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## India

### The 2010 Accenture Consumer Electronics Products and Services Usage Report

• Consulting • Technology • Outsourcing

India's appetite for consumer technologies is one of the strongest in the emerging markets as mobile phones, Web-enabled devices, computers, digital photo cameras and televisions (TV) continue to be snapped up by eager consumers as per the 2010 Accenture Consumer Electronics Products and Services Usage survey.

The survey, conducted by Accenture in eight countries, reveals that consumers in India are among the highest spenders on consumer technologies. Eighteen percent of respondents spent more than US\$3,000 in 2009—more than double the percentage of respondents across the globe and almost double the next highest country. Such a high level of spending is remarkable considering that nearly 25 percent of the respondents had an annual income of less than US\$8,800<sup>1</sup>. The respondents were from urban and semiurban regions and almost all were educated with nearly 40 percent possessing a postgraduate degree.

Ninety percent of the respondents in India made consumer technology purchases in 2009 and just as many are planning to buy such products in 2010. India is also one of the biggest users of smartphones as compared to mature markets such as Germany and France.

India's high consumption of consumer technologies predominantly amongst educated consumers in semiurban and urban markets underlines the importance for communications and high-tech companies to review and fine tune their strategies for this market, while other economies continue their slow recovery from recession.

### About the research

India was among eight countries (representing emerging as well as mature markets) that were part of a global consumer technologies survey conducted as part of the 2010 edition of the Accenture Consumer Electronics Products and Usage study. The study surveyed 16,000 consumers to develop a greater understanding of consumer preferences and buying behavior for various technology products and services on an international scale. The research in India featured an online survey in English administered to a sample of 2,000 adults— across regions (primarily urban and semiurban areas), age and gender.

<sup>1</sup>. Assuming US\$1=INR45. Twenty-four percent of the respondents earned an annual income between US\$4,400 and US\$8,800; 17 percent between US\$9,000 and US\$13,500; and 25 percent earned less than US\$4,400.

## Key findings

### Consumer spending on mobile phones and computers remains strong

Computers and mobile phones are significantly more important to respondents in India than other technologies. Most of the respondents in India's semiurban and urban regions own a mobile phone (90 percent) and a desktop/laptop (90 percent). The most frequent purchase in India last year was a mobile phone, and about half of respondents plan to buy a mobile or smartphone next year. Technological breakthroughs, falling prices of handsets and intense competition between mobile network operators have created the necessary supply-side environment for semiurban and urban populations to join the mobile journey. The high demand for mobile phones is also a reflection of the unsaturated market.

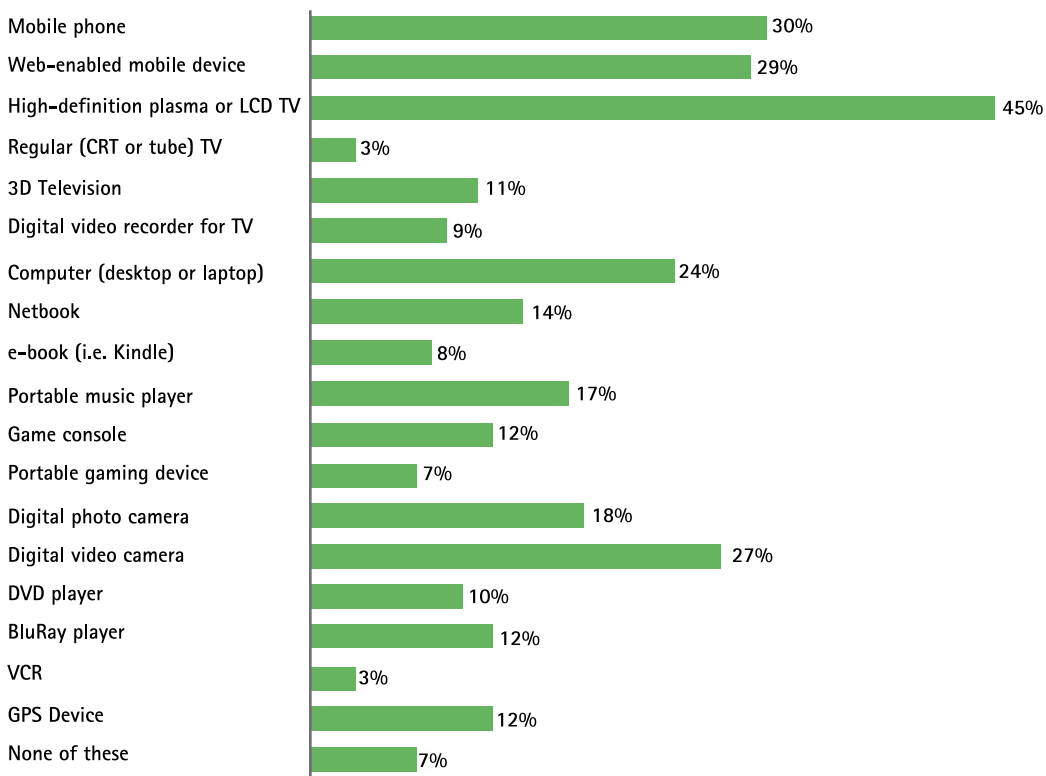
The second-most popular purchase was a computer (desktop/laptop) followed by a digital camera. Various purchase schemes offered by original equipment manufacturers (OEMs) as well as vendors, coupled with growing literacy within members of semiurban and urban households, have played an important role in growing sales of computers in these markets. Hence, though the trends observed in India are consistent with global purchasing behavior, the triggers for these trends to surface are structurally different.

One exceptional trend that has emerged from the survey is in the purchase of regular TVs—11 percent of Indian respondents bought them last year as compared to 5 percent of the global population. Innovative purchase schemes specifically aimed at attracting semiurban populations, coupled with reducing prices of ordinary TV sets, may have created some incentives in this instance.

Web-enabled devices are very popular in India—with over 30 percent of the surveyed population owning such devices. While this is a far higher percentage than in developed countries such as Germany where only 16 percent of the respondents had smartphones, it is below the level of ownership in other emerging markets such as China (59 percent) and Malaysia (33 percent).

Figure 1. Consumer electronics to be purchased by consumers in India in the next 12 months.

As the economy rebounds, which of the following consumer electronics do you plan to purchase in the next 12 months?



BASE: (India: N=2000)

## Innovation is a critical factor in buying decisions

Technology innovation is important to the purchase decision in India—more so than in any other country. It was ranked as an important purchase decision factor by 19 percent of respondents compared to 10 percent overall. In fact, a vast majority said it was very important that the technologies they own are perceived as innovative (compared to 29 percent globally). Ownership of technically advanced goods provides its owner a position of prominence in social groups, especially in semiurban markets. A higher-end TV set or a music system is a symbol of prestige in semiurban markets. In the context of urban markets, the situation is highly complex and is highly segment sensitive.

A surprising counterintuitive result is that price is not the most important determinant of purchase decisions. Price ranked third while personal

research was the most important purchase decision criterion for 28 percent of the respondents. Innovative purchase schemes, coupled with growing employment opportunities in nontraditional sectors, seemed to have transformed young consumers into confident buyers.

## Willingness to pay for premium-priced "green" products

Respondents in India were environmentally conscious with 84 percent of them willing to pay a premium for environment-friendly products (overall, 67 percent of the survey respondents supported paying a premium). This is second only to China, where 98 percent supported paying a premium. Significantly, support for the environment crossed generations and genders—there were no discernable differences in how these groups viewed paying a premium. However, it may be noted that the willingness to pay a premium for green products may not necessarily translate into actual purchase.

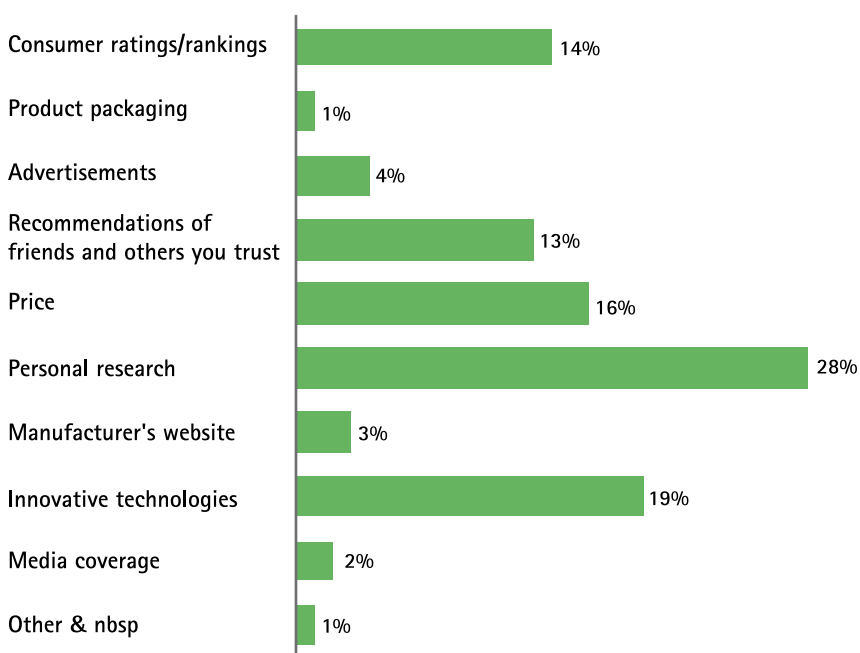
## Wider use of consumer technology features

Respondents in India conduct a wide range of activities with consumer technology products—this is in line with the results of the global survey that showed that the breadth of technology use was greater in emerging markets as compared to the mature markets. Affluent and literate youth in India have the advantage of becoming consumers of some of the most innovative technologies when their prices are falling by the day, and they are taking full advantage of it. In six activities of technology use, India is second only to China in having the largest percentage of respondents involved. The six activities are managing photos online (76 percent), listening to music online (75 percent), listening to an mp3 player (77 percent), writing blogs (49 percent), watching videos on a mobile (50 percent) and microblogging.

Texting is the topmost application that Indian respondents use on their mobile phones outside of making calls. But with only 58 percent of the respondents using this application, India's usage is lower than the global average of 65 percent. India also exhibits comprehensive use of mobile technologies such as e-mailing from mobile, watching videos on mobile, playing video games on mobile and microblogging. It must although be noted that this observation cannot be generalized across India. A recent study titled, "Wanted: New Business Models for Profitable Rural Expansions" by Accenture, showed that basic services are more important than higher-end services for rural customers of mobile telephony in India.

Figure 2. Key factors driving the purchase decision for consumer technology products and services among consumers in India

When deciding to purchase consumer technology products and services, which one of the following factors play the biggest role in making your decisions?



BASE: (India: N=2000)

## Generational differences are narrower in India than in mature markets

Despite more than half the respondents being below the age of 35 years, the generational differences across purchases are not very significant. About the same percentage of Baby Boomers and Generation Y respondents plan to purchase mobile phones, high-definition TVs, 3D TVs and DVD players. Slightly more Gen Y than Boomers will buy portable music players, gaming consoles and portable gaming devices. Similarly, even in the use of applications, the differences were rather narrow. For example, Gen Y ranks listening to music as more important than Baby Boomers (49 percent of Gen Y compared to 38 percent of Boomers), and more Gen Yers prefer browsing the Web than Baby Boomers. On other applications such as taking photos and texting, there is hardly any difference of opinion. This diverges widely from the results in other countries where the Gen Y and Baby Boomers differed considerably on the use of technology applications.

## Business insights

The analysis presented here highlights the key findings that will be of interest to consumer technology manufacturers and retailers in India as well as to those who are planning to invest there. The potential business implications are:

### Innovation is the key to attract consumers in India

While consumers in India tend to be price conscious, this survey shows that innovation is a significant criterion for buying decisions. Consumer technology companies should focus on delivering consumer-focused innovations rather than depending solely on a low-pricing strategy to expand market share. Many companies in India are exploring the rural market as the next growth frontier—the successful ones are likely to be those that focus on offering value through use of innovative features along with affordability. In fact a recent Accenture study, "Masters of Rural Markets: The Hallmarks of High Performance" shows that the capability of co-creating value through innovative use of technology is one of the key distinctive capabilities required to be nurtured for becoming a high-performance business organization in India. Consumer technology companies must focus on this finding while strategizing their rural forays.

### Sustainability is an important theme to pursue

The Accenture survey clearly highlights that consumers in emerging markets are willing to pay a premium for environment-friendly consumer electronics. In India, 84 percent of the respondents were willing to pay a premium for such products as against the global average of 67 percent. Companies taking sustainability imperatives more seriously will have greater opportunities to be leaders in emerging markets, and especially in India, and more so in market segments populated by literate urban and semiurban customers.

## Customer segmentation strategies

In most of the other countries covered in the survey, the usage of technology application is being led by the youth. However, this is not a strong trend in India. Both Gen Y and Baby Boomers show an equal interest in consumer technologies. The generational differences are slight and evident only in the case of applications such as microblogging, listening to music and browsing the Web. Consumer technology companies would therefore need to consider investing in customer analytics to understand and target their market better.

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## For More Information

The information and analysis provided  
here is part of a larger global study  
conducted across eight countries in  
the developed and emerging markets.  
For more information on The 2010  
Accenture Consumer Electronics  
Products and Services Usage Report,  
please contact your local Accenture  
representative or visit [www.accenture.com/2010GlobalConsumerTech](http://www.accenture.com/2010GlobalConsumerTech).

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