

## VENDOR PROFILE

### RIM on the Move in Asia/Pacific (Excluding Japan)

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### IDC OPINION

RIM has been embarking on a heavy expansion push in the past year, with the goal of gathering as many local operator partners as possible. However, numerous challenges remain in mature markets such as Australia, Hong Kong, and Singapore, and new markets such as the People's Republic of China (PRC) and Korea. Fundamentally, there are important differences in user behavior, technology preferences, and culture between the Asia/Pacific (excluding Japan) or APEJ region and North America that RIM has to take heed of in order to achieve success. To meet these challenges, IDC has these recommendations for RIM:

- Focus on selling the industry-leading BlackBerry push-email service, and getting servers into enterprises. In particular, it should move into the lower lines of business in order to expand its addressable audience.
- Seek out strategic alliances with device makers such as Sony Ericsson and Motorola to make up for RIM's hardware limitations.
- Increase the BlackBerry portfolio to include better design and features such as touch screens without overly compromising on RIM's unique device proposition.
- Expand its presence in APEJ, especially in the areas of research and development (R&D), and manufacturing.
- Invest in strategic marketing, thereby growing brand presence in emerging markets and arresting negative perceptions of the BlackBerry service.

### IN THIS VENDOR PROFILE

This IDC Vendor Profile evaluates RIM's strengths and weaknesses in APEJ, considering the positioning, market performance, and technology status of both its service and device propositions. The document also analyzes the unique challenges the vendor faces as it expands in APEJ, and makes both tactical and long-term recommendations for sustained success.

## SITUATION OVERVIEW

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### Company Overview

RIM was founded by Mike Lazaridis and Douglas Fregin in 1984, and from the outset was focused on developing wireless solutions for enterprises. The first BlackBerry was introduced in 1998, riding on the data-only Mobitex network and resembling a pager.

Even then, RIM's emphasis was clear — email. The 950 came with a full QWERTY keyboard and a thumb-operated scroller, was integrated with multiple email accounts, and allowed users to send and receive wireless emails on the go. It ran on a single AA battery.

Today, more advanced devices have succeeded the 950, but its legacy continues. BlackBerry handhelds remain largely about doing email effectively and securely. The latest 8700 model for instance, comes with a full QWERTY keyboard, push-email features, and support for up to 10 email accounts. By installing the BlackBerry Enterprise Server, enterprise users can send and receive their messages on Microsoft Exchange, IBM Lotus Domino, and Novell GroupWise email servers.

The RIM proposition catered at first to a small audience that quickly expanded with faster wireless technologies and a burgeoning reputation. The BlackBerry has even been jokingly referred to as "CrackBerry," in reference to its addictive qualities. Users would report email withdrawal symptoms if they had no access to their devices or compatible networks.

As a result, RIM has grown strongly as a company. Its global revenue in FY06 was US\$2.07 billion, up from US\$1.35 billion the previous year. It has over 5 million subscribers worldwide and shipped 1.1 million devices in the fourth quarter.

In APEJ, RIM debuted in 2002 with Hutchison Telecom in Hong Kong and Telstra in Australia. By the start of 2006, the company had entered other partnerships with operators in several other countries, including M1, SingTel, and StarHub of Singapore, Maxis of Malaysia, Airtel in India, and Indosat in Indonesia. Other partners include Smart and Globe in the Philippines, AIS in Thailand, and Dialog Telekom in Sri Lanka.

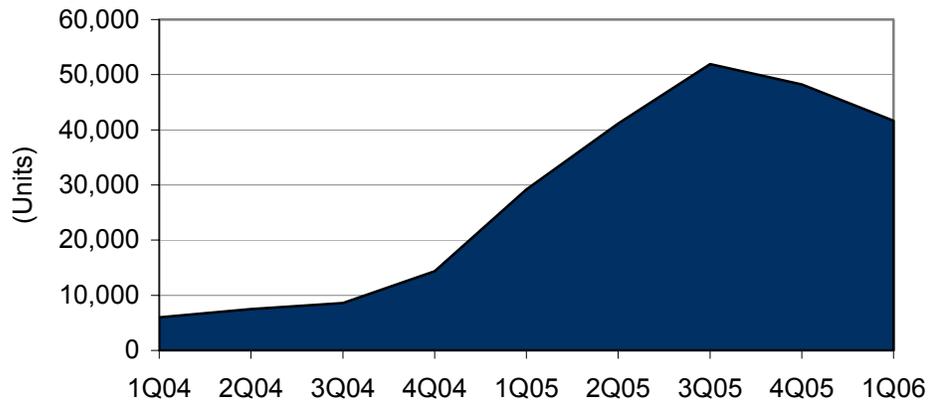
APEJ VP Norm Lo, who took the office in 2005, heads the company in the region. Before his latest appointment, he was in charge of business units focused on the North America market. The regional headquarters is in Hong Kong, and RIM employs close to 100 staff in the region.

## Device Shipments in Asia/Pacific (Excluding Japan)

Overall, RIM device shipments have been growing rapidly over the past two years, multiplying from over 36,000 units in 2004 to 170,000 units in 2005, according to IDC's Quarterly Handheld Tracker (see Figure 1). In the last two quarters however, the anticipation for the upcoming 8700 model led to a short-term decrease in shipments as users held off purchases. The 8700 was subsequently launched in late 1Q06 and early 2Q06 in some markets, and the feedback has been largely favorable so far.

**FIGURE 1**

Asia/Pacific (Excluding Japan) RIM Device Shipments, 1Q04–1Q06



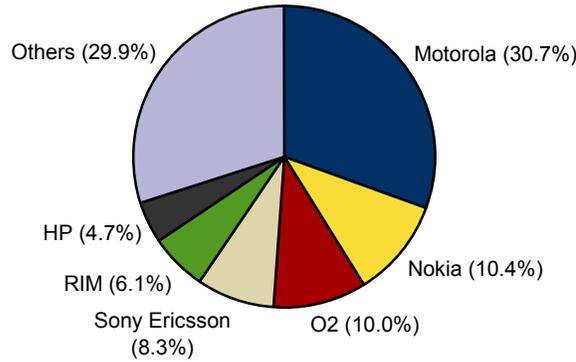
Source: IDC, May 2006

IDC categorizes RIM handhelds as data-centric converged handheld devices. Such devices are generally designed for two-handed operation, utilizing a stylus or a QWERTY keypad for telephony and data-input functions. Data-centric converged handheld devices leverage an evolved platform such as the Palm OS, Microsoft Pocket PC, Symbian UIQ, or Symbian Series 90.

Within this category, RIM was the fifth largest vendor in 2005 (see Figure 2), with Motorola leading the market through sizeable Linux-based shipments to the PRC. The vendor stood ahead of rivals such as HP and Dopod, a creditable performance considering RIM's highly targeted positioning.

**FIGURE 2**

Asia/Pacific (Excluding Japan) Data-Centric Converged Device Shipments by Vendor, 2005



Source: IDC, May 2006

## Company Strategy

Under the leadership of Norm Lo, RIM has been pursuing a high-growth strategy in APEJ, expanding both its service coverage and its portfolio of compatible devices. The two cornerstones of this strategy are:

- ☒ Signing up as many operators as possible
- ☒ Targeting the mission-critical enterprise users with own-branded devices, while allowing APEJ to take the lead in BlackBerry Connect devices

### ***Operator Expansion***

RIM has been eagerly snapping up new operator partners through its Fast 100 program. The scheme, started in late 2004, is aimed at aggressively bringing onboard more operator partners in new markets. Currently with over 20 providers in 10 countries, the company expects to pick up more than 10 operator partners in Asia this year. The biggest of these is China Mobile, which announced a launch in late May 2006.

In contrast to the earlier strategy of exclusive relationships to encourage operator interest and commitment, RIM is now looking to expand its network to as many operator customers as possible. As such, it does not rule out working with China Unicom, despite its agreement with China Mobile.

This "land rush" approach is rooted in the belief that the number of BlackBerry subscribers will grow in tandem with the operators signed up. While RIM has been reluctant to reveal the number of BlackBerry subscribers in Asia, the strong growth in handheld shipments suggests that the strategy is working.

There is a distinct sense of urgency to RIM's efforts at signing up operator partners, which can be attributed to two reasons. On one hand, it lags behind competitors such as Nokia and HP in terms of brand awareness and operator relationships. On the other, it is eager to capitalize on its advantage in push-email services before Nokia and Microsoft can mount a serious push for the market.

### ***Own-Brand Strategy: Tip of the Pyramid***

On the device front, RIM's own-branded devices continue to target a specialized segment of enterprise users that view secure, reliable email as a mission-critical feature. Despite proclamations that more consumer-friendly RIM handhelds are being considered, RIM continues to leave out features such as:

- ☒ Touch-sensitive display
- ☒ Expansion
- ☒ Music playback
- ☒ Camera
- ☒ WiFi

RIM offers plausible justifications for continuing to leave out such features. The use of camera and MP3 functions depletes battery life, without necessarily adding value for the enterprise user. In addition, companies sometimes see both cameras and expansion cards as security hazards.

However, although a touch-sensitive screen increases the cost of the product and reduces its durability, the feature has to be seen as key for the APEJ market. While enterprise users will be familiar with writing Chinese using a full-size keyboard, some prefer writing on a touch-sensitive screen rather than doing so on a thumb pad.

This sharp messaging and enterprise focus can also be seen with RIM's design decisions. Traditionally, it has rarely allowed form to overtake function, but this has changed — albeit in baby steps — in recent years. We outline the three main BlackBerry form factors available on the market today in the following section.

### **Classic BlackBerry**

The classic BlackBerry form factor remains RIM's signature design. The 7290, for instance, comes with a full QWERTY keyboard, with white buttons positioned at an outward angle against the black chassis (see Figure 3). It is arguably the most optimized design for messaging, but is often regarded as boring by customers in Asia.

## FIGURE 3

BlackBerry 7290



Source: RIM, 2004

### The SureType Series

The 7100 series of BlackBerry devices comes in a narrower form factor (see Figure 4). Instead of a full QWERTY keyboard, a single button can reference two different letters. For instance, "Q" and "W" share the same key, likewise for "E" and "R." A predictive text engine then generates the actual letter typed. This hybrid system, called SureType, has received mixed responses from consumers. Customers in Asia used to Tegic's T9 predictive text solution find SureType difficult to adapt to, while those that type in Chinese also have trouble doing so.

## FIGURE 4

BlackBerry 7100



Source: RIM, 2005

### **The Souped-Up BlackBerry**

The 8700 is the latest handheld series from RIM to hit the market. Apart from being the first BlackBerry to run on an Intel XScale processor, the 8700 is a departure from the classic design. The 8700g, for instance, features black rectangular buttons on a dark background, which makes it slightly less user-friendly. However, this device is arguably the most attractive of RIM's three primary form factors at this point (see Figure 5). A wideband code division multiple access (WCDMA) version of this device was announced for Vodafone Germany in May 2006, and is expected to be launched in APEJ by the end of the year.

### **FIGURE 5**

BlackBerry 8700



Source: RIM, 2005

RIM's decision to do one thing — but do it very well — is both a result of and a reason for its limited manufacturing capacities. With its high profile, it can be easy to overlook the fact that the company shipped only 4 million devices in the whole of FY06. It has only a handful of models on the market, with variations for different carriers and networks.

Acknowledging its limited hardware breadth, RIM launched a program called BlackBerry Connect, working with other device makers to extend the portfolio of BlackBerry-compatible hardware.

### ***BlackBerry Connect***

The BlackBerry Connect initiative was first announced in March 2003, allowing other device manufacturers to connect their products to RIM's BlackBerry Enterprise Server and take advantage of push-email services.

Although first heralded by pundits as a key factor in RIM's business moving forward, BlackBerry Connect in reality, has had limited impact so far. RIM's overall hardware revenue has held steady over the past year, hovering between 66% and 70% of its total revenue, while the first BlackBerry Connect device for the U.S. market, the Nokia 9300, was only launched in early 2006 with Cingular Wireless.

Still, it is evident that BlackBerry Connect plays a greater role in APEJ. Already, a good fleet of devices, including the Nokia 6820, 9300, and 9500; the Sony Ericsson P910i; and the Motorola MPx220 support BlackBerry Connect in the region, while the Nokia Eseries and Sony Ericsson M600 will also extend the BlackBerry Connect portfolio in coming months. Furthermore, although the majority of BlackBerry subscribers remain deployed on first-party devices, a significant number are using BlackBerry Connect. This figure is especially high in India, a market that Nokia dominates.

In recognition of this trend, RIM has also been paying special attention to its BlackBerry Connect services in APEJ. In April 2006, Singapore's SingTel became the first operator globally to offer the BlackBerry Connect service for the Palm Treo 650, a move that was followed by other operators in the region.

## **FUTURE OUTLOOK**

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### **How Asia Differs**

RIM, based in Waterloo, Ontario in Canada, has had its greatest wins in North America. However, the company has found it harder to find success in the region. There are many variations between the countries within APEJ, but as an entity, there are significant differences from the North America market. A failure to understand these differences in culture, technological preferences, and user behaviors will in turn translate into failure in the marketplace.

### ***Asia's Design Focus***

Asia consumers have frequently expressed a desire for attractive mobile phone designs. In IDC's 2005 Marco Polo end-user study of eight countries, 71.2% of respondents indicated that they viewed "stylish looks" as a "very important" or "important" feature of mobile phones.

This trend is reflected in the enterprise space, and vendors have gradually responded. Many of the enterprise-focused devices in Asia have evolved into more attractive form factors over time, including Nokia's Communicator and HP's iPaq offerings. In particular, Sony Ericsson's M600 provides a good point of reference for RIM. While leaving out WiFi and a camera, the M600 offers WCDMA features and support for a variety of messaging standards, including BlackBerry Connect and Seven. It weighs just 112g and measures 15mm in thickness. In contrast, the BlackBerry 7100 weighs 122g and measures 18mm in thickness, and has a markedly less stylish design.

Having said that, it would be slightly misleading to see design as merely a combination of slim design and fanciful colors. In general, users in Asia see phones as an expression of their personality and status, and even bulkier designs, given the right positioning, can create a similar effect. For example, Indonesia has become one of the largest markets for the Nokia Communicator, with the device's distinctive bulk contributing to its position as a status symbol for business executives.

### ***Preference for Short Message Service***

Mobile phone users in APEJ already understand push messaging in the form of short message service (SMS), which contributes the largest percentage of non-voice revenue for most operators. For instance, person-to-person SMS accounted for over 90% of non-voice operator revenue in the Philippines in 2005, according to IDC's Asia/Pacific Wireless Markets and Technologies research program.

Although SMS started out as a consumer phenomenon, it is so deeply entrenched in the fabric of many cultures in Asia that it is sometimes preferred as an unobtrusive means of business communication. In recognition, some software vendors have also begun offering integrated email-SMS solutions. LegionONE, a division of Sydney-based business communications solutions provider Legion Interactive, combines SMS functionality into Microsoft Outlook, allowing users to send SMS and calendar reminders from their PCs to multiple phones. Replies are then routed to the sender's email account or mobile phone.

Both SMS and BlackBerry push-email are mobile, instantaneous, and text-based communication. However, person-to-person SMS tends to be more casual, with users dispensing with the usual formalities and using limited text-speak. In more formal situations, RIM's fundamental proposition is therefore still relevant, but it does mean that the positioning of the service has to be more sharply focused on the accountability and security that the BlackBerry service — but not SMS — provides.

### ***Local Languages***

Asia is home to numerous cultures and languages. Mobile phone vendors understood early on the need for local language support, especially as they moved into the mass market. The Nokia 6030, for instance, supports nine Indian languages — Hindi, Marathi, Gujarati, Tamil, Bengali, Kannada, Malayalam, Telugu, and Punjabi.

As English is the language of business in India, this is not as much of an issue for RIM. However, Chinese is heavily used in the PRC and Taiwan, while people in Korea commonly speak the Korean language in the work environment. RIM supports Chinese language text input in its devices, but full native support for Korean and Japanese has been slow in coming. Korean characters can be read on a BlackBerry, but cannot be entered yet at this point.

Even for the Chinese language, the mode of input can be a problem. For instance, in the PRC, business users prefer to write their messages on a touch-sensitive screen, rather than typing them on a keypad.

It is thus no coincidence that RIM is only just making an introduction into Korea, and Seven is the only enterprise email provider currently present in Taiwan, due to its support for Chinese languages.

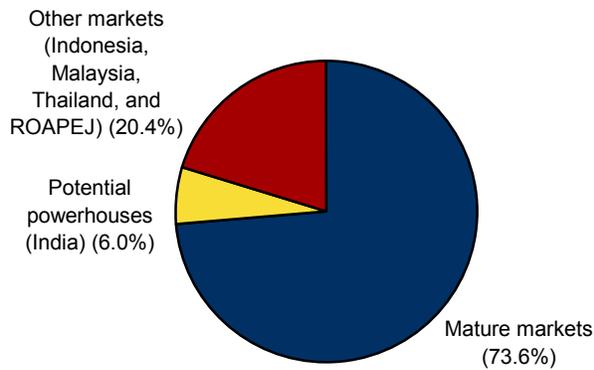
## Diverse Asia

Even within Asia, several differences exist between countries. For instance, Korea has a more advanced mobile infrastructure than the rest of the region, with 3G CDMA 2000 1xEV-DO networks and mobile television (TV) already rolled out. Australia is also a unique market in the region, due to the similarities in user preferences with the North America market.

When considering these markets, IDC recommends that RIM classify the countries into three broad categories based on their importance to RIM and existing penetration. The BlackBerry shipment breakdown of each category is given in Figure 6.

**FIGURE 6**

Asia/Pacific (Excluding Japan) RIM Shipments by Market Category, 2005



Source: IDC, May 2006

### ***Mature Markets***

Australia, Hong Kong, and Singapore were all early destinations for RIM in Asia, and have proven to be the best-performing markets for the vendor. One of the key reasons for this is the cosmopolitan nature of these countries, with the presence of the BlackBerry in Western popular culture helping to increase awareness for the product.

In addition, Hong Kong and Singapore are popular locations for multinational firms to set up regional presences, so traveling or relocating executives from the United States provide a small but influential demand for BlackBerry services. M1 rolled out its push-email service in April 2005, after both domestic rivals SingTel and StarHub had launched it in previous years. Although this puts M1 at a disadvantage when wooing local customers, its service branding "BlackBerry from Vodafone" suggests that it still has value for roaming customers of the Vodafone network.

In 2005, almost 74% of RIM hardware shipments in APEJ came from these three countries, underscoring their importance. Still, this also means that for RIM, the "low-hanging fruit" has already been picked. Further investment will be necessary to attract more customers to the service.

### **Potential Powerhouses**

As India and the PRC grew to become key markets for multinational companies (MNCs), they also began to hold great promise for RIM. India, despite lower mobile phone penetration and per capita GDP than the PRC, is likely to prove an easier market for RIM to gain traction, due to the prevalent use of English in the business environment. Bharti Airtel launched the BlackBerry as early as 2004, and shipments in 2005 amounted to over 10,000 units.

In contrast to India, RIM's impending entry into the PRC has been particularly late, partly due to problematic licensing rules. As a result, mainland-based executives have in the past resorted to subscribing to BlackBerry services from Hong Kong, and then roaming with China Mobile.

Apart from language input issues outlined above, the PRC could prove to be a challenge in other ways. For a company that is dependent on its intellectual property and has been litigious in protecting its position, the regulatory landscape of the PRC could be a tricky situation. Already, a PRC-based company called Facio has offered a solution called RedBerry, an allusion to the BlackBerry service. While Facio is unlikely to mount a serious challenge in the country, more copyright and intellectual property challenges will arise after RIM officially launches its service.

## **Other Markets**

In other markets such as Malaysia, Thailand, Indonesia, and Korea, RIM faces a variety of challenges, from language issues to brand awareness. These countries are not ready catchment areas for BlackBerry, and organic growth should suffice as a strategy.

Within this category however, are two markets that have the potential to become significant to RIM, Korea and Taiwan. In late May, RIM signed a deal with push-to-talk (P2T) KT PowerTel to offer the 7100i in Korea. To be sure, KT PowerTel operates an iDEN network, rather than the more popular CDMA networks, but it suggests that RIM is starting to make inroads. There are inherent conditions in Korea that favor the BlackBerry, such as the high usage of data and consumer email. However, the lack of handwriting input and the bulky form factor of BlackBerry devices again hurt RIM's chances in the market.

Likewise, a touch-sensitive BlackBerry for Taiwan can accelerate RIM's prospects of getting operators onboard. Taiwan is one of the developed countries in the region, with 3G networks already in place.

## **ESSENTIAL GUIDANCE**

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### **Advice for RIM**

RIM reported global revenue of \$561.2 million in FY 4Q06. Of this, handhelds accounted for 70%, while services stood for just 21%. While push email is at the heart of RIM's total product offering, the sale of devices still represents a large part of its revenue, and will remain of vital importance in the long run.

The company has also flatly rejected all calls to split up its software and hardware divisions, as PalmOne had done, with chairman James Balsille insisting to the media that "hardware is mostly software."

This dual-pronged strategy has resulted in the much-documented BlackBerry dilemma. RIM wants to get its service into as many enterprises as possible, and requires the assistance of other hardware makers to do so in a fast and effective way. However, because RIM also manufactures devices, it competes with these device makers. A vendor such as Nokia and Sony Ericsson then has to decide whether the advantages of working with RIM the push-email SP can compensate for the threats of RIM the device maker.

For RIM, the reverse dilemma is present. By offering the push-email service to rival device makers, it bolsters the enterprise proposition of these vendors. This may in turn hurt RIM's hardware prospects, especially given that Nokia and Microsoft are pushing their own rival offerings.

This situation is exacerbated in APEJ, where there is a clear difference in strength between RIM's software and hardware offerings. The service proposition of the BlackBerry is the most established and among the current email solutions. On the other hand, the device offering, while highly targeted, may miss the mark for customers in APEJ for the reasons stated above.

## **Advice for RIM**

### ***Focus on the Service and Servers***

In Australia, Singapore, and Hong Kong, where RIM has gained inroads, there has been positive feedback about the features of the BlackBerry service. According to IDC report *Enterprise Mobility Adoption in Singapore: End-User Insights from the Key Industry Verticals* (October 2005), the BlackBerry is especially dominant in the banking industry in Singapore, thanks to its security features. IT managers assign unique user identities and passwords for each of these devices and remotely wipe any corporate information in the event that the device is lost or stolen.

While Australia, Hong Kong, and Singapore are by no means indicative of RIM's status in other markets, the successes here suggest that the BlackBerry service is inherently a strong solution that should appeal to users in the region.

RIM should therefore concentrate primarily on pushing the BlackBerry service even if it means limiting new handheld offerings to alleviate the concerns of device makers. It should also prioritize the BlackBerry Connect alliance with device makers.

The key assumption here is that the barriers to changing a handset vendor are far fewer than switching between enterprise email providers. In addition, it will be easier for RIM to convert an existing BlackBerry Connect user to a full BlackBerry solution than to convert a completely new user.

At the moment, this strategy is also advantageous because rival device makers cannot afford to ignore the enterprise email opportunity, and will be willing to piggyback on the BlackBerry service at least in the short run. This will continue until the device vendors feel threatened by RIM's device offerings or develop a strong software alternative.

In APEJ, RIM has largely targeted those in senior management roles, where the high availability and security of the BlackBerry solution makes it a compelling argument. However, for RIM to grow its service, especially in more mature markets, it will need to target users in the lower lines of business. This move down the pyramid will have to be made in tandem with a hardware strategy, and the vendor will need to launch initiatives beyond the BlackBerry Connect service.

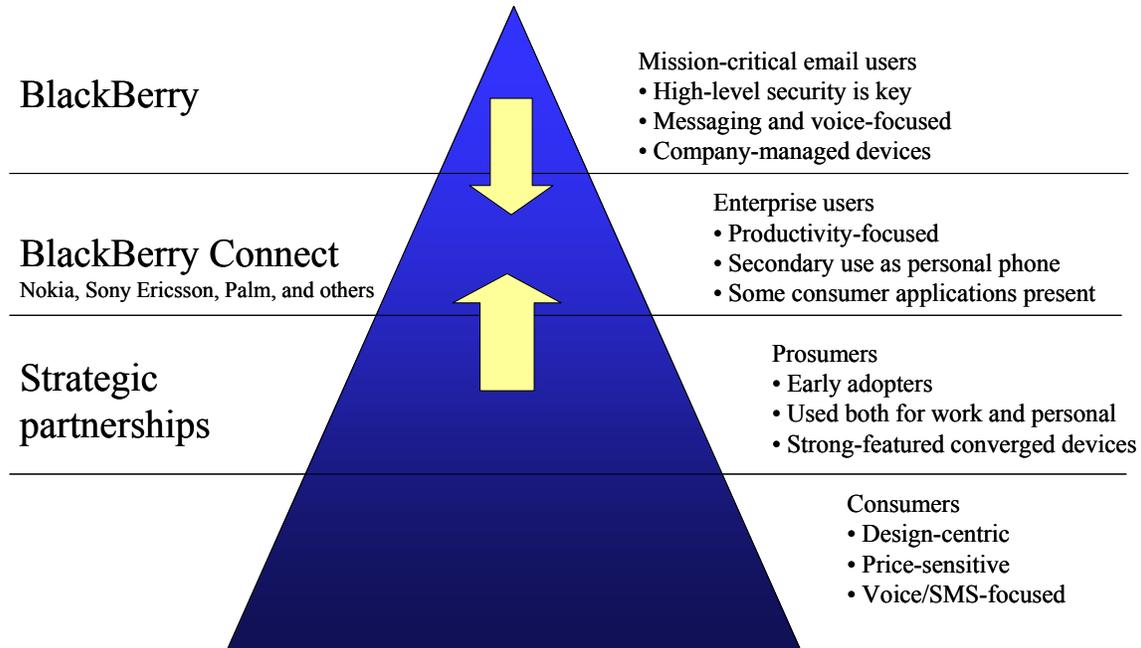
### ***Addressing the Hardware***

At the moment, RIM's BlackBerry device offerings are seen as an obstacle to its expansion plans in the region. To solve this problem, RIM has to achieve several objectives. It has to increase the usability and desirability of its device in its core segment — mission-critical email users. At the same time, it has to meet the hardware needs of users lower in the enterprise-consumer pyramid (see Figure 7).

IDC's recommendations for RIM from the hardware perspective involves building the advantages of own-branded devices, while securing strategic alliances with other device makers to plug some of the gaps.

**FIGURE 7**

Moving Up and Down the Enterprise-Consumer Pyramid



Source: IDC, 2006

**Appealing to the Consumer Within**

Is it possible to differentiate consumers from enterprise users? According to operators in Singapore, some users have complained about the lack of consumer features such as music and imaging on their devices.

From the device perspective, it can be misleading to think that there are there are two different kinds of users — enterprise users and consumers — with different needs.

Instead, a better way to conceptualize the market is that there are consumers with varying enterprise needs. For these users, design, form factor, and richness of features are of basic importance. Depending on enterprise requirements, these users may be willing to sacrifice these hygiene factors to varying degrees. However, if the compromise is too large, the user may choose to carry two different devices to meet his needs instead.

Therefore, while sustaining its positioning at the sharp end of the enterprise market, RIM should consider improving the design and features on the BlackBerry devices without overly compromising its unique advantage.

For instance, it is possible to produce a slimmer BlackBerry device, thereby improving its attractiveness without compromising usability. Likewise, the benefits of a

touch-sensitive screen would outweigh the cost in durability and price. These improvements will bolster RIM's hardware proposition in its core segment, while allowing it to gain a larger following in the lower tiers.

### **Strategic Hardware Partnerships**

Some vendors, including Nokia and Sony Ericsson, appear to be adopting a platform-agnostic approach when it comes to supporting corporate email solutions. The Nokia Eseries, for instance, is compatible with BlackBerry Connect, Good Technology Inc., Nokia Business Center, Seven Mobile Mail, and Visto Mobile, among others.

Given the strength of RIM's service proposition, this is a favorable situation. However, some device makers are also future full-fledged competitors for RIM. Nokia is still developing its Business Center solution, Sony Ericsson's parent Ericsson offers the Ericsson Mobile Organizer (EMO) in partnership with Seven, while the latest Windows Mobile-based devices support mobile messaging when deployed with Microsoft Exchange Server 2003 on the backend.

In the midterm, it may be beneficial for RIM to partner with key device makers to offer the BlackBerry Connect service on a preferential or exclusive basis. On paper, Sony Ericsson is a good fit. The company enjoys high brand share in the region, and its P900 line has won a cult following. With this series of converged devices, the vendor has traditionally targeted the prosumer space, but it has also been evaluating a stronger push into the enterprise segment.

At present, the EMO service is relatively unknown, and Ericsson's commitment to the relationship remains to be seen. A move by RIM to secure a preferential deal with Sony Ericsson could therefore work both to garner a strong device partner and to hurt the chances of one of its biggest competitors.

Another possible device partner is Motorola. With the Q, Motorola will be making a concerted bid for the enterprise space. The Q is a Windows Mobile-based device, but Motorola has repeatedly stood behind its long-term commitment to Linux. RIM may therefore be able to move in with a BlackBerry Connect client for Linux.

Securing device makers as long-term partners saves RIM from having to compete in the mainstream. While it hopes to extend its service lower into the enterprise pyramid, RIM will also be keen to maintain the unique offering of its own-branded devices. Having strong strategic hardware partners will help RIM avoid commoditization and sustain the high prices of its own devices.

### ***Taking Root in Asia***

For all of RIM's global expansion, it has remained tightly rooted in Ontario, Canada, where the company was founded in 1984. Its main R&D facility is located there in the city of Waterloo, as is the main manufacturing plant.

This is understandable given RIM's business is predominantly in North America, but as the company expands in Asia, it will become increasingly important to grow both its R&D and manufacturing presence in the region.

From the practicality standpoint, manufacturing in India and the PRC, then shipping to the region will help reduce costs. Furthermore, developing from within APEJ provides a frame of reference for the needs and preferences of the Asia customer. The "made-in-Asia" tag has also been proven an effective market message.

Several companies have harnessed this in past years. In 2002, Nokia unveiled the 3610 as a product of its Product Creation Center in Beijing, kicking off a "Made in China for China" initiative. Subsequently, the Center also developed the 6108, which came with a small touch-sensitive screen for users to write Chinese characters. This model proved to be among the most popular models in China for several quarters.

Likewise, when Motorola decided to make developing markets a key focus under a geographic region called "high-growth markets," it sent VP Allen Burnes to Gurgaon, a fast-developing commercial area just outside Delhi in India. The company, after failing to gain traction in the market for a few quarters, then launched the "Made-in-India" marketing campaign in 4Q05, heavily promoting its low-end C115 series of phones. This then led to strong growth in 1Q06, according to IDC's Quarterly Mobile Phone Tracker.

### ***Strategic Marketing***

Globally, RIM punches above its weight in terms of brand awareness. The distinctive classic BlackBerry form factor has become an icon, not just in the business world but also in popular culture. Celebrities have frequently been photographed with the device, while "CrackBerry" has been extensively parodied in the media.

The high-profile court battle with NTP, which concluded in early 2006, may also have had an inadvertent effect on awareness in the APEJ. Any ruling to shut down RIM's service would not have affected Asia, given that its servers are housed in Canada. Instead, it helped drum up recognition of the BlackBerry brand among IT managers in the more cosmopolitan markets.

Likewise, in its Tier 1 markets in the region, BlackBerry enjoys high top-of-mind recall, and receives regular coverage in the mass media. In Australia, for instance, there is a perception of prestige associated with using a BlackBerry device. In Singapore, Prime Minister Lee Hsien Loong was quoted in April talking about his wife, CEO of state-owned investment group Temasek Holdings, Ho Ching's use of the BlackBerry.

However, in other markets, the situation can be quite different. In the PRC, the BlackBerry handheld is not a recognizable symbol, and is instead seen as a bulky phone.

The company does not play a customer-facing sales role in APEJ, and does not engage in direct advertising. It does however, ride with operator marketing efforts, and it has increasingly stepped up its engagement of the media in the past year. Moving forward, there is a need for RIM to invest more in strategic marketing in the growing markets, especially in getting the device into the hands of public figures and opinion leaders.

This will also help address the negative impression of the BlackBerry brand in the marketplace, with some consumers especially wary of the intrusiveness of push

email. In North America, the large number of active users act as evangelists and counteract any negative sentiment. This will be increasingly important as RIM moves into market segments in which always-on email is seen a "nice-to-have," rather than a "need to have."

## LEARN MORE

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### Related Research

- ☒ *Asia/Pacific Quarterly Handheld Tracker (May 2006)*
- ☒ *Asia/Pacific (Excluding Japan) Mobile Enterprise Email 2006–2010 Forecast and Analysis: Has It Come of Age? (IDC #AP206105N, May 2006)*
- ☒ *Asia/Pacific (Excluding Japan) Mobile Services 2006–2010 Forecast Update: 2005 Year-End Review (IDC #AP201304N, May 2006)*
- ☒ *Enterprise Mobility Adoption in Australia: End-User Insights from Key Industry Verticals (October 2005)*
- ☒ *Enterprise Mobility Adoption in Singapore: End-User Insights from Key Industry Verticals (October 2005)*

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