

iPad mini features: what tablet users like – and what the analysts say

Data from Nielsen surveying existing tablet owners shows a skew away from price and towards features

Charles Arthur

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Apple's new iPad Mini enters the crowded market of smaller tablet computers dominated by Amazon, Google, and Samsung. Photograph: Robert Galbraith/Reuters

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But what do the analysts say – and what do people say? First, some data from the survey company Nielsen; and then what the analysts have said.

Nielsen has some data about American tablet owners (and non-owners) which may be telling as we consider the coming "shelf wars" between the different tablets from Amazon, Apple, Google, Samsung and others.

According to Nielsen:

- More than 15% of US TV households own one or more tablets (Q1 2012).
- 60% of new US tablet owners said device size was important in their decision to buy within the last year (Q2 2012).
- 27% of US tablet buyers said they already own an eReader in their household (Q2 2012).
- Among US tablet buyers, 68% didn't consider purchasing any other device (Q2 2012).

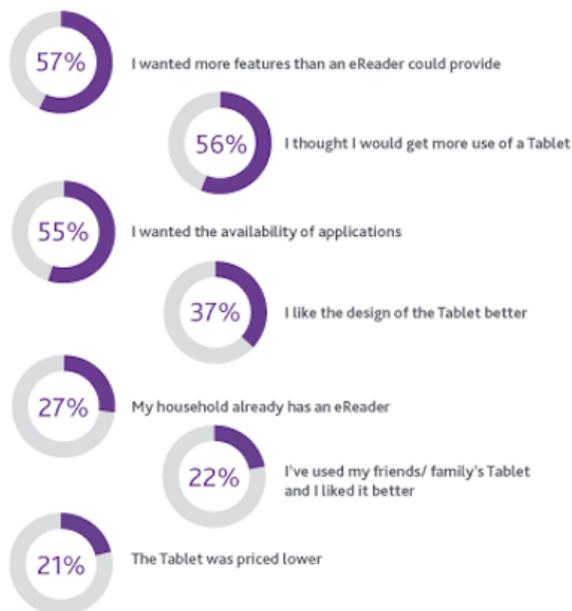
And how do they use them?

- A majority of American tablet owners are likely to purchase media content on their tablets – and more likely to buy music, books, and movies on their tablets – compared with European consumers. In comparison, European tablet owners are more willing to pay for news content.
- American families see tablets as teacher, playmate, and babysitter: 70% of tablet-owning households with children under 12 say they let them use the device.
- While smartphone owners are more likely to use their devices for activities on-the-go

and in-store, US tablet owners are more like to use it for online shopping than on smartphone.

There's also this infographic showing how US owners thought about tablets.

Features most valued by tablet buyers



Source: Nielsen

nielsen

Nielsen data on the

features most valued by tablet buyers. (Note: applies to existing tablet owners.)

A notable point there: tablet buyers weren't very price-sensitive. But of course, that only tells you about existing owners – not the ones who haven't bought so far.

And now the analysts:

Francisco Jeronimo, smartphones and tablets analyst, IDC, thinks it will "disrupt the market again":

"Apple created the tablet category and pushed other vendors to find niche segments, as they were not able to compete with the category killer, the 10-inch iPad. Although the likes of Google, Samsung or Amazon have found a market opportunity for their smaller and cheaper tablets, as consumers started to realise what a tablet could be used for, but wanted a more portable and cheaper device.

The seven-inch size, priced at around \$200, with content provided from companies like Amazon or Google was expected to become a sweet spot in the market. Despite the position that Steve Jobs took against the 7-inch tablets, Apple needed to respond, otherwise it would risk losing an important share of the tablet market. The popularity of the Kindle eReader and the Android smartphones made consumers aware of Amazon content and Google services. The low price points of the Google Nexus 7 and the Amazon Kindle Fire have been attracting consumers looking for more affordable devices that also come with the content and services they already use or want.

"This new product from Apple will disrupt the market again. The iPad Mini is now the new category killer. Competitors will need to return to their R&D centres and find ways to develop even cheaper versions of their products and figure out how to profit from the content, while Apple will continue to make a profit from the hardware and the content!

"The popularity of the brand, the iOS ecosystem and now a more affordable

price will make the iPad mini a hot product this Christmas season. Despite a higher price and strong competition from the Google's Nexus 7 and the Amazon Kindle Fire, Apple continues to deliver the best in class integration between software and hardware, delighting users with a rich content experience.

"When Apple launched the first iPad, consumers didn't know what to do with it, but they knew they loved and wanted it. Now Apple launches a product for those who always knew what to do with a tablet, but couldn't afford it."

Fred Huet, managing director at Greenwich Consulting thinks that discussion of "missing features" misses the point:

"Today's launch of the iPad Mini could prove to be a pivotal moment in disrupting the 7-inch media tablet space, an area that Android vendors have largely operated in alone, up until this point. Whilst mini in size, this device is set to throw one almighty punch in the direction of all competitors, who have for so long now had a torrid time competing against the 10-inch iPad. The iPad Mini is a clear warning shot to all competitors that the world's most valuable company is not willing to share any of its 70% market share in the tablet industry, at least not without a strong fight.

"As with all Apple launches, critics are always there to raise an eyebrow and discuss the missing features, and this is no exception. The lack of retina display for example was always to be expected, after all, one of Apple's biggest predicaments is that its current iPad is proving far too successful. This is a strange position to be in, but it must be remembered that the iPad Mini has been primarily launched to support its bigger brother and to maintain Apple's overall market share. The nightmare scenario for Apple would be if their latest device was so convincing that it substituted potential new iPad custom to a smaller model on a lower price tier, effectively cannibalising existing sales.

"Whether the iPad mini takes off among consumers remains to be seen. Sales are expected to be strong in Asia, and particularly China, where there is recognised consumer demand for a product of this size. Such a trend remains in its early stages in the UK, but with mobile screens becoming increasingly larger in size, this seems like a natural progression, something that Apple could capitalise upon.

"Over the years, Apple have been somewhat reserved when selecting screen sizes for each its mobile devices, as confirmed at the launch of the iPhone 5, a smartphone designed to stand 0.8 inch smaller than its key rival, the Samsung Galaxy SIII. Those past reservations however could now play into the hands of Apple, with the iPad Mini clearly positioned as a neat compromise to those seeking a mid-sized Apple device, one that is arguably too big to compete with a smartphone and yet small enough not to damage sales of the iPad.

"This is a strategy that Steve Jobs himself opposed in 2010, but is one that has become necessary today considering the growing consumer demand across the globe for mid-sized devices. Furthermore, this is a launch that would perhaps not be as beneficial for the likes of Samsung to execute, considering the vast array of sizes that already exist in its product range. Should the iPad Mini sell out with its premium price tag, competition will need to quickly find another point of differentiation, in order to take a hold on the tablet market, which is projected to stand at around \$162bn by 2017."

Ravi Kamran, chief executive of Trademob, a European app marketing platform, thinks the money is in the ecosystem:

"The tablet market is gaining steam. Initially Google and Amazon had to respond to the iPad, and they did so with their 7-inch tablets. Now it's Apple's turn to respond with the fourth-generation iPad and iPad Mini. Ultimately, when we see this kind of heated competition, it's consumers who benefit. At last count, there were about 225,000 apps optimised for the iPad – an impressive number, but only a fraction of the apps available on the iPhone. As more people purchase tablets, app developers will increasingly see an opportunity to make money from a market that has nowhere to go but up.

"Apple, Google and Amazon clearly view tablets as vehicles for content. For them, the money isn't there to be made with the hardware, but rather with the rich ecosystem of apps and similar content."

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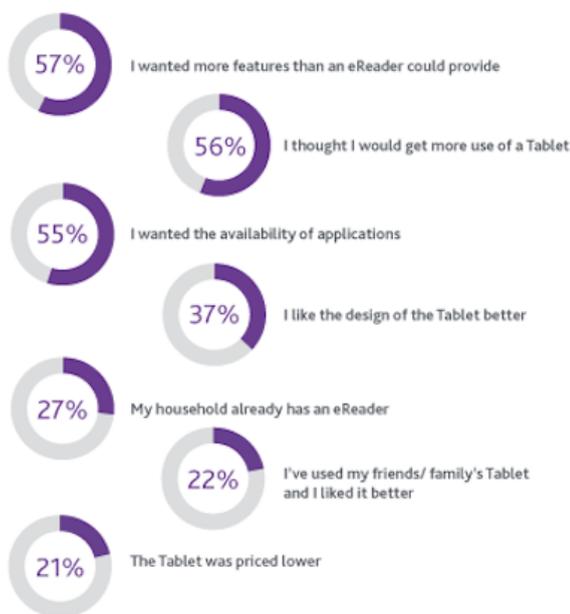
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