Holiday Season as Competitors Continue to Lag," *Gartner Report*, Stamford, Conn., September 22, 2011.

⁵ Justin Dove, "Tablet Share Growing, Android Losing Ground," *Investment Research*, September 16, 2011.

⁶ "Global Tablets to Hit 202 million in 2015," *Online Media Daily*, February 07, 2011, www.mediapost.com/publications/article/144496/global-tablets-to-hit-202-million-in-2015.html, accessed October 10, 2011.

⁷ "Global Tablet Market Will Soar to 46 Billion Dollars by 2014: Report" — *English People's Daily Online*, January 06, 2011, <http://english.people.com.cn/90001/90778/90858/90864/7252254.html>, accessed October 12, 2011.

⁸ "Tablet Sales May Hit \$75 Billion by 2015," *CNNMoney*, April 19, 2011.

⁹ "Apple iPad responsible for 89% of worldwide tablet data traffic," *MacDailyNews*, June 23, 2011, <http://macdailynews.com/2011/06/23/comscore-apple-ipad-responsible-for-89-of-worldwide-tablet-data-traffic/>, accessed November 21, 2011.

¹⁰ "iPad Boom Prompts Gartner to Cut PC Market View," *Reuters*, September 12, 2011.

¹¹ "iPad's Runaway Success Impacts PC Sales; HP, Dell Sales Fall," *The Economic Times*, May 19, 2011.

¹² "Samsung Top Tablet in Indian Market," *Macworld*, September 30, 2011, www.macworld.com.au/news/samsung-top-tablet-in-indian-market-37801/, accessed November 02, 2011.

decent 18.4 per cent market share.¹³ According to research carried out by CMR, the proportion of 3G and Wi-Fi models of tablet sold in India were 70:30, clearly indicating Indians were not just satisfied with the Wi-Fi model, but wanted tablets with 3G as well.¹⁴

TABLET PLAYERS IN INDIA

Major players like Apple, Acer, Dell, HP, Motorola, RIM, Toshiba and HTC attempted to take market share from Samsung. Amazon.com was also preparing to unveil its sleek computing device (See Exhibit 1). A brief description of major players marketing their tablets in India follows below:

Apple iPad

Founded April 1, 1976 by Steve Jobs, Steve Wozniak and Ronald Wayne, Apple introduced iconic brands like MacBook Pro, Mac Pro, MacBook, iMac, Xserve, Apple TV, Mac OS X, iPod and the iPhone.

Over the years 'Apple' became synonymous with tablets. The iPad managed to capture the minds of gadget lovers everywhere and garnered 83 per cent market share¹⁵ in the first year itself in the global tablet market. By then, iPad was one of the fastest product ever to cross \$1 billion in revenue. Unlike other tablets, the Apple App Store had iPad specific apps, which exceeded 140,000 in number¹⁶ by the end of 2011. Besides the hundreds of already available accessories, the 8-hour battery life and prestige were very compelling reasons to go with Apple, despite the intense price-features competition.

Apple's iPad 2 revolutionized the market even further with its definition of "thinner, lighter and smarter"; almost the same mantra Apple used every time it launched a new version of its products. The philosophy was on full display when the company's CEO, Steve Jobs, came out in March 2011 from his long medical leave to launch the second version of the world's fastest selling gadget, the iPad. 33 per cent thinner and 15 per cent lighter, the iPad 2 had substantially more processing power than the original version.¹⁷ The iPad 2 was to be sold in the Indian market at the same price as the original model. While Apple's marketing and promotional videos predominantly featured children, college students and average consumers, in reality, at least 50 per cent of iPad users were professionals.¹⁸

Motorola Xoom

After introducing the first commercial portable cellular phone in the world, Motorola, emerged as one of the most globally recognized brand names. In the business of connecting people for more than 80 years, the corporation had become known for its groundbreaking communication technologies. The corporation was recognized for institutionalizing Six Sigma quality improvement processes.¹⁹ With Internet and multimedia enabled features, Motorola Mobility launched the Droid smartphone. Extending its application of Google's Android open-source mobile operation system, the corporation

¹³ "Samsung Outstrips Apple in India's Tablet Market," *IDG News*, September 29, 2011, www.macworld.com/article/1162587/samsung_outstrips_apple_in_indias_tablet_market.html, accessed October 24, 2011.

¹⁴ "Global Biggies Rule Tablet Market in India: CyberMedia Research," *India Tech Online*, September 30, 2011, <http://indiatechonline.com/cybermedia-research-tablet-market-in-india-579.php>, accessed November 06, 2011.

¹⁵ "Apple Begins Global Sales of New iPad2 Tablet as Competition Intensifies," *Bloomberg*, March 25, 2011.

¹⁶ www.apple.com/ipad/, accessed November 20, 2011.

¹⁷ *Ibid.*

¹⁸ "Review: Why iPad 2 is Still Winning with Business Users," *ZDNet*, April 20, 2011, www.zdnet.com/blog/btl/review-why-ipad-2-is-still-winning-with-business-users/47579, accessed November 20, 2011.

¹⁹ "Motorola's Six Sigma Journey: In Pursuit of Perfection," *Supplychaindigital*, September 28, 2011, www.supplychaindigital.com/procurement/motorolas-six-sigma-journey-in-pursuit-of-perfection, accessed November 21, 2011.

launched “Xoom,” a tablet PC. With features like 10.1 inch HD display, functionally Xoom was a smaller version of PC. Launched in two variants — Wi-Fi and 3G — both the models came along with a one GHz dual-core processor, a five megapixel rear facing camera and a two megapixel camera in the front. The two models were priced for INR 32,990/\$690 and INR 39,990/\$830, respectively.

By the end of 2011, Google Inc entered into an agreement to acquire Motorola Mobility for \$12.5 billion.²⁰ Through this, Google aimed to defend Android against legal threats from its competitors²¹.

Dell Streak

Dell Inc. was another US giant in the information technology sector, which manufactured, marketed and provided support and services for their computers and related products. After introducing best practices in supply chain management and e-commerce, the company witnessed enormous growth in their customer base. Accepting orders online and via telephone, Dell edged out its competitors by reducing prices, coupled with promotional offers and free shipment.

Moving away from its core business of manufacturing laptops, Dell offered its user pocket-sized tablet, Streak. With a display half the size of Xoom’s and weighing 220 grams, Dell differentiated themselves from their competitors in terms of portability and mobility. Priced at INR 34,990/\$730, this slim 10 mm device was perceived to be a crossover between a smartphone and a tablet.

Samsung Galaxy

With revenue of \$133.78 billion in 2010, Samsung was recognized for its exposure of innovation to the masses. Samsung launched this Android based Galaxy Tab in November 2010, much before the launch of many of its competitors including Apple and Motorola.

Available in two sizes — 8.9 inch priced at INR 33,990/\$710 and 10.1 inch at INR 36,200/\$750 — both the new Galaxy Tabs had exactly the same hardware specifications, varying in screen size and weight. Besides being an Android-based operating system, the Galaxy Tab had many other distinguishing factors including advanced screen resolution. This made Galaxy Tab a real threat to Apple’s iPad dominance.

RIM BlackBerry PlayBook

Headquartered in Waterloo, Canada, Research In Motion (RIM) was a premium player in wireless innovation and supports human networking among millions of customers globally. Once a niche player among enterprise professionals, the corporation grew exponentially by sequentially launching smartphones, tablets, other software and accessories. Its innovative BlackBerry Messenger (BBM) was considered the most valued alternative among youth.

RIM’s PlayBook was available in three storage capacities — 16GB, 32GB and 64GB. The PlayBook had provisions for special connectivity ports like the mini USB and micro HDMI. With a seven inch 1024x600 HD screen, the PlayBook had two cameras, a 3MP front camera and a 5MP rear camera; both these supported a full 1080p HD recording. This tablet was great as a standalone device, but required a BlackBerry handset in order to be “complete.” The e-mails, tasks, contacts/addresses and calendar could only be synchronized to the handset via a BlackBerry bridge, which did not make it very user friendly. This PlayBook was priced at INR 27,990/\$583 for an entry-level 16 GB model and went up to INR 37,990/\$791 for a higher-end 64 GB model.

²⁰ Unless otherwise stated, all currencies are in U.S. dollars.

²¹ Google to Buy Motorola Mobility for \$12.5 Billion to Gain Wireless Patents, *Bloomberg*, October 05, 2011.

The company's marketing strategy focused on moving existing BlackBerry smartphone users to the BlackBerry PlayBook.

Acer Iconia

Headquartered in Taiwan Acer had established itself as a global giant with a vast range of products including desktop and laptop PCs, LCD monitors, high definition TV's, tablet computers, servers, storage devices, handheld/navigational devices, smartphones and peripherals. The conglomerate with a global turnover of more than \$20 billion in the year 2010 comprised of Acer, Gateway, Packard Bell and eMachines emerged as a big league player using mergers as a core strategy for growth.

The first tablet to enter the Indian market with Android 3.0 OS was Acer Iconia Tab A500 This Iconia was the only Honeycomb tablet commercially available in India. A500 meanwhile, didn't break too many conventions; with a 10.1 inch screen, 730 gram weight and bulky design, Iconia didn't seem travel friendly. While Acer won points for innovation with the A500, it was priced almost on par with rest of the players in the market.

HTC Flyer

As the "Device Manufacturer of the Year"²², 2011, this Taiwan based company HTC had one of the most successful innovation stories, launching notebook computers, Microsoft powered smartphones, 3G phones, touch screen smart phones and Android-based smartphones. The company grew by partnering with major OS brands worldwide like Microsoft and Google.

HTC entered into tie-ups with strategic partners like British Telecom and T-Mobile. They also debuted Windows Mobile user experience to their subscribers' base. These mobile carrier companies foresaw the future trend accelerating towards the demand for broadband experience on mobile devices. This successful rollout from BT and T-Mobile set an example in the industry and gradually the trend was followed and ramped into global mobile industry.

Following its success in the smartphone industry, HTC's tablet 'Flyer' came with its own set of compromises — a high price tag, outdated Android Gingerbread operating system and bulky design. Priced at INR 39, 890/\$831, HTC Flyer was the first tablet with a 7-inch sleek display enabling portability, weighed 420 grams and had a battery-powered pen that even registered the pressure, drawing lightly to create a thin line and pressing a little harder to get a thicker line²³.

Toshiba Thrive

Headquartered in Tokyo, Japan, Toshiba Corporation was the fifth largest computer manufacturer in the world in terms of revenues for the year 2010, with a turnover of \$77 billion²⁴. This high technology player supplied desktops, digital products, electronic devices and components, notebooks, peripherals, servers and many other products.

Thrive — the first tablet Toshiba launched globally — came with an integrated 10.1 inch screen slightly larger than the iPad, offered a new version of Google's Android mobile operating software. For the Indian market it was priced in the range INR. 19,000/\$396 for 8GB and INR 25,500/\$531 for 32GB, Toshiba's Thrive was slightly more than half an inch thick and weighed less than 800 grams.

²² www.htc.com/mideast/about/?year=2011, accessed August 28, 2011.

²³ HTC Flyer, a Pen to Rule Them All, *The Economic Times*, September 15, 2011.

²⁴ www.toshiba.com/taec/news/media_resources/news_mr_facts.jsp, accessed September 05, 2011.

Cisco Cius

A global networking leader, Cisco was known for its technologies that connected people. With the diversified set of technologies, Cisco recorded the turnover of \$43.2 billion in 2011. Targeting business enterprises, Cisco launched its 7-inch touch screen tablet Cius priced at INR 35,000/\$730. With its ability to endow solutions to this niche market like email and other business applications, Cisco Cius worked on an Intel Atom Processor. Loaded with dual cameras, one GB RAM, 3G/4G connectivity and Wi-Fi support, the tablet provided a host of applications, including conferencing through web, instant messenger, telepresence, email and calendar applications. Cisco created a strong network spread with 2000 partners and four distributors across India.

Amazon.com Kindle Fire

Amazon.com Inc. was a Seattle-based \$34 billion company. With its direct international operations in many nations including both sides of the Atlantic, Amazon sold or acted as a junction for the sale of a multitude of products ranging from books to consumer electronics. Its base of around 150 million active customers spanned across the world.

With such an established base, Amazon unveiled its Kindle Fire tablet as a direct rival to Apple's iPad tablet. The initial promotional strategy from Amazon was to offer Amazon Prime, its internet streaming service worth INR 3794 / \$79 for free along with this gadget. This promotional strategy was expected to work strongly in favour of Amazon.com. Much to the surprise of the market, Kindle Fire was launched at INR 9552 / \$199 while it was estimated that the total cost incurred by the company was much more INR 10062 / \$209.63²⁵. Amazon.com was expecting to reap the real benefits of stimulating the content demand by selling more Kindle Fire gadgets.²⁶

Others in the Fray....

By the end of 2011, some of the other available options for Indian consumers included the iBall Slide for INR 13,995/\$291, Reliance 3G Tab for INR 12,999/\$271, S Mobility's Mi-720 for INR 11,990/\$250, Mercury mTab for INR 9,499/\$198 and Beetel Magiq for INR 8,990/\$187.

With so many of the players already in India and many more in line to disclose their India plans, Indian customers were spoiled with choices. As of October 2011, there were 27 tablet models available in India from 10 different vendors. This number was expected to increase to 90 models from 35 vendors, according to CyberMedia Research.²⁷

STRATEGIES ADOPTED BY APPLE — STEVE'S COME BACK

The return of Steve Jobs to Apple in 1998 was the start of an epic journey for both Apple and himself. Jobs was the key person responsible for reshaping the personal computing and the gadget markets of the world. Although some of these innovations, such as the MacBook, were merely improvements to existing Apple products, other products such as the iPhone and iPod were truly revolutionary, especially considering how they shaped the market for portable music devices and cellular phones. This iPad was a crossover between a laptop and a smartphone, which entered the market as a magical device to browse the

²⁵ "Amazon's Kindle Fire Tablet Costs \$209.63 to Make, IHS Estimates," *The Economic Times*, October 01, 2011.

²⁶ Ibid.

²⁷ "Tablets Fly, 1.6 Lakh Units Sold in Oct-Jun," *Daily News and Analysis*, September 30, 2011, www.dnaindia.com/money/report_tablets-fly-1-6-lakh-units-sold-in-oct-jun_1593168, accessed October 13, 2011.

web, accessing email, enjoying photos, watching videos, listening to music, playing games, reading eBooks and much more.

iPad - APPLICATION AREAS

The iPad not only created business for itself, but also developed an entire ecosystem around the product and its applications. More than 140,000 applications were developed for Apple²⁸, including video chat and Live TV.

The iPad's marketing strategy focused on the usage through its applications in various industries. The iPad 2 was beneficial to many consumer segments, ranging from college students to business professionals. The iPad 2 made its presence felt across a wide range of industries including education, research, entertainment, sports and travel. The illustrative collection included the Bloomberg Finance App that kept its customers updated with the stock prices; University of Cambridge App that engaged its staff, students and visitors to update them with the latest news, events and media; NASA App that extended dynamically generated information in the form of visuals and videos most pertinent for its scientific and realistic value through its online resources to its users; Reel Cinemas UAE App that facilitated booking movie tickets online; ESPN Cricinfo App that livened its global audience with cricket reporting; British Airways App that provided its customers with instant access to live information that related to booking and flight information.

Many companies with an international presence like JPMorgan and UBS Wealth Management uploaded podcasts on iTunes²⁹. These podcasts could be downloaded, providing the latest commentary and updates on the market from any device.

THE INDIAN SAGA

While Apple launched the iPad during April 2010 in the United States, it was launched in India nine months later on January 28, 2011. Was India, a dumping ground for Apple's outdated gadgets? Apple had done the same earlier also. Just before the launch of its iPhone4, it had dumped the iPhone3GS in the Indian market, as it was being scrapped from sales in almost all other parts of the world.

Exhibit 2 illustrates the launch time lines of different tablets from major players. Exhibit 3 reflects the launch of the first Apple iPad across different markets. This has been developed on the concept/frame of Roger's hypothesis.³⁰

While Samsung launched its Galaxy Tab simultaneously in both US and Indian markets and other prominent players launched their tablets in India within a gap of 2-3 months from their US launches, it seemed to some that Apple assumed the Indian market was conservative and did not have an appetite for luxury iProducts.

Had Apple categorized the Indian economy as immature on certain assessment scales? Did Apple believe India was not a lucrative international market in terms of market size and growth potential?

Apple unveiled the iPad 2 to the world in May 2011 in the United States. This time though, Apple quickly launched the iPad 2 in India within two months of its initial launch date.

²⁸ Ibid.

²⁹ "Apple iPad is Bean-Counter for Financial Advisors Now," *Business Line*, September 28, 2011.

³⁰ Everett M. Rogers, *The Diffusion of Innovations*, Fifth Edition, Free Press, New York, N.Y., 2003.

APPLE'S PRODUCT STRATEGY

Apple used a limited options approach when it came to providing choices for its customers. This had been a key factor in its success story. Until the MacBook was launched in 2006³¹, Apple kept its personal computing category simple and their product line up had just four offerings - laptops and desktops for either home consumers or office professionals.

Similarly, when it came to other products like the iPod, iPhone and iPad, the number of variants provided to its consumers was limited. By restricting the variants available, Apple used this strategy to ensure consumers' minds were not plagued with variants and its associated features, which may have led to indecisiveness.

Apple launched both the variants of iPad in India - the 3G and Wi-Fi versions, the black and the white colour option, and complete hard disk range.

Looking at the overall usage of the Apple iPad, the US market reflected its affinity to the applications of the iPad in a variety of industries. In India, iPads were still viewed more as an entertainment gadget/social status enhancing device. The number of apps available in the App Store for US customers was enormous as compared to those available for the Indian customers, a clear differentiating factor used by Apple to discriminate between US and Indian markets. Just like anywhere else in the world, the accessories for Apple products were a flourishing industry in India too, generating enormous profits for themselves.³²

APPLE'S DISTRIBUTION STRATEGY

Worldwide, Apple ensured users could buy an iPad not only from its own retail outlets, but also gave the consumers many options to buy from. For example, in the United States, one could purchase the iPad from the following sources:

- Best Buy Third party dealer stores.
- Wal-Mart / Target Hypermarkets selling via their electronics section.
- Verizon / AT&T Stores Service providers in the United States.
- Apple Specialists Licensed iStore — third-party retail outlets selling Apple exclusively.
- FindOne The Apple App in the App Store which checks the inventories of every Target and Wal-Mart store in the vicinity.

Comparatively, the Indian market had limited options to purchase the iconic iPad, even when the product was already extremely delayed compared to the releases of its competitors. The prominent channels in the Indian market included - iStore from Imagine (RSG Group), Reliance Digital and few electronic retailers like Future Group's eZone, Infiniti Retail's Croma Chain, etc.³³ This put an end to the grey market that was importing iPads through illegal channels, and selling them at extremely high prices with no warranty.³⁴

³¹ "Apple Introduces MacBook Pro," www.apple.com/pr/library/2006/01/10Apple-Introduces-MacBook-Pro.html, accessed October 07, 2011.

³² "Apple India brings iPad; starting price Rs 27,990," *The Economic Times*, October 01, 2011.

³³ www.imaginestore.in/apple_ipad.htm, www.istoreindia.com/appleistore_ipadhome.html, accessed November 25, 2011; "Buy iPads In India From EZone, Reliance iStores [Chennai, Bangalore, Delhi, Mumbai]," www.techdreams.org/india/where-to-buy-ipad-in-chennai-delhi-mumbai-bangalore-kolkata-india-and-price-info/5502-20110207, accessed November 08, 2011; www.cromaretail.com/help-me-buy/mp3.html, accessed November 25, 2011.

³⁴ www.cromaretail.com/help-me-buy/mp3.html, accessed November 25, 2011.

While Samsung had already stirred the market in India with its launch of the Galaxy two months ahead of the iPad 2, Apple took little action, except for declaring its launch date in the media. Generally, Apple avoided a wide marketing campaign. Apple fans eagerly flocked to have a firsthand experience with the product and the retail stores received a large number of enquiries. However, many of the retail stores lacked stock and their staff were not trained to handle many queries about the product and its features. Some retailers introduced facilitators to present the product to the market. Prominent banks like ICICI and HDFC were brought in to extend EMI options by Imagine, an authorized premium reseller of Apple. Future Group planned an ad campaign and launched its own freebies along with the iPad 2, while also relying heavily upon online media.

POTENTIAL ISSUES WITH THE APPLE iPad: RESEARCH INPUT

The price sensitive Indian market looked forward to owning a device with numerous positive attributes and a great utility value. Apple could manage only 18 per cent market share in India by the end of 2011, in contrast to its success worldwide where it was the top-selling tablet.³⁵ Gartner projected Apple would have a 73.4 per cent market share worldwide for tablets by the end of 2011, compared to 83 per cent in 2010.³⁶

Apple and Samsung were locked in a web of litigations to defend their portion of market share in the booming tablet and smartphone market. While Apple already enjoyed an early victory in the legal suit against Samsung in Germany³⁷, it also initiated legal proceedings against Samsung in South Korea. Apple sued Samsung in Australia for infringements of as many as ten patents of Apple and ensured Samsung could not carry out any advertising or sales activity until a judgment from the court was obtained.³⁸ However, it is interesting to note that India was one of the countries where Apple had not brought any legal proceeding against Samsung for suspected patent infringements, nor filed for a ban on sales of the Galaxy Tab³⁹.

From the primary research conducted across India among tech-experts, senior executives from application industries and avid Apple fans, it became evident that the Indian market considered Apple had lost in India on many grounds. Excerpts of some of interviews conducted are furnished in Exhibit 4. It is very evident from the initial inputs that not everyone saw Apple with pessimism.

While initial excitement associated with the launch of iPad in India had settled, Apple was successfully navigating through difficult times, competing against a number of players in the bullish market. With an increasing number of players chipping away at its portion of market share, coupled with demanding customers in the market, Apple had to be prepared for the future.

³⁵ "Samsung Leads Indian Tablet Market with 46% Market Share; RIM Achieves 21% in Three Months," *Telecomlead*, October 8, 2011. <http://telecomlead.com/inner-page-details.php?id=3713&block=Tablets>, accessed November 23, 2011.

³⁶ *Ibid.*

³⁷ "Apple Wins Key German Patent Case Against Samsung," *The Economic Times*, November 13, 2011.

³⁸ "Samsung Wins Against Apple Over Tablet and Smartphone Sale," *The Guardian*, December 15, 2011.

³⁹ "Samsung trumps Apple's tabs in India," *The Mobile Indian*, October 08, 2011, www.themobileindian.com/news/3273_Samsung-trumps-Apples-tabs-in-India, accessed April 25, 2012.

Exhibit 1

VARIOUS TABLETS — A COMPARATIVE CHART

Tablet PC	Price US\$	Year	OS Support	Display	Disk Gb	Resolution	CPU	Battery (h)	Weight (Gms)
Acer Iconia Tab A500	395.99	2011	Android 3.0	10.1	16	1280 x 800	NVIDIA® Tegra™	7	730
Amazon Kindle Fire	199.00	2011	Android	7.0	8	1024 x 600	TI OMAP dual core	7.5	410
Apple iPad	499.97	2010	iOS	9.7	16 - 64	1024 x 768	Apple A4	9.5	680
Apple iPad 2	519.00	2011	iOS 4	9.7	16 - 64	1024 x 768	Apple A5	10	600
BlackBerry PlayBook	347.99	2010	BlackBerry OS	7.0	16 - 64	1024 x 600	ARM Cortex A9	7	400
Dell Streak 7	286.38	2011	Android	7.0	16 - 32	800 x 480	nVidia Tegra T20	4	450
Motorola XOOM	799.99	2011	Android 3.0	10.1	32	1280 x 800	Nvidia Tegra Dual	8	730
Samsung Galaxy Tab 10.1	499.99	2011	Android 3.1	10.1	16 - 32	1280 x 800	NVIDIA® Tegra™ 2	10	570
Samsung Galaxy Tab 7	455.00	2010	Android	7.0	16 - 32	1024 x 600	PowerVR SGX540	6	380
Toshiba Thrive	369.99	2011	Android 3.1	10.1	8 - 32	1280 x 800	Nvidia Tegra 250	7	770

Source: www.tabletpccomparison.net, accessed November 03, 2011

Exhibit 2

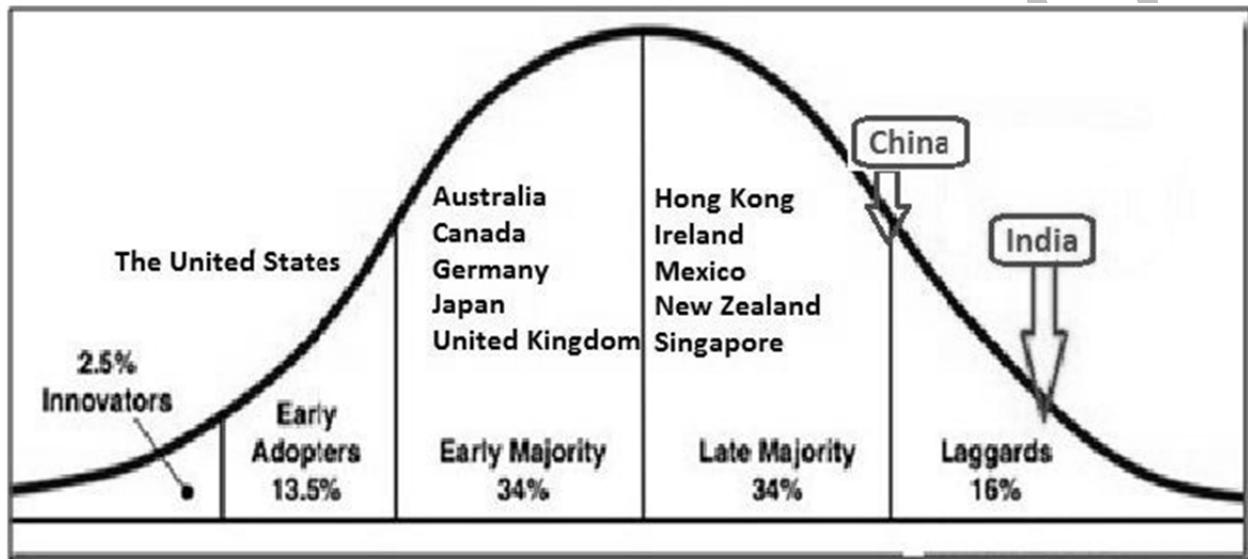
THE SEQUENCE OF LAUNCHES OF VARIOUS TABLETS IN THE U.S. AND INDIA

Apple iPad	U.S.	(Apple iPad)							India									
Apple iPad2											(Apple iPad2)							
											U.S.	India						
Samsung Galaxy Tab								(SGT) U.S., India										
RIM PlayBook											U.S.	(RIM PlayBook)	India					
Toshiba Thrive																(Toshiba Thrive) U.S		
Motorola XOOM											U.S.	(XOOM)	India					
Dell Streak 7			U.S.	(Dell Streak 7)				India										
	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11		

Source: Created by authors.

Exhibit 3

APPLE IPAD ENTRY WORLDWIDE — A MIRROR THAT REFLECTS REALITY



Source: Created by authors.

EXHIBIT 4

EXCERPTS OF SOME OF THE INTERVIEWS CONDUCTED

...Apple failing to have a camera in its premier version was one of its biggest setbacks. Samsung was quick to work on some of the drawbacks of the Apple iPad and launched the Galaxy Tab with dual camera. This gave the consumers the option of taking pictures, recording videos, video conferencing and much more. Let's not forget 'entertainment' is X factor for the Indian market. By the time Apple had launched its iPad 2 with dual cameras, it was too late in this tech-dynamic industry...

...the iPad does not offer support for the Flash Multimedia Player. This is one its major disadvantages. When I start surfing the net, I encounter big empty boxes in the middle of the page failing to load some videos or icons. Anyone will get annoyed easily on this, especially among the gamers who look for Flash games in their gizmo...

...Apple lack of Bluetooth connectivity to other devices and non-availability of USB ports added problems. Its major competitor Samsung's tablets have Bluetooth connectivity and a slot for the USB devices....

...Advertisers are suffering as they are not able to reach their potential customers due to the lack of a Flash player...

...we are witnessing a crawling market share growth for Apple Tablet and a dynamic growth in Android based Tablets' share which shall persist for some time now until market sentiments for Apple's products grow up...

Exhibit 4 (continued)

Following were few fascinations expressed by some of the interviewees:

Facetime is a 'one in a million' application that comes along with the iPad, providing an opportunity to network for business purposes, connect with the loved ones anytime from anywhere in the world...

Think of any activity and you have an App for it in the App Store! What else comes to one's mind when you think of Apple?

Source: These statements have been quoted from a brief research (unpublished) conducted by the authors of this case, aimed at soliciting the reaction of few respondents towards the launch of Apple iPad in India. A total of 38 present and potential customers of the Apple iPad were contacted during the period of October — November 2011 in the city of Delhi, India. The respondents were chosen on random basis and asked about their purchasing (or not) of Apple iPad. The respondents shared their opinions / experiences, some of which have been quoted in this case paper.