IT Industry Performance Annual Review: 2011-12

Prepared for MAIT

Prepared by IMRB
ITOPS – The largest and longest IT hardware tracking study in India

The Longest

- Tracking the Indian IT Hardware market for over 16 years.
- Completed 28 successful rounds of the study.

The Largest

- Conducted in 35 cities of India for households and 22 for establishments.
- Findings projected to All India urban Market.
- Covers a sample of 19,400 + Households 8,700 + Establishments
- Conducted Annually (April to March)
ITOPS – The only demand study on Indian IT hardware market

- Data is collected after the last mile
- Factors in Market/customer sentiments

• Complete & Accurate Profile of the buyers.
• Identification of key market trends and emerging segments helps in identifying market expansion opportunities.
• Captures changes in users perspective to give cues for innovative marketing.
• Gauge buying and usage behavior to give cues for product development.
• Accurately gauge the extent of replacement and up gradation taking place.
Accurate data
A two-pronged approach involving primary surveys among end users and validation of the data from vendors and channel ensure accuracy of the findings.

Equal focus on all segments
Equal focus given to Household, SOHO and Establishment segment, thus giving a complete understanding of the entire marketplace.

Actionable insights
Reports can be customized as per Key Business Matrices to provide the much-needed actionability of the research findings.

Regular market feedback
Annual reports along with the half-yearly channel feedback provide a regular assessment of the dynamic Indian IT hardware market. It also provides cues for necessary course correction if required.
Household
- Using SEC A-E household population as obtained in the National Readership Survey – the largest household survey in the country

Establishment
- No framework for sampling and projection were available
- Thus, a new framework called Ace Grid was developed by the ITOPS team
- This Grid stratified the establishments by Principal activity performed at the establishment classified by number of employee.

Principal Activity defined
- Manufacturing/ factory/ Warehouse
- Office
- Outlets
- Government

No. of employees defined
- < 10 employees (Small establishments)
- 11-50 (Medium establishments)
- 50 + (Large establishments)
ITOPS – Comprehensive product coverage

1. Computing products
   - Desktop PCs
   - Notebooks
   - Server
   - Thin-Client Workstation

2. Printers
   - DMP
   - IJP
   - LJP
   - MFD

3. Peripherals
   - UPS, Keyboard, Monitor
   - LCD projectors, Webcam
   - Scanner, Zip Drive
   - OA (FAX, Photocopiers)

4. Networking Products
   - NIC, Hubs, Modems
   - LAN
   - Intranet/Extranet/Internet
   - Wi-Fi

5. Storage
   - SAN
   - NAS
   - DAS

6. Software
   - Packages
   - Customized
THE FINDINGS
Highlights: 2011-2012

- Total PC grows 16% (to cross 10 million (10.8 mil) (Desktop 11% & Notebook 26%)
- Top 8 towns share drop to 41% & other towns share claim to 59%
- Household drives the PC market. Accounts for 55% (Desktop 53% & laptop 60%)
- Growth in consumption 3 times faster in Household
- SME badly hit & declines.
- Large enterprise grows 30% (29% in desktop & 35% in laptop)
- Govt. Declines > 50% (47% in desktops  80% in notebooks)
- Desktop consumption driven by ‘SEC-C’ segment
- Grows by 45%. Contributes 36% (was 16% in 2006)
• MNC brands increase share. New 59% (57% last year)
• Indian brands share falls to 13% (20% last year)
• Assemble increase share 28% (20% last year)
• Server market share grows by 3%. Still 28%
• Total printer down 5% total 30 lacs. Inkjet declines 12%
• UPS grows 7%
• Monitor grows 11%. Decline in household.
Total PC (Desktops, Notebooks & Netbooks) sales: 2005-2012

CAGR (2005-12): 14%

Growth over 2010-11: 16%
Desktop sales: 2005-2012

CAGR (2005-12): 6 %
Growth over 2010-11: 11 %
Notebook sales: 2005-2012

- CAGR (2005-12): 43%
- Growth over 2010-11: 26%
Annual sales decreased 11% compared to 2010-11
Consumption in next 4 cities and Other cities grew by 12% and 15% respectively in 2011-12 over 2010-11

While Top 4 cities recorded a growth of 4% in the same period
Desktop sales in businesses and households

Overall Desktop market grew by 11% in 2011-12
Households accounted for 53% while Businesses accounted for 47% of the Notebook sales in 2011-12
Consumption in Households grew by 17% and in Establishments by 5%
Overall consumption in the business got increased by 5%

Consumption in small and medium enterprises decreased by 32% and 22% respectively, but large enterprises recorded a growth of 29%.
Profile of Desktop buyers: Principal activity of establishment

Consumption in Factories, outlets and government locations decreased by 16%, 47% and 47% respectively.

Offices is the only segment which posted a positive growth of 16% in the 2011-12 over 2010-11.
Profile of Desktop buyers in Households by Socio-economic class

Consumption in SEC A, SEC B and SEC C grew by 14%, 2% and 41% in 2011-12 over 2010-11
Indian brands had a **negative** growth of 37% by 20% each in 2011-12 over 2010-11.

At the same time, Assembled PC’s had a huge growth of 56% and MNC brands had a growth of 15%.
Notebook sales city spread: 2005-2012

Consumption in next 4 cities and Other cities grew by 153% and 31% respectively in 2011-12 over 2010-11

While Top 4 cities recorded a growth of 11% in the same period
Notebook sales in businesses and households

- Overall Notebooks market grew by 26% in 2010-11
- Households accounted for 60% while Businesses accounted for 40% of the Notebook sales in 2011-12
- Consumption in Households grew by 32% and in Establishments by 18%
Notebook consumption in businesses by employee size

Overall consumption in the business got increased by 18%

Consumption in large enterprises increased by 35%. In medium enterprises consumption decreased by 17% but in small enterprises it increased by 38%
Profile of Notebook buyers: Principal activity of establishment

Consumption in Factories grew by 18% in 2011-12 over 2010-11 while Offices grew by 31%.

Outlets showed a decrease of 17% while government outlets showed a decrease of 80%.
Server sales: 2005-12

- 2005-06: 89,161
- 2006-07: 90,189
- 2007-08: 122,178
- 2008-09: 119,591
- 2009-10: 101,827
- 2010-11: 87,275
- 2011-12: 90,699

Annual sales increased by: 3%; CAGR decline(2005-2012): 0%
Server Sales: By employee size

Overall Server sales increased by 3%

Sales to small enterprises **decreased** by 30% while medium enterprises showed a **sharp growth** of 108%. Large enterprises the sales were almost stagnated growth of 1%
In 2011-12 NIC’s grew by 10% mainly due to growth registered in Large Establishments mainly Factories and Outlets.

In the same period Modem’s decreased by 9% while hubs posted a de-growth of 15% in the same period
2011-12 over 2010-11:

Total Printer sales registered a negative growth of 5%

Consumption of Laser printers had a stagnant sales registering no growth while Inkjet printers registered a negative growth of 12%

Dot matrix printer did a positive growth of 2%
2011-12 over 2010-11:

UPS Sales registered a growth of 7%

Household consumption accounted for 74% of market, whereas Businesses accounted for another 26% in terms of Units.
Market for Keyboards and Monitors grew by 11% each in 2011-12 over 2010-11 driven by the Household market.
Monitor market by size

Overall growth over 2010-11: 11%

**Growth** in consumption of 14” and 15” is 61% and 42% while there is a **decline** in consumption in 17” and 20/21” is 5% and 7% respectively.
Active Internet Entities: Mar 2012

(Entities are establishments/individual with internet connection; an entity may house/be multiple user/s)

Overall entities with internet grew by 15% over March 2011
## Mode of Internet access in Businesses: March 2012

<table>
<thead>
<tr>
<th>Internet connections - Contribution to the total by Access type</th>
<th>March 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dial up</td>
<td>40%</td>
</tr>
<tr>
<td>ISDN</td>
<td>13%</td>
</tr>
<tr>
<td>Leased line</td>
<td>10%</td>
</tr>
<tr>
<td>Data Card</td>
<td>22%</td>
</tr>
<tr>
<td>Others</td>
<td>14%</td>
</tr>
</tbody>
</table>
# Internet penetration: March 2012

Internet Penetration by Town class and Socio-Economic Classification (SEC) among 22 Cities

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Home</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall (22 Cities)</td>
<td>63%</td>
</tr>
<tr>
<td>Top 4 Metros</td>
<td>65%</td>
</tr>
<tr>
<td>Next 4 Metros</td>
<td>63%</td>
</tr>
<tr>
<td>Other Towns</td>
<td>59%</td>
</tr>
</tbody>
</table>

| SEC A                  | 44%   |
| SEC B                  | 28%   |
| SEC C                  | 19%   |
## The Market of 2011-12 Vs 2010-11

<table>
<thead>
<tr>
<th>Product</th>
<th>Total installs</th>
<th>Total Revenue (in Rs Crores)</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 10 – March 11</td>
<td>April 11–March 12</td>
<td>% Growth</td>
</tr>
<tr>
<td><strong>Computers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desktop PCs</td>
<td>6,030,418</td>
<td>6,711,911</td>
<td>11%</td>
</tr>
<tr>
<td>Notebooks</td>
<td>2,950,192</td>
<td>3,724,746</td>
<td>26%</td>
</tr>
<tr>
<td>Netbooks</td>
<td>334,324</td>
<td>297,775</td>
<td>-11%</td>
</tr>
<tr>
<td>Servers</td>
<td>87,275</td>
<td>90,699</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Printers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dot matrix</td>
<td>384,869</td>
<td>392785</td>
<td>2%</td>
</tr>
<tr>
<td>Inkjet</td>
<td>1,355,504</td>
<td>1,187,706</td>
<td>-12%</td>
</tr>
<tr>
<td>Laser</td>
<td>1,386,408</td>
<td>1,381,771</td>
<td>0%</td>
</tr>
<tr>
<td>Line</td>
<td>4234</td>
<td>1735</td>
<td>-59%</td>
</tr>
<tr>
<td><strong>Other Peripherals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key boards#</td>
<td>6,171,191</td>
<td>6,860,667</td>
<td>11%</td>
</tr>
<tr>
<td>Monitors</td>
<td>6,163,108</td>
<td>6,842,850</td>
<td>11%</td>
</tr>
<tr>
<td>UPS systems#</td>
<td>2,384,197</td>
<td>2,554,779</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Networking Products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Interface Card#</td>
<td>4,440,666</td>
<td>4,862,976</td>
<td>10%</td>
</tr>
<tr>
<td>Hub#</td>
<td>155,899</td>
<td>178,600</td>
<td>15%</td>
</tr>
</tbody>
</table>
### Expected market for 2012-13

<table>
<thead>
<tr>
<th></th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012-13</td>
</tr>
<tr>
<td><strong>Desktops</strong></td>
<td>7,689,074</td>
</tr>
<tr>
<td><strong>Notebooks</strong> (Includes Netbooks)</td>
<td>4,681,385</td>
</tr>
<tr>
<td><strong>Total PC</strong></td>
<td>12,370,459</td>
</tr>
</tbody>
</table>
Thank you