

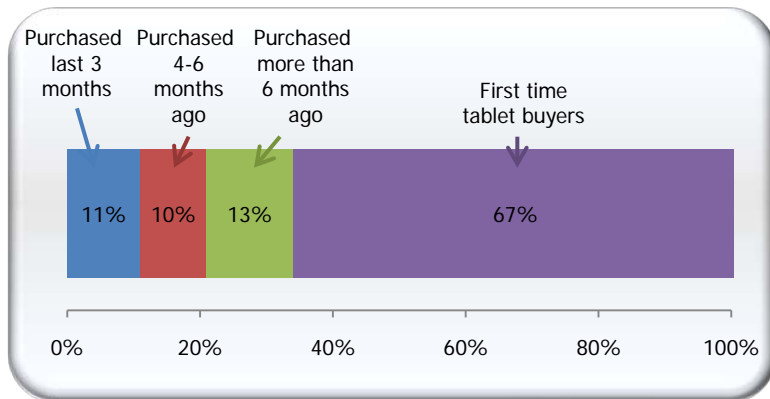
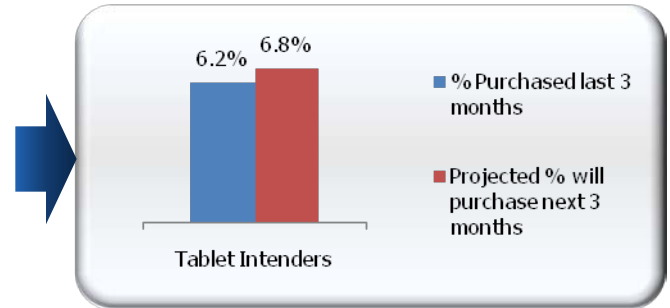


Holiday Tablet Poll Highlights

December 2011

Tablet purchasing is strong and momentum continues to build

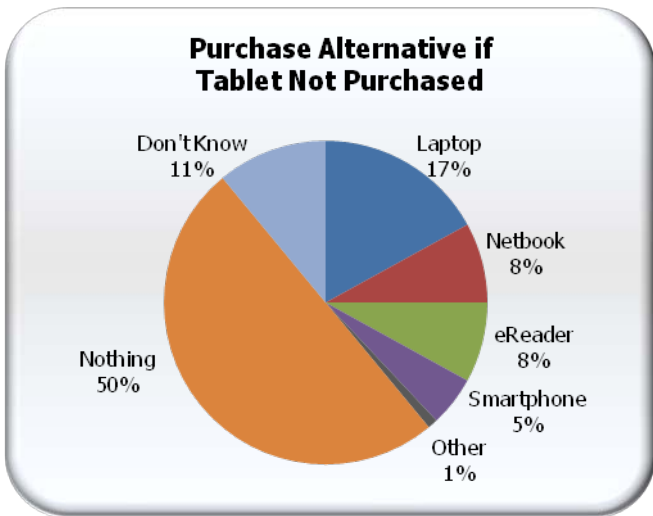
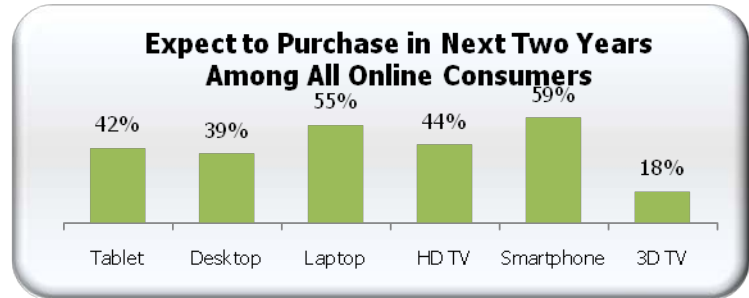
- The number expecting to purchase a tablet in the next 3 months exceeds the proportion who purchased in the past three months. Among the online population surveyed, 6.2% purchased a tablet in the three months prior to this research (Data collected between November 15th and November 21st, 2011). The proportion of consumers that are planning to purchase a tablet in the next three months is even higher. A clear majority of these intenders are committed to making this purchase. Once attrition, delay and impulse purchasing are factored in, we project that purchasing during the next three months will be approximately 10% higher than it was during the past 3 months.



- Many customers are coming back for more. Among next 6 month intenders, a third already have purchased a tablet and 11% bought one in the last 3 months. This implies that the device is creating demand quickly within a household for others to get their own tablet and a willingness to spend the money on these devices despite their price tag.



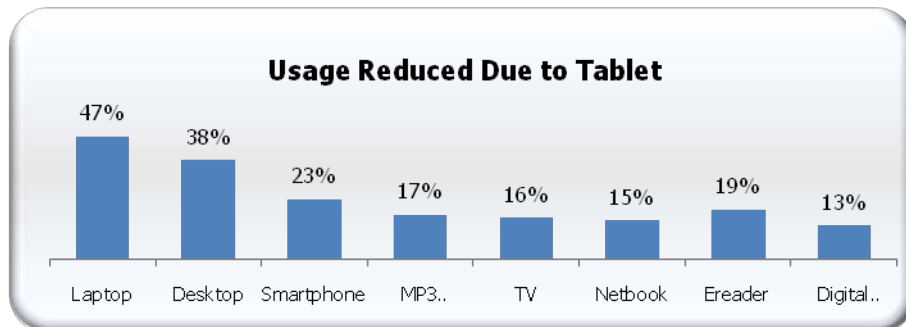
- Almost two thirds expect to purchase a tablet in the next two years...better than desktop computers, and on par with HD TVs. For a product category that has only been around for 18 months, tablets have remarkably, already gone mainstream. Only about one in three online consumers say that they will never purchase a tablet, not far above desktops and smartphones.



- Tablets are, in general, not being purchased as a planned replacement for desktop and laptop computers. In fact, just one in four tablet buyers say that if they didn't buy a tablet, they would buy a mobile computer instead. A small number of consumers said as an alternative they would buy either an ereader or a smartphone.

The fact that relatively few consumers are purchasing tablets as an alternative is further reflected in the extremely high proportion of purchases (86%) that are seen as incremental rather than a replacement for an existing device.

- Despite the fact that tablets are not seen as a replacement, the proportion who see a reduction in their usage of desktops and laptops is significant. While usage of other devices such as ereaders, smartphones and TVs is also reported to decline by some consumers, it is computers that are most directly affected.

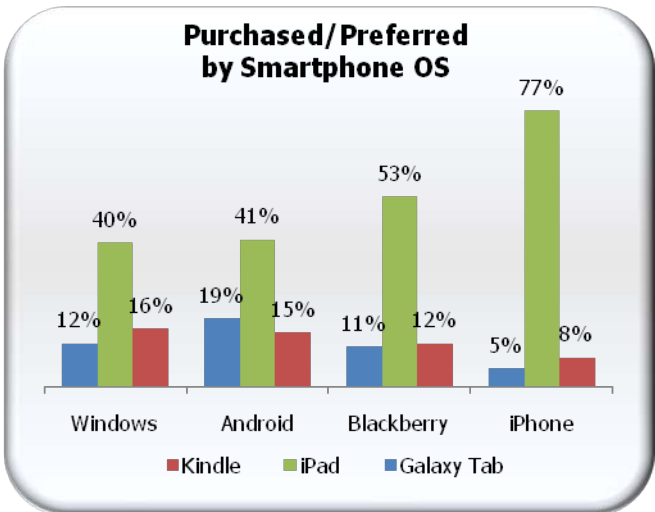
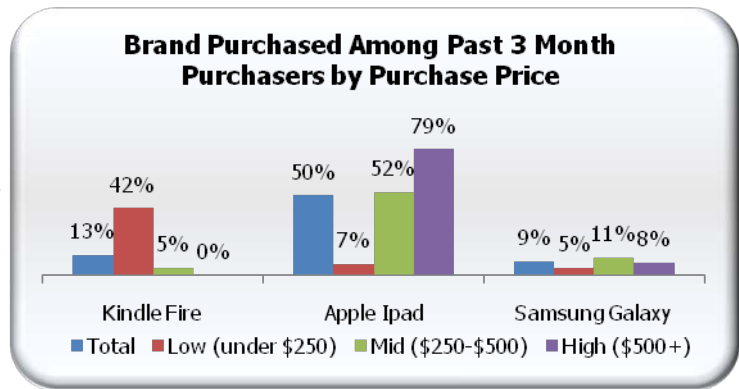


iPad is the leader...But...

There is no doubt that with the iPad, Apple played a significant role in creating the tablet market. To many observers this market is dominated by the iPad and all other brands are also rans. The early introduction of the iPad, brand affinity for Apple especially among iPhone owners and the most robust app store may have contributed its early market success and dominance. However, the market has already become somewhat more dynamic. As the market continues to mature and include more mainstream consumers, it is likely that there will be room for other brands to flourish.

- Recently the market has expanded considerably at the lower end of the market driven by the introduction of the Kindle Fire and other lower priced tablets, as well as discounting of more premium priced tablets that were not selling well at their initial offer prices. Among past three month purchasers, nearly two thirds of tablets (64%) were purchased for under \$500.

In just the short time it has been in the market, Kindle Fire, accounted for 13% of past three month purchases. Samsung Galaxy Tab accounted for nearly 9% of past three month purchases. When looking at preferred brand by price paid/expect to pay, Kindle Fire has by far the strongest share among the low priced tablet category (under \$250). While iPad has the highest preference among those spending \$250 to \$499, it is in this category that Galaxy Tab has its strongest showing, 11% preference. Apple has clear dominance among those willing to spend above \$500 for their tablet.



- iPad's early success can in part be attributed to its success with the iPhone and the loyal custom base it has created. Among those in the market for a tablet that own an iPhone, preference for the iPad is dominant at 77%. Preference for the iPad is still high among owners of other phones, but is much lower than it is among iPhone owners. This suggests cross-device synergy can be quite useful and attractive to consumers. Interestingly, among all other smart phone owners, preference for the iPad peaks among BlackBerry owners, which has the least well developed app marketplace of the major platforms.

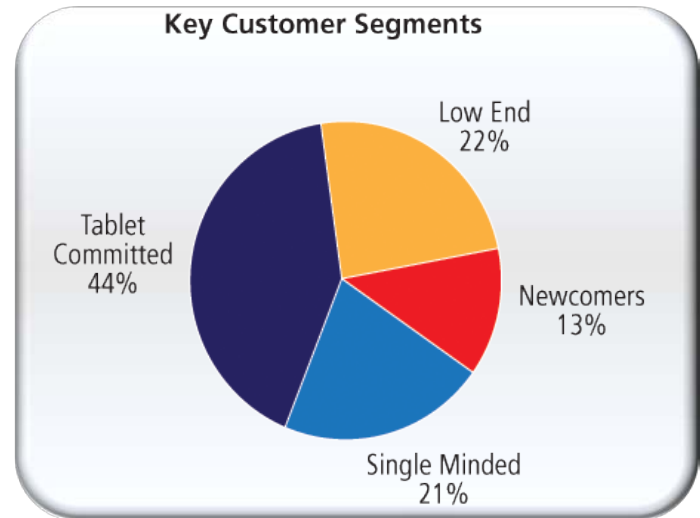


The Four Key Buyer Segments are...

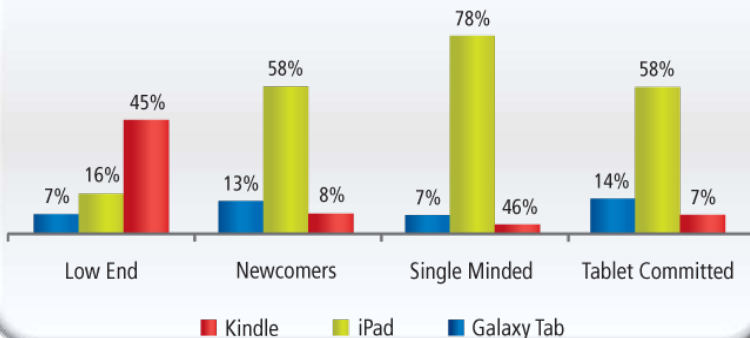
The Maritz Holiday Tablet Poll reveals there are four Key Buyer Segments in the Tablet Market: *Single-Minded Buyers*, *Tablet Committed Buyers*, *Newcomers*, and *Low-End Buyers*.

- *Single-minded buyers* have an average age of 41, skew female, and they have an average household income of \$75,000. *Tablet-committed buyers* have an average age of 38, skew more male, and have an average household income of \$72,000. *Newcomers* have an average age of 46, skew more female, and they have an average household income of \$70,000. *Low-end buyers* have an average age of 41 years, are consistent with all tablet buyers on gender, and they have an average household income of \$62,000.

The overall tablet market is made up of 21 percent single-minded buyers, 44 percent tablet-committed buyers, 13 percent newcomers and 22 percent low-end tablet buyers. To marketers of tablet brands other than Apple, the study provides key insight into consumer profiles that help effectively target this large market of potential buyers.



Purchased/Preferred Tablet Brand (Top 3) by Smartphone OS



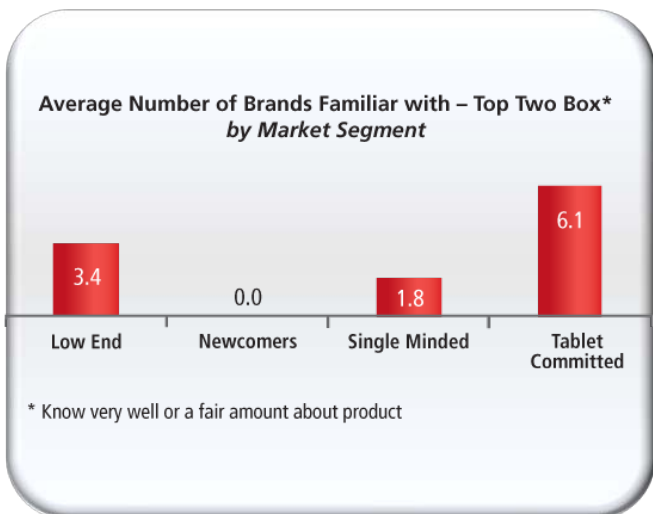
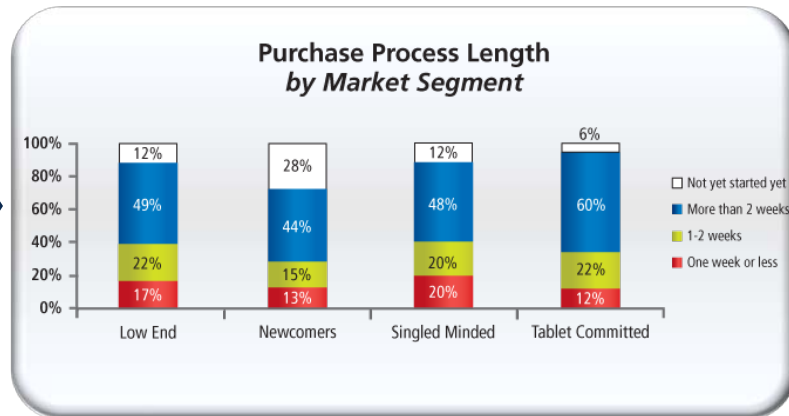
- Based on purchase profiles, it can be seen that there is room for non-iPad brands to capture market share. Brands need to make an impression on newcomers since they aren't familiar with specific tablet brands. For tablet-committed buyer, marketers need to look at the sources of information they use, combined with purchase channels and their reason for purchasing, to determine the best way to reach consumers.



The Four Key Buyer Segments are...

Each segment has distinct characteristics that shape their decision of whether or not to buy a tablet and if so, which one to buy and what to use it for. Brands can use this information to decipher the best way to reach their target market.

Of single-minded buyers, 40 percent purchase within two weeks of realizing they need a tablet. Once in the market for a tablet, 34 percent of tablet-committed buyers make their decision to purchase within two weeks. Newcomers take longer to make a decision to buy, with only 28 percent purchasing within two weeks. And finally, thirty-nine percent of low-end buyers make their purchase decision within two weeks, demonstrating a rise in impulse buying. The incidence of impulse purchasing has increased greatly (26 percent among low end purchasers vs. 17 percent overall) with the introduction of lower priced tablets.



- During their purchasing decision process, single-minded buyers are not thinking of competitors; they are familiar with one or two other tablet brands, but 78 percent buy an iPad. Tablet-committed buyers are aware of three or more brands while and are willing to consider brands other than the iPad; however, 58 percent of these consumers end up buying an iPad. Newcomers may know a few tablet brands in the market but do not have familiarity or affinity toward any one in particular. Because this segment wants to spend less, 45 percent of low-end buyers purchase the Amazon Kindle Fire.

