Mobile Internet Report

2017

Internet And Mobile Association Of India

KANTAR IMRB
Contents

Overall Numbers ........................................................................................................................................... 22
User demographics ....................................................................................................................................... 33
Usage of Mobile Internet: Rural Urban Analysis ....................................................................................... 44
Usage of Mobile Internet: Demographic Analysis ...................................................................................... 55
Expenditure and Affordability of Mobile Internet ....................................................................................... 77
Conclusion .................................................................................................................................................... 88
Annexure: Study Methodology, Demographic Segments and Sampling Procedures .................................. 99
Target Segments ....................................................................................................................................... 99
About IAMAI ............................................................................................................................................... 111
About Kantar IMRB ..................................................................................................................................... 111
Overall Numbers

It is estimated that total number of Mobile Internet users increased by 17.22% from December 2016 to reach 456 Mn users by December 2017. Going forward, it is estimated that India will have 478 Mn internet users by June 2018.

Urban India witnessed an estimated 18.64% YoY rise, while Rural India witnessed an estimated growth of 15.03% growth during the same period.

With 59% penetration, Urban India is expected to show a slowdown, while Rural India with only 18% mobile internet penetration is clearly the next area of growth.

Source: Kantar-IMRB All India Mobile Internet Users Estimates, October 2017
User demographics

India’s skewed gender ratio is reflected in mobile internet usage as well. One third of the mobile internet users are male across both Urban and Rural India. In Urban India, percentage of women mobile internet users stands at 40% and remaining 60% are men. While in Rural India, the women mobile internet users are only 33% compared to 67% men users.

Source: Kantar-IMRB All India Mobile Internet Users Estimates, October 2017

Mobile Internet is predominantly used by youngsters, with 46% of Urban users and 57% of Rural users being under the age of 25. Urban India has around twice the proportion of users over the age of 45, while the age range of 25 to 44 has almost equal distribution of users in Urban and Rural Areas.

Source: Kantar-IMRB All India Mobile Internet Users Estimates, October 2017
Usage of Mobile Internet: Rural Urban Analysis

Emergence of newer forms of services and apps along with availability and quality of mobile data service determine the usage of mobile internet.

The higher proportion of responses across all categories for Urban sector for instance is a reflection of the frequency/intensity of usage.

Online Communication and Social networking have been the top purposes for the last few years. The recent development of Digital Entertainment has resulted in this category emerging as the top purpose of access in Rural India and the second most popular service in Urban India.

The relatively sharp decline in number of respondents reporting Online Finance and transactions across both Urban and Rural India denotes that digital transactions (payments, e-commerce, etc) are yet to attain priority for mobile internet usage, despite the thrust in recent times. However, it must also be kept in mind that Online Financial transactions have witnessed a rise compared to previous years and is one of the most promising services for mobile internet in the coming days.

For greater offtake of such services, the target sector should be the rural areas where these services have very low usage presently.

Source: Kantar-IMRB All India Mobile Internet Users Estimates, October 2017
Usage of Mobile Internet: Demographic Analysis

Demographic analysis of usage is done on the basis of two set of parameters: Socio Economic Classifications (SEC) and life stage of users. The reporting is based on top 3 popular purpose of accessing mobile internet.

The higher SECs are relatively more frequent users of Mobile internet, even though all SEC categories have the same 3 purposes of access as top priority. It seems, the more affluent are more prone to general surfing and networking via mobile internet. Text chatting is one of the most popular service that maintains strong prevalence across each SEC. Text Chat and audio/video streaming are the most popular services for lower SECs, and clearly are the drivers for adoption of mobile internet by this section.

Given that Mobile internet is predominantly specific app based, the popularity of services also reflects the type of apps downloaded by each category of users. Higher SECs have more diverse service apps and use them more frequently, while the more budget conscious segment with relatively lower capacity smartphones stick to limited apps and usage categories.

In terms of life stages, the reporting classifies respondents in 6 broad categories. The data reported constitute of usage and category of highest relevance (see Annexure for details).
Young students are the most prolific users of most services. Middle-aged and older men show greater propensity of using social networking and browsing; with old men having lower habits of audio/video streaming.

Working women have the highest propensity of social networking and browsing, while non-working women have the highest propensity for text chatting.

Clearly, digital entertainment is driving mobile internet usage amongst kids not going to school or college. Digital entertainment is the most popular usage for the age group per se and is expected to gain more traction in the coming days.
Expenditure and Affordability of Mobile Internet

Affordability on Mobile Internet has been the primary factor for the huge popularity of the service; so much so that internet penetration in India is being driven by Mobile Internet.

This is quite evident from the fact that average mobile expenditure has been decreasing continuously from 2014. This decrease is reflected in greater affordability of mobile data, which decreased from 2014 to 2016, with a marginal rise in 2017 owing to higher usage of mobile data. Expenditure on Voice has been steadily decreasing from 2013; and with the popularity of VOIP and video chatting, the expenditure on voice services has decreased drastically in recent times.

This in turn means that there is a rise in proportion of Data expenditure in comparison to voice expenditures for most users. In just 5 years from 2013 to 2017, the ratio of Data:Voice went from 45:55 to 84:16.

In the coming days, mobile telecommunication services will be all about internet services as the introduction of 5G, public wi-fi and other such infrastructure will further fuel this trend.

Source: Kantar-IMRB All India Mobile Internet Users Estimates, October 2017
Comparing over last year, it is evident that voice component of total bill across all age groups have decreased drastically. The age group >45 years, which was one of the most prolific user of voice services last year too has witnessed significant drop.

Much of this drop can be attributed to change in mobile plans offered by service providers, which are more data centric with very low cost for voice packages.

Interesting to note, this ease of affordability has in turn increased data pack spending by most age groups, so much so that for the age group <15 yrs, average total bill seems to have increased, even though for the rest of the categories, average total bill has eased marginally. Data spend by the age group >45 has decreased given lower price of data packs and overall usage saturation of the age group. This group is least likely to actively try out newer services or categories on offer (unlike the more internet savvy younger demographic) and thus seem to have lower probability of increasing data usage due to falling prices.

## Conclusion

The Mobile Internet ecosystem comprises of various stakeholders such as, telecom operators, handset manufacturers, and internet service providers. The growth of mobile internet can be attributed to the positive developments by each stakeholder. Handset manufacturers have been producing more affordable smartphone/featurephones, while telecom service providers are now offering better connectivity at more affordable prices.
There has been a significant rise in the mobile internet usage in India over one year. The real growth potential can be seen in Rural India which has only 18% penetration till date as compared to Urban India with a penetration rate of about 59%.

However, like in the case of overall internet penetration, the growth of mobile internet is also skewed, with digital divides in terms of gender, Rural-Urban, demographics and SEC acting as bottlenecks for higher penetration.

Mobile internet usage is still limited to few specific service categories. The advent of digital entertainment has had considerable impact on mobile internet usage. Streaming services have a symbiotic linkage with usage growth. Many telecom service operators now bundle subscription of such services to lure customers; while the latter are more likely to take-up higher quality connections to ensure lag-free streaming and better audio/video quality.

Services like chat, VOIP or video calling have revolutionized communication; which is evident from the rapid fall of voice services/expenditures for a device essentially designed and popularized for calling on-the-go.

Going forward, with the coming of NTP 2018 and focus on new technologies like 5G, this trend is expected to continue. The NTP is expected to promote better quality data services at more affordable prices and can be expected to help address the digital divides and promote internet penetration in the rural areas via mobile internet.

Annexure: Study Methodology, Demographic Segments and Sampling Procedures

Target Segments
In this round of survey, we have covered 171 cities.

Below are the cities that have been covered in this research:

<table>
<thead>
<tr>
<th>Cities by Strata</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 4 Metros</strong> (10 Million+)</td>
<td>Delhi, Mumbai, Chennai &amp; Kolkata</td>
</tr>
<tr>
<td><strong>Other 5 Metros</strong> (Between 4 to 10 Million)</td>
<td>Bangalore, Hyderabad, Ahmadabad &amp; Pune, Surat</td>
</tr>
<tr>
<td><strong>Non-Metro</strong> (Between 0.5 to 1 Million)</td>
<td>Belgaum, Aligarh, Bhubaneswar, Durgapur, Malegaon, Salem, Dehradun, Warangal, Gurgaon, Bokara, Bikaner, Jalandhar, Bhavnagar, Mysore UA, Noida (CT)</td>
</tr>
<tr>
<td><strong>Small Town</strong> (Less than 0.5 Million)</td>
<td>Alappuzha, Faizabad, Panipat, Kanchipuram, Raichur, Nizamabad, Bilaspur, Gaya, Shillong, Latur, Navsari, Bilwara, Dewas, Kurnool, Silchar, Deoghar, Patiala, Burdwan, Tumkur, Sagar UA, Brahmapur, Kolaghat, Baleshwar, Balasore, Philbit, Amreli and many more...</td>
</tr>
</tbody>
</table>
Demographic Segments

Below are the Demographic segments covered in this research:

<table>
<thead>
<tr>
<th>Demographic Segments</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>School-Going Kids</td>
<td>Kids below 18 years of age who are attending or completed school education and not attending college</td>
</tr>
<tr>
<td>College Going Students</td>
<td>Students above the age of 16 years studying in college or university</td>
</tr>
<tr>
<td>Young Men</td>
<td>Working men aged between 19-35 years</td>
</tr>
<tr>
<td>Older Men</td>
<td>Men above 35 years of age who might be working or not working</td>
</tr>
<tr>
<td>Working Women</td>
<td>Working women aged more than 19 years</td>
</tr>
<tr>
<td>Non-Working Women</td>
<td>Non-Working women aged more than 19 years</td>
</tr>
<tr>
<td>Illiterate</td>
<td>Kids below 18 years of age who are not attending school, college or university</td>
</tr>
</tbody>
</table>

Definition of NCCS

The SEC is a method of categorizing households based on 2 critical variables: educational qualification of the chief earner in the family and number of ‘consumer durables’ owned from a predefined list of 11 items, ranging from electricity connection to agricultural land.

The SEC are divided in 5 broad categories, and overall 12 grades (including sub-categories)

<table>
<thead>
<tr>
<th>NCCS</th>
<th>Minimum Education – Illiterate</th>
<th>Number of Durable</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC A</td>
<td>Education – literate but no formal schooling</td>
<td>7</td>
</tr>
<tr>
<td>SEC B</td>
<td>Education – Illiterate</td>
<td>4</td>
</tr>
<tr>
<td>SEC C</td>
<td>Education – Illiterate</td>
<td>3</td>
</tr>
<tr>
<td>SEC D</td>
<td>Education – Illiterate</td>
<td>0</td>
</tr>
<tr>
<td>SEC E</td>
<td>Education – Illiterate</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NCCS</th>
<th>Maximum Education – Post graduate/ Graduate - professional</th>
<th>Number of Durable</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC A</td>
<td>Education – Education – Post graduate/ Graduate - professional</td>
<td>9 or More</td>
</tr>
<tr>
<td>SEC B</td>
<td>Education – Education – Post graduate/ Graduate - professional</td>
<td>7</td>
</tr>
<tr>
<td>SEC C</td>
<td>Education – Education – Post graduate/ Graduate - professional</td>
<td>4</td>
</tr>
<tr>
<td>SEC D</td>
<td>Education – Post graduate/ Graduate -professional</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NCCS</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC E</td>
<td>Education – Post graduate/ Graduate-General</td>
</tr>
<tr>
<td></td>
<td>Number of Durable-2</td>
</tr>
</tbody>
</table>
About IAMAI

The Internet and Mobile Association of India (IAMAI) is a young and vibrant association representing the entire gamut of digital businesses in India. It was established in 2004 by the leading online publishers but, in the last 13 years, has come to effectively address the challenges facing the digital and online industry including mobile content and services, online publishing, mobile advertising, online advertising, ecommerce and mobile and digital payments among others.

Thirteen years after its establishment, the association is still the only professional body representing the online industry. The association is registered under the Societies Act and is a recognised charity in Maharashtra. With a membership of nearly 300 Indian and overseas companies, and with offices in Mumbai, Delhi, Bengaluru and Kolkata, the association is well placed to work towards charting a growth path for the digital industry in India.

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About Kantar IMRB

Kantar IMRB is a pioneer of market research services in Asia. It partners its clients across the entire brand lifecycle through a unique mix of innovation and analytical thinking to design customized solutions that deliver maximum impact. By leveraging on its large array of syndicated services and specialist divisions, Kantar IMRB helps clients in crafting marketing and consumer strategies. With a multi-disciplinary and multi-cultural workforce, it is at the forefront of research and consulting services.

An eight-time recipient of “Agency of the Year”, Kantar IMRB’s footprint extends to 50 offices across 19 countries.

This report has been drafted by the specialized Technology division of Kantar IMRB.

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