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The Global Shift To Android: Business & IT Professionals

A survey conducted by IDG Connect - June 14th 2012

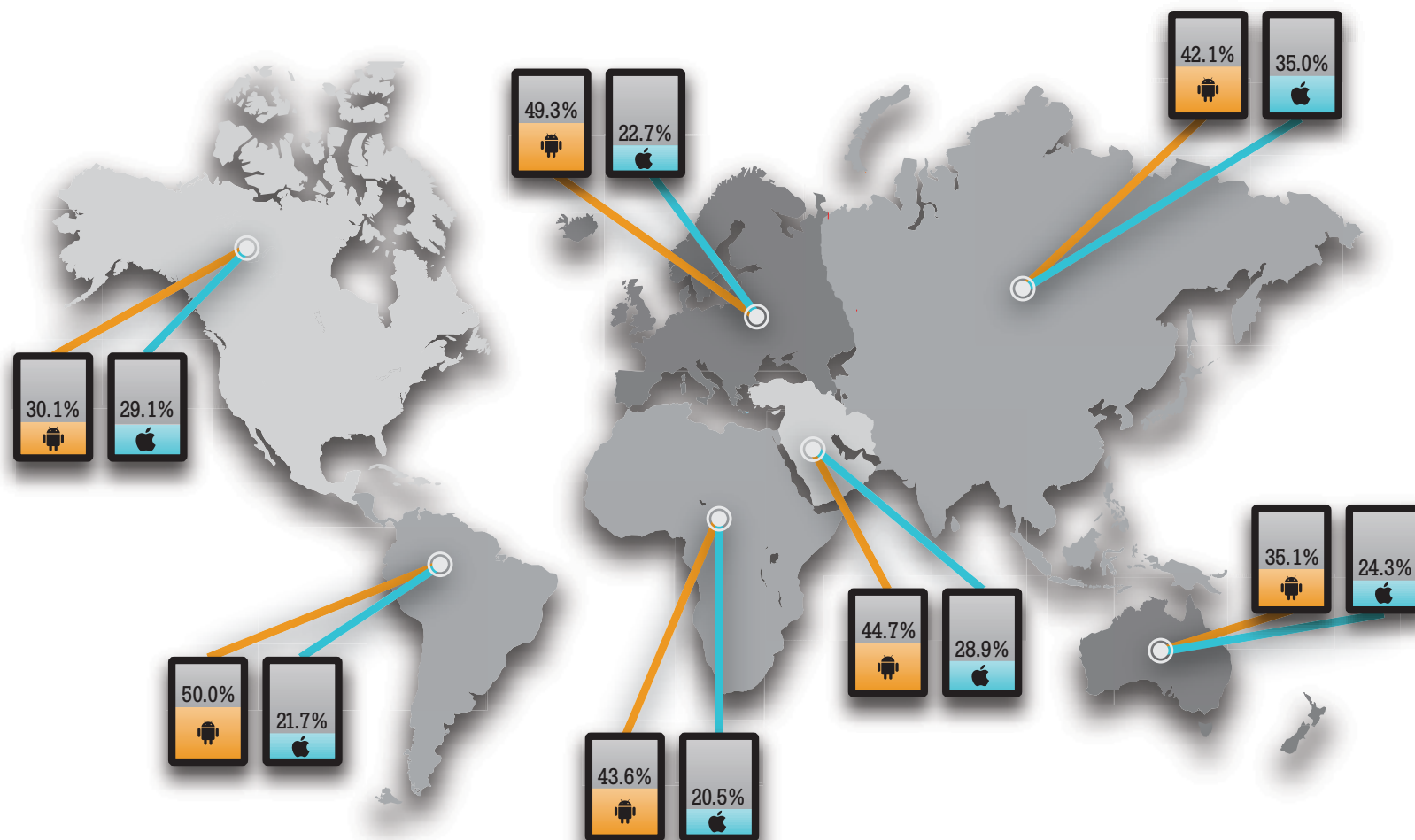
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The global shift to Android: business & IT professionals



First-time purchasers who say they will buy an Android tablet



First-time purchasers who say they will buy an iPad

This is based on a survey of 3124 global IT and business professionals

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Introduction

In the global tablet market, Android often resembles the guest who might not turn up for the party.

Last year, the most frequent complaint was the lack of viable models from mainstream OEMs. (1) This year, challenges have included Android's fragmentation, "poor customer reviews" and "pricing missteps". (2). In May, IDC's assessment of disappointing Q1 Android shipments led the analyst firm to suggest that "Apple will continue to sit comfortably on top [of the market]". (3) Forrester, which takes a more pessimistic line, is predicting that Android's installed base will actually decline by 2015. (4) Meanwhile, Gartner expects Android to account for just 23% of the tablet market this year, against a 69% market share for iOS. (5)

Looming on the horizon is the threat of Windows 8. By Christmas, retail outlets around the world are expected to be selling 10" and 11" tablet models running the new Microsoft operating system. (6)

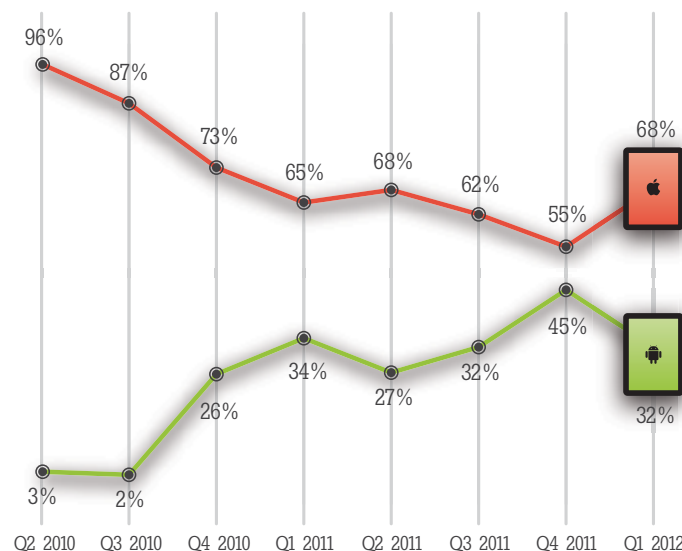
So far, so bad. But is the pessimism overdone? The research undertaken for this white paper among 3,124 business and IT professionals worldwide suggests that it may be. Among our findings:

- Now that a majority (71%) of business and IT executives around the world own tablets, the market's centre of gravity is shifting toward buyers who regard Android as their preferred option.
- Among business professionals we surveyed who own a tablet, 60% own an iPad; 31% own an Android tablet. Yet among business professionals who don't yet own a tablet, 33% say they will go with Android. Only 31% say they will buy an iPad.
- Affection for Android has always been relatively strong inside IT

departments. Yet here, too, a further rebalancing toward Android seems to be occurring. 49% of IT professionals currently own an iPad. 42% own an Android tablet. However, among IT professionals who don't yet own a tablet, 49% say they will buy an Android tablet. Only 26% say they will buy an iPad.

- Beyond Apple's home territory, the company's reality distortion field (a.k.a. brand reputation and marketing spend) weakens progressively. In every territory apart from North America and Australia/New Zealand, a majority or plurality of respondents believe that Android will surpass iOS to become the world's leading tablet OS within the next 12 months. Regardless of analyst scepticism, findings like this suggest the existence of significant pro-Android momentum at street-level.

The business and IT professionals who took part in this survey fit the classic profile of influencers, at home and in the workplace. Their preferences will have a major impact upon millions of other purchasers. As a result, the pro-Android momentum identified by this survey may yet have a significant and unforeseen impact upon tablet markets worldwide.



Media tablets: global market share

(1) "Apple's iPad remains dominant as Windows tablets outsell the Playbook", *The Next Web*, 21st July 2011, which quotes an analyst from Strategy Analytics as follows: "No Android vendor yet offers a blockbuster model to rival the iPad, and demand for many Android vendors' products remains patchy."

(2) "Amazon's Kindle Fire sales fizzle in 2012, market share slips to third," *ReadWriteWeb*, 4 May 2012.

(3) "Apple shines, but slumping Android shipments lead to disappointing first quarter for media tablets," 3rd May 2012.

(4) "How tablets are eating the PC's future, but might save the desktop computer", *The Guardian*, 25th April 2012

(5) "iPad to dominate tablet sales until 2015 as growth explodes, says Gartner", *The Guardian*, 22 September 2011

(6) "Google's window of opportunity for its Android tablet is closing fast", *The Guardian*, 16th April 2012

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Ownership: the middle class mainstreaming of tablets

Anyone who still believes that tablets are toys for fanboys needs to revise their view of the world. For tens of millions of corporate professionals worldwide, tablets have become a tool of choice, used for both work and play.

Usage is widespread and entrenched: overall, 71.1% of respondents own a tablet -- a far higher proportion than among the general population. 74% of business professionals and 69% of IT professionals own a tablet.

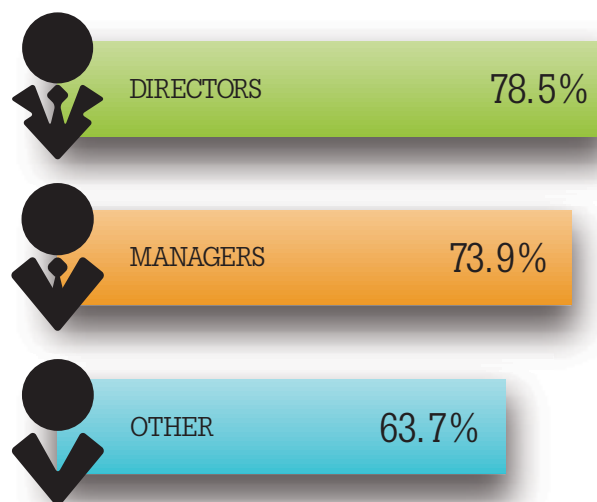
Within this relatively privileged community, levels of ownership vary by job type and seniority, although not by as much as one might expect. Tablet ownership is highest among business directors (78.5%) and lowest among other (mostly junior) staff in business units and the IT department (in both cases, the proportion who own a tablet is around 66%).

This demographically elite market is steadily approaching one-device-per-user levels of saturation. Of the small proportion of IT and business

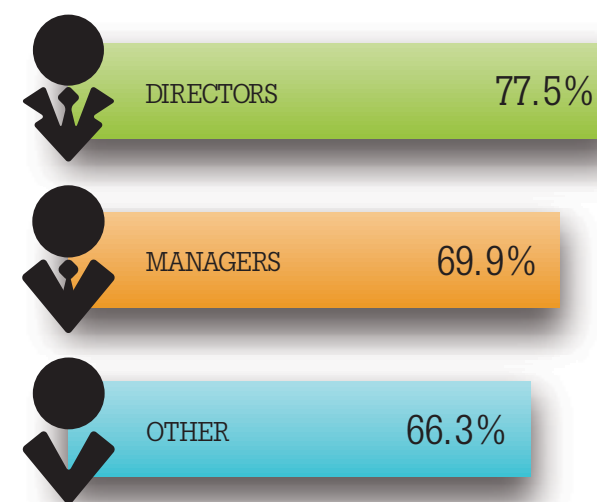
respondents who don't already own a tablet, 79.5% say they intend to purchase a new tablet within the next 12 months.

Soon, therefore, questions about upgrade/repeat and multiple purchases will begin to dominate analysis of the market's top end. For example: will professionals equip each family member with a tablet, in much the same way that each family member currently owns a mobile handset? On the face of it, there seems very little reason why single household/ multiple ownership (SHMO) shouldn't become the norm.

As this occurs, we can expect to see price play an increasing role in decision-making. Further down the demographic scale, as the mainstreaming of tablet ownership begins in earnest, price will play an even more obvious role. Historically, Apple has managed mass market diffusion with varying degrees of success. If Android can fend off Microsoft's latest effort to enter the market, the way is open for it to make further market share gains, in both the developed and developing world.



Business professionals



IT professionals

The status quo:
tablet ownership
among business &
IT professionals

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Android: the user base

42% of IT professionals and 31% of business professionals own Android tablets.

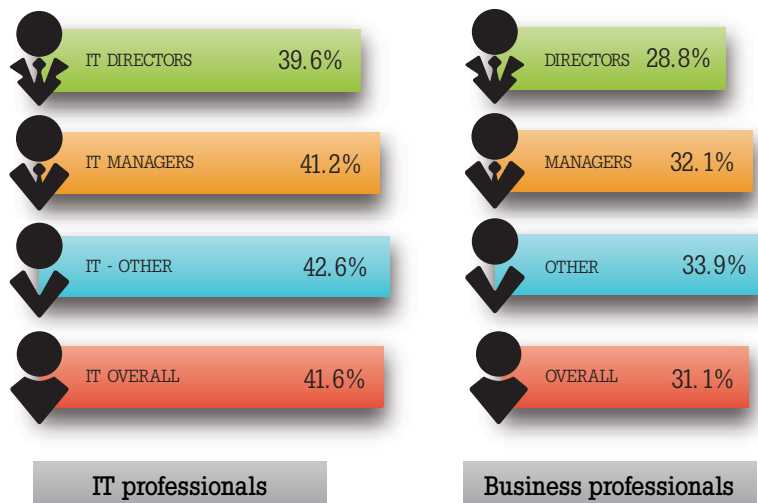
The regional variations in Android's market share are substantial. In Africa and Asia, Android tablet ownership climbs as high as 43% (Africa) and 41% (Asia). In Australia/New Zealand, it falls as low as 28%. In North America, 31% of respondents own an Android tablet.

Among those who don't own a tablet, but intend to buy one, this divide between the developed and developing world is repeated – with one important exception.

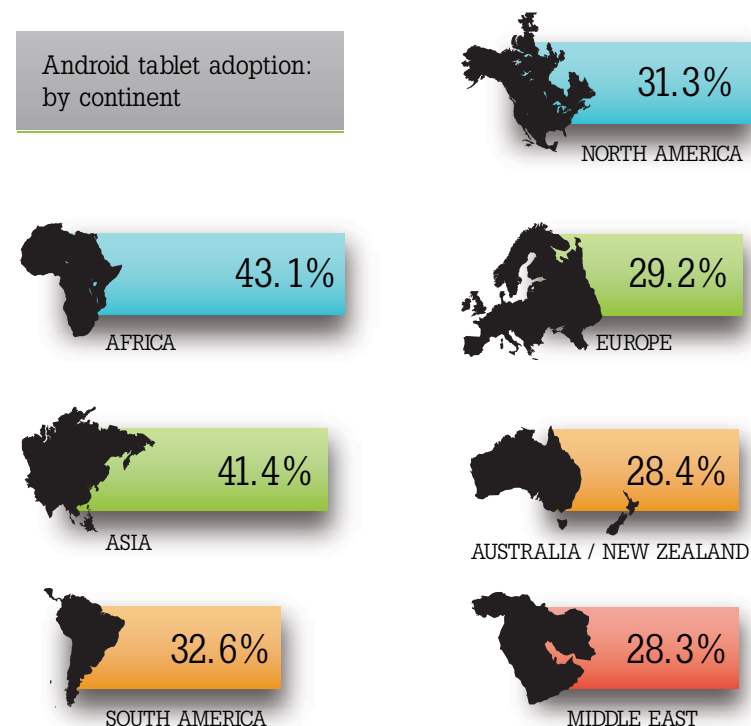
Android is the likely choice for the highest proportion of future buyers in Africa (44%). (Only 21% of African respondents plan to buy an iPad.) Among prospective buyers, preference for Android is lowest in North America (30%) and Australia/New Zealand (35%).

The surprising exception to this split between the developed and developing world occurs in Europe, where only 23% of non-owners plan to buy an iPad, compared with 49% who plan to buy an Android tablet. This finding – radically at odds with existing ownership patterns -- suggests that Europe has become a key battleground between Android and iOS, with the swing vote moving toward Android.

Tablet ownership by seniority



Android tablet adoption: by continent



Part of Android's appeal has always been its potentially low cost at retail. The survey data confirms that Android owners are more price sensitive than iPad owners. However, Android tablet ownership is *only slightly more prevalent* among junior IT professionals (43%) than IT managers (41%) and IT directors (40%). The pattern among business professionals is similar. 34% of junior business executives own an Android tablet, compared with 32% of business managers and 29% of business directors (28.8%).

These findings support the argument that Android tablet OEMs have been slow to exploit price as a marketing tactic. However, our survey data also suggests that Android's future will not be determined by price alone. 78% of Android tablet owners describe functionality as "very important". Only 43% describe price similarly.

Apple could be forgiven for hoping that iPhone ownership exerts an outsized halo effect over OS choice when it comes to purchasing tablets. Our findings suggest otherwise. Four out of ten (39.4%) iPad users own a mobile handset that runs on something other than iOS. A similar proportion (38.0%) of Android tablet owners also own a non-Android handset. The halo effect surrounding Apple's iPad appears to be no stronger than that surrounding Android tablets.

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Android's increasing momentum

Among business professionals who currently own a tablet, iOS is almost twice as popular (59% own an iPad) as Android (31% own an Android tablet). However, going forward, the balance of power appears to be swinging from iOS. Among business professionals who don't own a tablet but plan to buy one, 33% say they will choose Android. Only 31% say they will choose iOS. Among this demographically elite slice of the population, Android seems to be gaining ground on Apple.

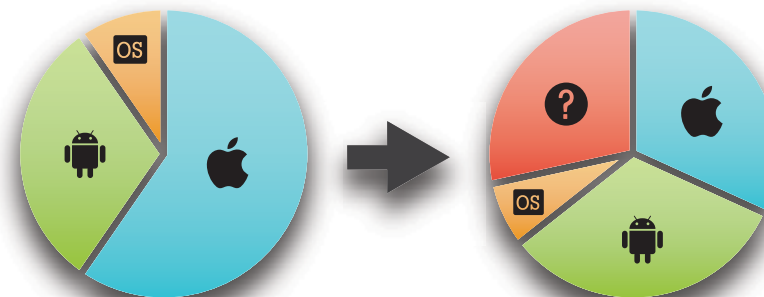
In the IT department, among respondents who already own an iPad, iOS (used by 49%) is more popular than Android (used by 42% of IT professionals). Yet here, too, the balance of power appears to be shifting. Among IT professionals who don't own a tablet but plan to buy one, half (49%) say they will opt for Android. Only one-quarter (26%) say they will buy an iPad.

The shift towards Android is visible elsewhere. We asked *all* respondents which OS they believe will lead the market in 12 months' time. Their forecast amounts to a photo finish: 48% say they believe iOS will lead the market. 47% opt for Android.

However, this picture of Android's increasing momentum is tempered by a couple of provisos. Over one-quarter (27%) of business professionals who don't own a tablet say they are unsure about which flavour to buy. Similarly, 19% of IT professionals who don't already own a tablet are unsure. A further 8% of business professionals and 6% of IT professionals say they will buy a tablet running an OS other than Android or iOS. Clearly, much remains to play for.

The market share attributable to other platforms remains small. Globally, only 1% of respondents own a Kindle. In North America, however, where the Kindle Fire has met with success, the percentage rises to 3%. The data also suggests a negative prognosis for RIM. Currently, 4% of tablet-owning IT and business professionals own a RIM device. Yet only 2% of prospective buyers intend to buy one in the future.

Most of those who don't yet own a tablet will choose Android

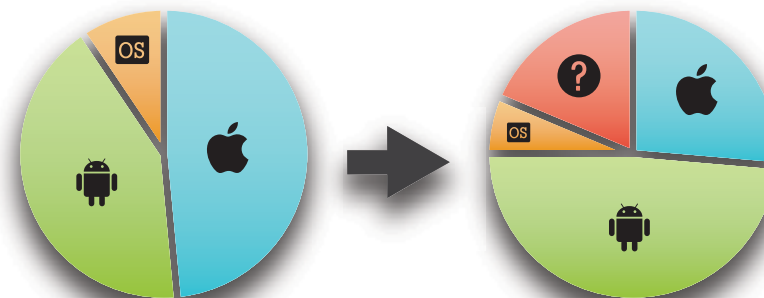


Business: current owners

iOS: 59.9%
Android: 31.1%
Other OS: 9.5%

Non-owners' buying intentions

iOS: 31.4%
Android: 33.3%
Other OS: 8.3%
Not sure: 26.9%



IT: current owners

iOS: 48.9%
Android: 41.6%
Other OS: 9.5%

Non-owners' buying intentions

iOS: 25.7%
Android: 49.4%
Other OS: 5.9%
Not sure: 19.1%

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The buying cycle: what makes Android different?

Those who own a tablet say that functionality drove their purchase decision above anything else. This is equally true of iPad owners (79% of whom say functionality was very important) and Android tablet users (78%). In second place, the availability of specific apps on their chosen platform was described as "very important" by 70% of iPad users and 65% of Android users.

Beyond this, perspectives about what's important start to diverge. 65% of iPad users say that brand reputation is, or was, "important" or "very important" in their buying decision. Only 51% of Android tablet owners concur.

There's a similar split over the importance of how good the device looks. 68% of iPad users say appearance is, or was, "very important" or "important" in their purchase decision. Only 55% of Android tablet users agree.

However, Android tablet users are more price sensitive than iPad users. Only 31% of iPad owners described price as a "very important" consideration. By contrast, 43% of Android tablet owners described price as "very important".

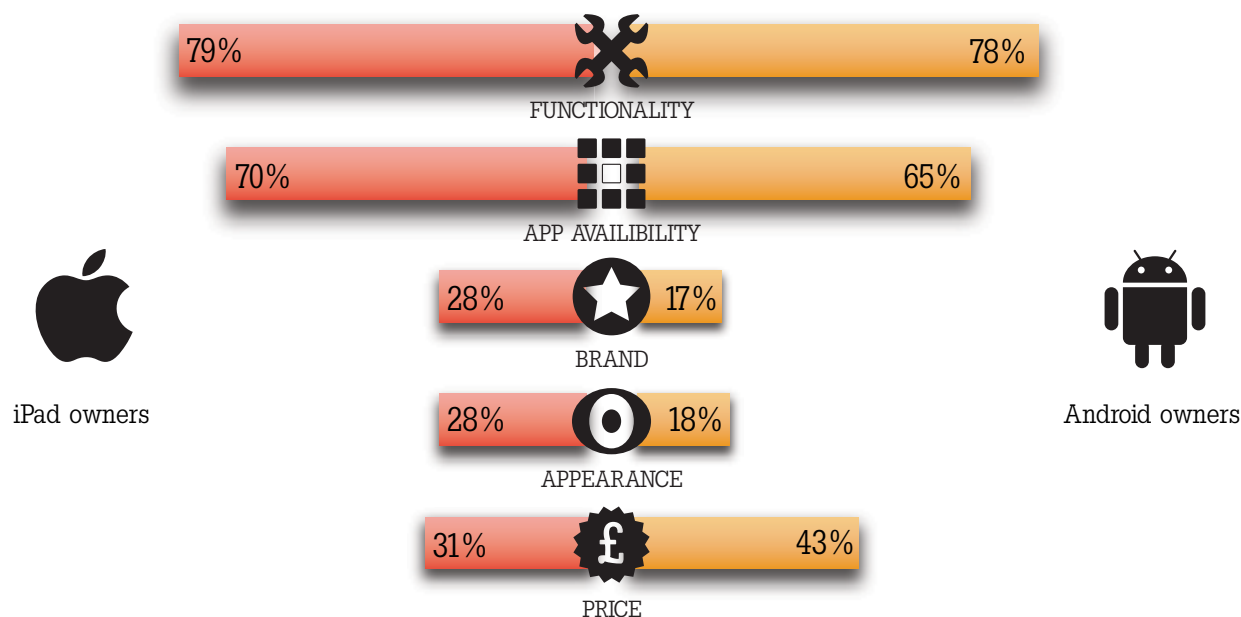
We asked the same questions of respondents *intending* to buy either an iPad or an Android tablet. By comparison *with those who already own an Android tablet*, respondents intending to purchase an Android tablet appear to be:

- more concerned about functionality
- more concerned about price
- similarly concerned about brand reputation and device appearance
- less concerned about the availability of certain apps

In the case of those intending to purchase iPads compared with those who already own them, those intending to purchase seem to be:

- much more concerned about brand reputation
- much more concerned about device appearance
- much more concerned about price
- similarly concerned about functionality
- less concerned about the availability of certain apps

The heightened levels of consideration that intending iPad buyers give to brand reputation, device appearance and price reflects Apple's go-to-market story. By contrast, would-be Android buyers differ from Android owners by placing added emphasis on functionality and price. In all of this, the question persists: how successfully can Apple adapt its sales story to a market that is destined to become increasingly commoditised?



Buying cycle: factors described as "very important" by owners

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Functionality: what do buyers and owners think the market most values?

We asked intending buyers not just about the factors driving their own buying decision, but what they believe *other buyers* value the most in a tablet.

Among intending buyers, respondents planning to buy an iPad believe that the market has relatively high expectations in terms of functionality. Those who say they will buy an Android tablet believe that the market is more forgiving.

We asked respondents who already own an iPad or Android tablet the same questions – about what they believe *other buyers* value the most about a tablet. In this case, we hear the voice of respondents whose perceptions have been tempered by the reality of using a tablet.

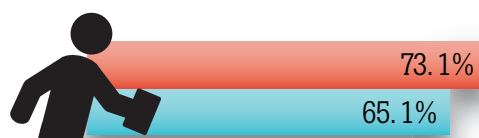
Interestingly, both existing Android and iOS users are *less inclined* than intending buyers to believe that high quality rendering of multimedia

content is “very important”. This may well be significant. When Apple launched the iPad, it squarely positioned the device as a near-magical platform for personal content consumption. Clearly, users now understand that both iPads and Android tablets can achieve this feat. On the road to commoditisation, their attitude appears to be: “Been there. Done that. What next?”

More significantly, Android users are more inclined than intending Android purchasers to believe that the ability to download apps is “very important”. This finding is consistent with the notion that Android users are often underwhelmed by Android Market. Closing the app gap with Apple – in terms of availability and discoverability – remains crucial to Android’s future.

Buying cycle: factors described as “very important” by owners

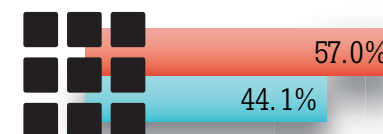
■ iPad owners ■ Android owners



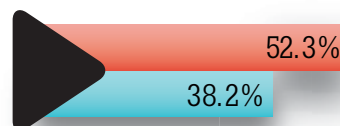
MOBILITY



SPEED



APPS



MULTIMEDIA



SHARING

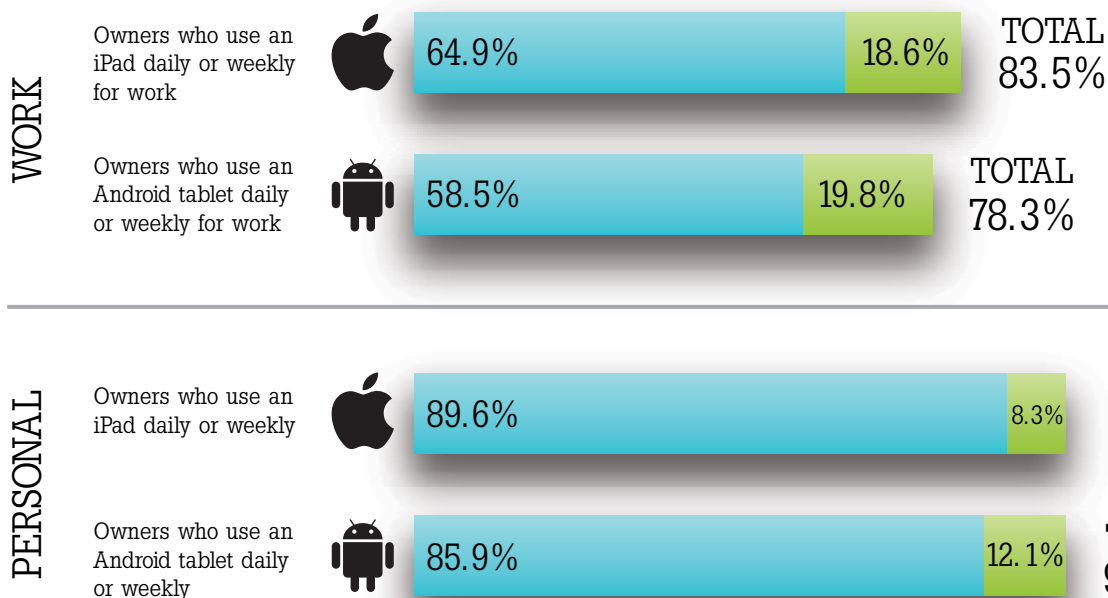
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Tablets are borderless: a mainstream tool for work & leisure



Buying cycle: what intending buyers say the market values most



DAILY



WEEKLY

Tablet usage is multi-contextual. Despite a visible bias toward personal usage, IT and business professionals use tablets almost as frequently for work as for personal purposes. Although a hardcore of IT professionals (17%) use their tablet at work less frequently than once a month or not at all, overall work-based usage levels are consistently, perhaps even surprisingly, high. 78% of Android owners use their tablet at work on at least a weekly basis. 84% of iPad owners use their device for work daily or weekly.

Work-based usage isn't confined to Android and iOS users: it's broad-based. For example, 91% of BlackBerry tablet owners say they use their devices in work on a daily basis – more than the number who use iOS (83%) and Android (77%) daily at work. Even 50% of Kindle owners say they use their device at work.

Personal use on at least a weekly basis is near-universal in the case of iPad, Android and BlackBerry users. 98% of iPad and Android tablet users

say they use their tablet for personal purposes on a daily or weekly basis.

The proportion of users who make personal use of their tablet on a daily basis is extraordinarily high. 98% of iPad and Android tablet users say they use their device for personal purposes either daily or weekly. Daily personal usage is also remarkably high: 90% for iPad users and 86% for Android users.

All tablets – not just the iPad – cross the boundary between work and leisure, and back again, with consummate ease. It's a testament to Apple's original vision that tablets largely achieve this feat without the feature-led OEM marketing strategies that have always been deemed necessary to differentiate "consumer" notebooks and smartphones from "corporate" equivalents. In the land of tablets, work and personal usage merges into one seamless continuum. Undoubtedly, this is a major part of the form factor's appeal.

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Regional focus: Africa & Asia



43.1% - Android ownership
40% - iPad ownership

AFRICA



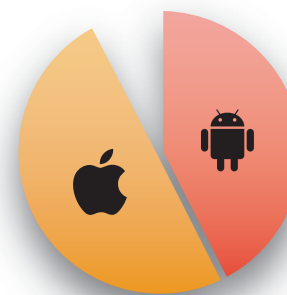
60.1% - % who believe Android will lead the global market in 2013

30.9% - % who believe iOS will lead the global market in 2013

Africa and Asia are the future heartland of Android adoption. On both continents, tablet penetration remains relatively low: for example, only 55% of African respondents own a device. Yet a majority or plurality of respondents – 51% in Africa, 47% in Asia – believe that Android will emerge as global market leader in 12 months' time.

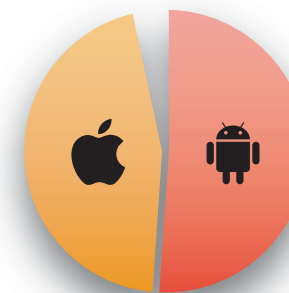
By contrast, in most developed markets, iOS remains the market leader and a strong majority (55% in the case of North America) believe that Apple's global leadership will remain secure during the next 12 months.

Among African business and IT professionals, pro-Android buying intentions are higher than anywhere else in the world. (Of those who do not yet own a tablet, 44% say they intend to buy Android.)



41.4% - Android ownership
50.1% - iPad ownership

ASIA



51.4% - % who believe Android will lead the global market in 2013

46.4% - % who believe iOS will lead the global market in 2013

Two-thirds of Asian respondents own tablets, the second-smallest score in our survey after Africa (55%). On both continents, penetration remains relatively low among the managerial elite. Yet what's striking is the very uniform way in which respondents all around the world agree upon the main attractions of owning a tablet. In Asia, Africa and everywhere else, the no. 1 perceived attraction of tablets in the wider markets is mobility ("easy to download content and access it on the move"), followed by speed ("good for instant use") and the availability of apps. In this sense, the appeal of tablets is universal.

By a significant margin, more Asian respondents own iPads than Android tablets. Among Asian respondents who *do not yet own a tablet but intend to buy*, Android is only a slightly more popular choice than Apple. Yet a majority of Asian respondents believe that Apple's market leadership is unsustainable globally. 51% believe that Android will become global market leader during the next 12 months, while 46% opt for Apple.

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Regional focus: North America & Europe



31.3% - Android ownership
43.4% - iPad ownership

NORTH AMERICA



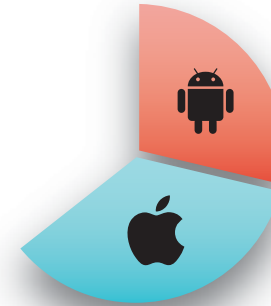
35.4% - % who believe Android will lead the global market in 2013

58.2% - % who believe iOS will lead the global market in 2013

In North America, Android is a strongly-held minority preference. 31% of respondents use an Android tablet. A roughly similar percentage – 35% -- believe that Android will become global market leader within the next 12 months.

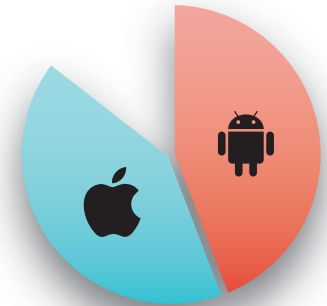
Apple's grip on the psychology of US consumers is famously strong. The same applies to business and IT professionals. Only 43% of business and IT professionals in North America own an iPad. Yet fully 58% expect Apple to retain global market leadership in the tablet market during the next 12 months.

However, beneath the surface, in North America – as everywhere else – there are signs that Android's recent sales surge is more than a passing phenomenon. Among the one-fifth of North American respondents who do not yet own a tablet, buying intentions are equally matched between Android (30% of intending buyers) and iOS (29%).



31.3% - Android ownership
43.4% - iPad ownership

EUROPE



35.4% - % who believe Android will lead the global market in 2013

58.2% - % who believe iOS will lead the global market in 2013

Europe is rather like North America – with lower levels of tablet penetration, but without the assumption that Apple will hold on to global market leadership in the future.

69% of European respondents own a tablet (compared with 79% in North America). Yet only 44% of Europeans believe that Apple will retain global leadership in 2013. A higher percentage of Europeans – 47% -- believe that Android tablets will win the global market share battle.

In Europe, there's good reason for holding this view. Here, the growing shift toward Android reaches a peak in terms of momentum. A remarkable 49% of European respondents who plan to buy a tablet for the first time say they will buy Android. Only 23% say they will buy iOS.

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Conclusion

The past isn't always a reliable guide to the future. Apple's dominance of tablet markets may not last. In the developing world, but also in parts of the developed world, the relatively privileged audience we surveyed appears to be turning away from iOS, and toward Android. In every territory apart from North America and Australia/New Zealand, a majority or plurality of respondents believe that Android will overtake iOS in market share terms within the next 12 months. The pressures on Apple's market leadership can only increase with the launch of Windows 8 later this year.

Our survey data suggests that the mainstreaming of tablets is entering a new phase. These trends will play out to Android's advantage. At the demographic high end, which is approaching one-device-per-user saturation levels, users will consider buying multiple devices for family members. In this context, price will play an increasingly large role in the buying cycle. Further down the demographic scale, the iPad's reputation as a near-magical device is under siege. Once basic functionality requirements are satisfied, price will increasingly drive tablet buying decisions in the mass market, too.

If Google and its OEMs can get pricing right, if they can deal with OS fragmentation, and if Android Market can offer a steadily improving range of apps, further market share gains seem certain.

Whether or not the open web is replaced by an app-based splinternet, the key medium-term trend for marketers and media owners will be a progressive shift away from single-company dominance. If 2012 turned out to be the year in which Android started to give iOS a run for its money in tablet markets, 2013 will be the year in which Windows joins the race.

Ultimately, the effects of competition will be positive. If Apple, Google and Microsoft are serious about fighting each other, they will woo marketers and media owners with more data, more openness, better ad platforms and reduced gatekeeper fees. Of course, marketers and

publishers will be forced to grapple with three rival ecosystems, placing further stress on already-stretched development budgets. For stressed-out early adopters, the definitive arrival of HTML5 as a tried-and-tested cross-platform solution can't come soon enough. (1)

Continued single-company domination of the world's fastest-growing hardware platform would serve the interests of no-one apart from Apple's shareholders. Much therefore depends on Android.

However, the disconnect between the pessimism of analysts and the optimism of users is striking. Are the analysts wrong? Are the users right? The data points to a significant surge in Android's popularity. If the users are right, Apple finally has a fight on its hands. It's been a long time coming.

(1) "Why publishers don't like apps", Technology Review, 7th May 2012 <http://www.technologyreview.com/business/40319/>

