LET'S SOLVE A GUESSTIMATE

Estimate the revenue generated by Apple from sale of iPhones in India every year.

ASSUMPTIONS

- Since it's Apple sales from the iPhone, we have to consider sales of new iPhones, not second hand sales.

- We can start off with the population and directly go to the urban split (nobody would be bying a new iphone typically in rural areas)

- Within the ~40 crore folks living in Urban India, we can look at the 20% high-income population and 10% upper middle income folks because only this strata would have the willingness and the ability to spend upwards of INR 50K on a new phone.
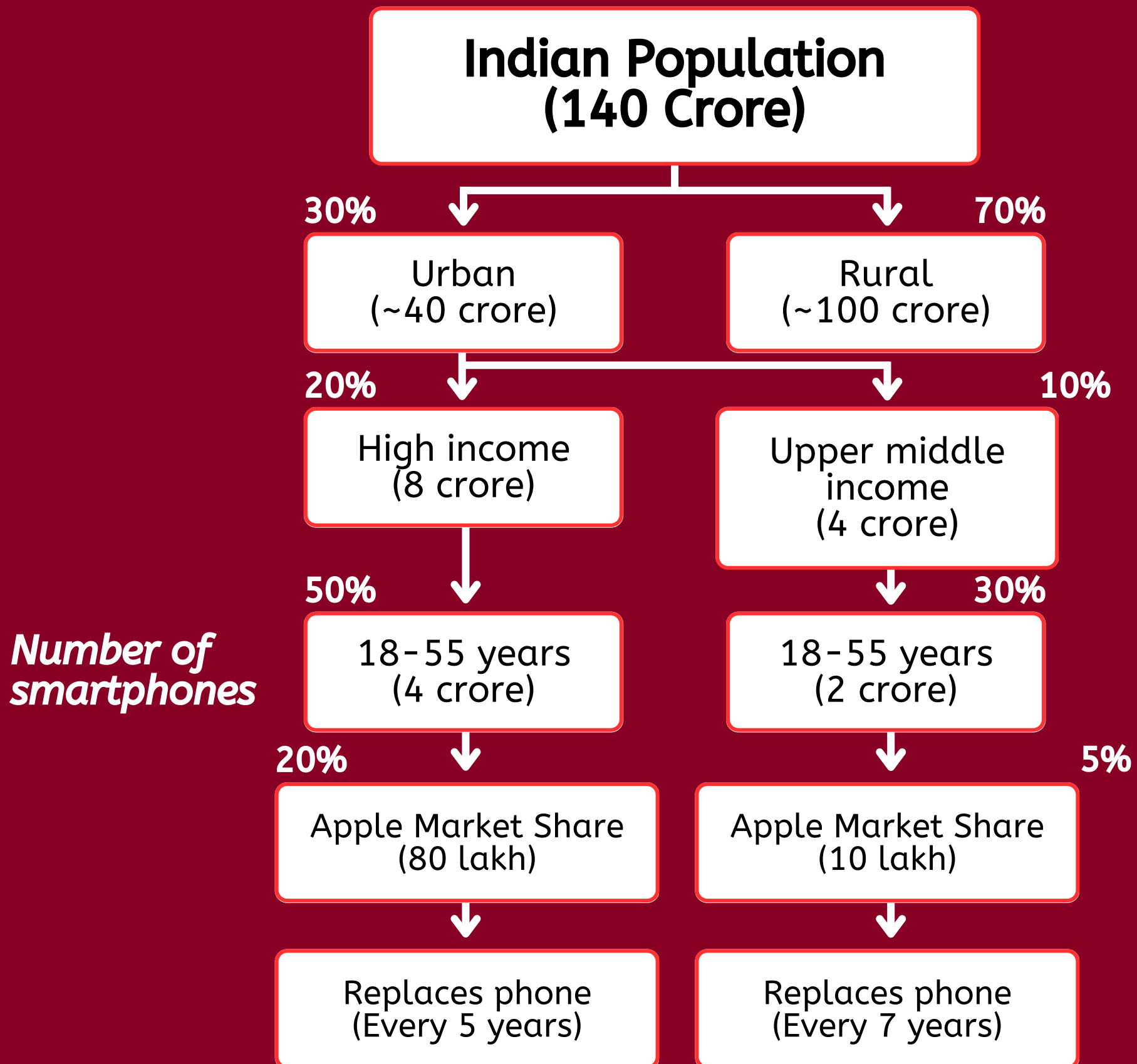
ASSUMPTIONS

- Out of this population, we can look at the age group of 18-55 since children won't be buying a new phone on their own, and the elderly wouldn't be buying a new iPhone typically as well.

- Out of this smartphone-buying population, we can take 20% market share for the iPhone in the high-income bucket and 5% in the upper middle-income bucket on account of competition from cheaper smartphones like Xiaomi and Samsung.

ASSUMPTIONS

- We have to calculate yearly sales. We can assume that the high-income folks replace their phone in 5 years (divide the previously calculated answer by 5, and upper middle-income class cohort will replace it in 7 years (divide the previously calculated answer by 7)

- Once we get the yearly demand for iPhone, we multiply it with an average selling price of ~ Rs. 60,000 to arrive at the final estimate of yearly sales

FRAMEWORK

Indian Population (140 Crore)

30% → **Urban (~40 crore)**

70% → **Rural (~100 crore)**

20% → **High income (8 crore)**

10% → **Upper middle income (4 crore)**

Number of smartphones

50% → **18-55 years (4 crore)**

30% → **18-55 years (2 crore)**

20% → **Apple Market Share (80 lakh)**

5% → **Apple Market Share (10 lakh)**

Replaces phone (Every 5 years)

Replaces phone (Every 7 years)

FRAMEWORK

- Yearly Demand (# of phones/replacement time) = (80/5) + (10/7) = 16 + 1.4 =~**17 lakh/year**

- Average price= ₹60,000

- Total Revenue (Annual Sales or Market Size) = ₹60,000*17 lakh
  = **~$1.2 billion**

FINAL ANSWER

The estimated revenue generated by Apple from the sale of iPhones in India every year is approximately $1.2 billion

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accenture

① **2.5 or 6 months, 10 mentors, and 30+ hours of live mentorship on** Consulting careers, CV making (including 1:1 edits), Guesstimates & Case Interviews.

② **Rigorous interview practise through** real-time guesstimates solving & buddy teams for mock cases.

③ Placement Assistance through employee referrals **by our MBB & Dalberg mentors.** Regular job updates **from consulting firms.** Industry Breakdown **for cases.**

④ Live case project (& certificate) with a real life client **& business problem.** CV templates & interview preparation resources **along with** 1:1 Mentorship.

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