

Tablet market set to explode, but...

LONDON, UK: According to the latest research from Informa Telecoms & Media, the tablet market will explode over the next five years with retail revenues increasing from US\$34.5 billion in 2011 to US\$121.5 billion in 2016. However, the company's research also shows that telecom operators will lose out while independent retailers are more likely to benefit from tablet sales.



The potential of the tablet market is unquestionable. However, increasing interest from independent retailers, such as Carphone Warehouse, Amazon and Tesco, plus the challenges faced by operators in convincing consumers to take out data plans attached to these devices and a notable preference amongst consumers to purchase these devices direct from manufacturers such as Apple are already starting to limit operators' share of the tablet retail sales.

"We already expect independent retailers to increase their share of smartphone retail revenues - our smartphone forecasts show the independent retailers' share of smartphone retail revenues increasing from 29% in 2011 to 34% in 2016 - and we expect this trend to be even more prevalent in the tablet segment," says Julio Puschel, principal analyst at Informa Telecoms & Media. "Tablets will drive significant changes to the current telecoms retail business model.

"New entrants, such as Amazon and other consumer electronics specialists which have already a very evolved online and multichannel strategy, will drive online tablet sales even faster than online smartphone sales, which will force operators to review their multichannel approach", adds Puschel.

Specialist retailers innovate

Furthermore, independent retailers are innovating and promoting significant changes in telecoms retail, such as modernising their stores to offer a better customer experience, product testing and offering specialised customer support that also focuses on consumer education. As handsets develop and become more complex, presenting their features and benefits to consumers is more of a challenge for operators. Specialist retailers have to date proven to be better able to educate consumers by providing an enhanced, interactive shopping experience.

"Telecoms operators will need to watch the independent retailers closely to see how they are transferring their retail expertise to the smartphone and tablet market. They need to be able to offer an outstanding shopping experience that can match or outperform the independent retailers - not simply pushing device sales, but also demonstrating the services, content and applications attached to these devices," comments Puschel.

These tablet retail revenue forecasts are part of a research program that Informa Telecoms & Media is launching this week that aims to understand how the telecoms retail market is evolving. This program will also include a number of best-practice case studies, including Amazon, Tesco, Apple and Carphone Warehouse.

Notes:

Retail revenue is the total revenue generated by both operators and independent retailers by selling telecoms devices. Independent retailer is based on all the retailers that are not owned by telecom operators (including franchising and retail/operator partnerships). This segment is divided into two additional sub-sectors, mass market and specialists.

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