

Stuck in slow-mo

Consumer Wi-Fi equipment sales haven't lived up to expectations largely on account of the poor broadband penetration in the country. By **Prashant L. Rao**

Back in 2007, when it looked like the government was getting serious about broadband, Tense Telecom had put together a report predicting that Wi-Fi in India would be a \$744 million market by 2012 growing at a CAGR of 61.4%. Obviously, that did not happen. So what went wrong? Firstly, the recession put a stopper to the explosive growth that the laptop market had been enjoying for several years at that point. Secondly, the Indian government's intentions to raise broadband penetration in the country remained just that—intentions. India's broadband subscriber base is a measly 10 million today and a lot of that consists of SMBs.



These factors have conspired to limit the overall Wi-Fi market, corporate and consumer, to about 1.2 million units a year. Considering that PC sales stand at over eight million, that's not particularly good. The good news is that laptop sales shot up by 87% in FY 2009-10 reversing some of the losses in terms of overall PC shipments share during the slowdown. With the PC market expected to grow by 16%, the sales of consumer Wi-Fi equipment would grow correspondingly as it is clearly an 'attach' market as is the case with printers and UPS when it comes to the consumer segment. Also, although the broadband numbers seem small, you have to consider the fact that this is still five times what it was back in November 2006.

“The addressable market for Wi-Fi products in the Indian consumer space isn't tracked by the analysts except as part of the overall WLAN market. However, as per TRAI there will be 20 million broadband subscribers by the end of this year. Of course, that number does include businesses using broadband. However, even if you take half that number we are talking an addressable market of about 10 million. Assume a three year replacement cycle (consumer grade products rarely last longer than that and, even if they do, obsolescence is high) and you are talking of a two million unit market across vendors,” commented Suresh Balasubramanian, National Sales Director, Cisco Consumer Products, India.

However, consumer Wi-Fi does account for the lion's share of Wi-Fi equipment sales in India. “More than enterprises, the home market adopts Wi-Fi,” commented Subhashini Prabhakar, Chief Technology Manager, Dax Networks.

The Indian Wi-Fi scenario

- Corporate uptake of WLANs has been limited largely to some MNCs for particular areas such as boardrooms etc. By and large, enterprises prefer to rely on wired LANs that are more secure and faster to boot
- The consumer market for Wi-Fi equipment in India is bigger than the corporate market for this technology
- Indian consumers prefer to buy value-for-money 'g' equipment rather than pay through the nose for 'n'
- Upcoming developments will include 3G being incorporated into Wi-Fi routers and retrofitted onto existing wired routers as a backup connection
- Sales of dual-band equipment are starting to take off

Demand patterns

One interesting thing pointed out by Balasubramanian was that, “There is demand in India for n-1 or n-2 products.” Cisco has found that Indian consumers are content to buy wireless 'g' products even in an era where 'n' products are freely available. The fact that a Cisco consumer 'g' router retails at about Rs. 1,500 plus taxes doesn't hurt.

The vendor also runs programs with service providers—Tata Communications, Airtel, Sify, regional providers such as Spidigo in Gujarat, Tikona in Western India etc. It bundles its products at a subsidized price with a new broadband connection. It also works with the likes of Microsoft (there's a promo on the Microsoft online store for getting a Linksys 'g' router with Windows 7 Home Premium).

At this point, Cisco is serious enough about this market to conduct a survey of consumers and retailers etc. to figure out why consumers buy a particular product and what they do with it. This process has been underway for a few months now.

Other than routers, there's also a market for card-based Wi-Fi adapters. “Educational institutes buy lots of these as they mostly have legacy PCs and unlike a USB adapter, a student can't walk out with a card-based adapter,” added Balasubramanian.

In terms of branding, Cisco is deemphasizing the Linksys brand, which has become more of a sub-brand. Cisco is the name that it wants associated even with its consumer products.

Future trends

“The market is rapidly moving from single to double speed (2.5 & 5 GHz). You can do your Web browsing, e-mail etc. on 2.5 GHz, which is a cluttered frequency thanks to it also being used by microwaves and other appliances and reserve the 5 GHz band for apps like online gaming or media streaming,” said Balasubramanian.

According to Prabhakar, the trend was towards integrating 3G in wireless routers as well as to integrate 3G in existing data routers (wired), so that 3G can be used as a backup connection.