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Executive Summary

According to the latest Mobile Internet in India report, there were 306 million mobile Internet users as on December 2015. Out of these, 219Mn users are from Urban India and 87Mn from Rural India. There has been a phenomenal growth of 77% from December 2014.

The penetration of Mobile Internet in India is 23% as on December 2015.

The mobile internet user-base is projected to reach 371 million by June 2016.

The highlights of the I-Cube Mobile Internet survey 2015 are:

- **Brand** retains as the highest valued parameter by making a purchase of smartphone in India. Next to follow are **operating system** and **secondary camera presence**.

- The share of mobile internet spend out of average monthly bill has increased to 64% in 2015 as compared to 54% in 2014. The average monthly bill has reduced to the extent of 18% compared to last year. The average monthly mobile bill in 2015 was registered as INR 360.

- 82% of the mobile Internet users use data between 1-5 hours daily. The distribution is almost similar considering any demographic profile.

- **Online chatting (76%)** and **Social networking (73%)** are the leads the activities performed by the mobile internet users in 2015.
Introduction

Telecom Regulatory Authority of India (TRAI) reports of 988.7 million mobile connections in India as of August 31st, 2015. It has grown from 935.4 million in October 2014.

The number of Mobile Internet users in India has grown by 16% from June 2015 to reach 276 million as of October 2015. These mobile Internet users are those who access Internet on their mobile devices at least once in a month.

From October 2014, Mobile Internet user base has increased by a yearly growth rate of 92%. The penetration of Mobile Internet users in Urban India has reached 53% in 2015, up from 29% in 2014. Whereas in Rural India, the penetration is still to reach double digit but the base has grown 2X from the last year to reach 87Mn.

The rural user-base now reaches ~30% of the overall mobile Internet users and is all set to explode in the coming two years. The rural has a large potential for mobile internet and the data consumption is poised to grow leaps and bounds. While, Urban Mobile Internet base has increased from 119 million to 219 million registering a Y-o-Y growth of 66%, user-base in Rural India has gone up by 100% from October 2014, to reach 87 million in December 2015. The lot of multinational companies are looking to setup their manufacturing capabilities in India, focussing to develop budget smartphones targeting specific consumer segments. The gender split for Mobile Internet users in India stands at 65% for Males and 35% for Females.
**Purpose of Accessing Mobile Internet**

For the first time “Online Communication” surpasses the “Social media websites” to top the purpose to access mobile internet list. 80% of the urban users indulge use mobile internet for communication whereas 74% access social networking sites using their mobile internet. This show the propensity to remain connected in real time is increasing among the mobile internet users in India.

Apart for these leading usages, next in line come downloads. Indian mobile internet consumers are active in downloading Music and Apps to the extent of 32% and 27% respectively.

In 2015, indulgence in Online shopping has grown by 64% and now is accessed by 13% of the users. This is expected to grow at a faster rate in next 3 years.
In Rural India, majority of the users access the Mobile Internet for Entertainment. This is followed by Social Networking & Online Communication. We can attribute this to the fact that the Rural users do not access internet on their Mobile devices continually but they prefer to download the content for offline consumption.

SEC D/E is major contributors to the online chatting and social networking user base in India. The downloads (for both Music and Apps) are done majorly by SEC A, B.

SEC A leads the Online shopping with 33% of mobile internet users indulging into the same.

The college going students are mostly into playing online games and downloading apps using their mobile internet. The non-working women indulge themselves in Online shopping, Online chatting and Watching movies online.
Device Preference

The mobile handsets market has boomed in India over the past couple of years. The way consumers look at the handsets has evolved very quickly and the parameters they consider to select the mobile device they want to use have changed over the period of time. The I-Cube 2015 suggest the various reasons which are given prominence over others which making a purchase decision, of which the brand has come out as a most important factor. For over 50% of the Indian Mobile Internet Users, the brand holds the top spot in their selection criterion. Next in line are operating system on the phone, which is considered by 28%, while 19% look for the secondary camera presence in the smartphone. The usage of secondary camera has increased overtime and is getting much importance from the manufacturers/OEMs by providing high resolution and in some cases, dedicated flash.

<table>
<thead>
<tr>
<th>Parameters considered While Purchase</th>
<th>Male (%)</th>
<th>Female (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand of the Phone</td>
<td>61%</td>
<td>21%</td>
</tr>
<tr>
<td>Operating System present in the...</td>
<td>14%</td>
<td>67%</td>
</tr>
<tr>
<td>Secondary Camera Presence</td>
<td>6%</td>
<td>56%</td>
</tr>
<tr>
<td>Processor present in the Phone</td>
<td>2%</td>
<td>66%</td>
</tr>
<tr>
<td>Number of SIMs Present</td>
<td>24%</td>
<td>3%</td>
</tr>
<tr>
<td>Color of the Phone</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>Battery Life</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Price</td>
<td>5%</td>
<td>17%</td>
</tr>
<tr>
<td>Form Factor</td>
<td>12%</td>
<td>1%</td>
</tr>
</tbody>
</table>

The parameters to decide the mobile to purchase are very different for males from that of the females. While the males lay high importance to **brand of the smartphone** and the **number of SIM slots** present, the females show an inclination towards **operating system** present and **presence of secondary camera**.
Spend on Mobile Connection - Voice & Data

The average monthly mobile data spend as proportion of mobile bill has gone up to 64% in 2015. Also the mobile bill has seen a reduction in 2015 compared to 2014. This change is attributed to the fact that the consumers are engaging more through the data for the connectivity purpose to minimize their money spent on voice.

The share of money spend on data is highest in the age group of 36-45 years whose ~70% of the mobile spend is attributed to data. They are followed by the users with >45 years of age.
The extensive use of apps, freely available over Internet is the main cause of this. The price sensitive Indian users are highly inclined towards this and use such apps for calling and communication purpose. Many of the users are completely done away with the SMS, which earlier was a one of the main contributor to their mobile bill.

Future Estimates

The mobile internet user base reached 306 million by Dec’15 and is expected to touch 371 million users by June’16. Urban mobile Internet users contribute to 71% of the users with 262Mn whereas the Rural India will have 109Mn mobile internet users.

Source: I-Cube, December 2015
Base: All India Estimates (Figures in Millions)
Percentages in blue indicate growth
Annexure: Study Methodology, Demographic Segments and Sampling Procedures

Target Segments
For sampling purposes, we extensively used the previous rounds of the I-Cube reports that have laid down the universe of the Claimed and Active Internet Users in the country.

Census of India 2011 indicates that there are 35 Cities with more than 1 million populations in India. In this round of survey, we have covered all the top 8 Metros as well as other 27 cities.

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

<table>
<thead>
<tr>
<th>Cities by Strata</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top 4 Metros</strong></td>
<td>Delhi, Mumbai, Chennai &amp; Kolkata</td>
</tr>
<tr>
<td><strong>Other 4 Metros</strong></td>
<td>Bangalore, Hyderabad, Ahmadabad &amp; Pune</td>
</tr>
<tr>
<td><strong>Small Metro (More than 1 Million Pop.)</strong></td>
<td>Coimbatore, Jaipur, Lucknow, Ludhiana, Visakhapatnam, Patna, Guwahati, Kochi, Vadodara, Indore, Surat, Nagpur</td>
</tr>
<tr>
<td><strong>Non Metro (Between 0.5 to 1 Million Pop.)</strong></td>
<td>Aurangabad, Belgaum, Aligarh, Bhubaneswar, Raipur</td>
</tr>
<tr>
<td><strong>Small Town (Less than 0.5 Million Pop.)</strong></td>
<td>Alappuzha (Aleppo), Ujjain, Berhampur, Azizabad, Pan pat, Ranaghat, Baleshwar, Philibit, Amreli, Chickmagalur</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>
</tbody>
</table>

Sampling Procedures
Quota sampling procedure was followed to cover households belonging to SEC A, B, C, D and E category in each of the 35 cities short-listed.

Selection of households was made based on random starting addresses identified from electoral rolls.

Care was taken to ensure even geographical spread in identifying the starting addresses across the cities selected.

Based on this household survey, we managed to profile individuals in terms of age, gender, occupation, education, computer knowledge & Internet use.

From all the individuals in household, we asked the question

- Whether they have used PC
- Whether they have used Internet ever (on a PC, mobile phone, tablet)
- Whether they have accessed Internet in last one month (on a PC, mobile phone, tablet)

We identified those saying “Yes” to all the above as an Active Internet User. These Active Internet Users were administered the detailed interviews for Internet Usage.

**Rural Segment**

The syndicated research for the rural segment is based upon a primary research survey that interviewed about 5000 people from various age groups, across SECs and genders from the states of Assam, Maharashtra, Orissa, Tamil Nadu, Andhra Pradesh, Rajasthan and Uttar Pradesh.

**Selection of States**

**Population Levels** - States were divided in terms of their population levels. For appropriate representation, we selected states having high and medium populations.

**Literacy** - Literacy rates were examined for all the states and compared against the population. The states were divided and selected as having high, medium or low literacy levels.

**Per Capita Income** - States were segregated as having high, medium and low per capita income with respect to the population of these states.

**Disadvantaged Groups** - States were then compared on the basis of population of disadvantaged groups and urban population.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Uttar Pradesh</th>
<th>Maharashtra</th>
<th>Andhra Pradesh</th>
<th>Orissa</th>
<th>Assam</th>
<th>Tamil Nadu</th>
<th>Rajasthan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Literacy Level</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Disadvantaged Groups</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Urban Population</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Geographical Region</td>
<td>North</td>
<td>West</td>
<td>South</td>
<td>East</td>
<td>North</td>
<td>East</td>
<td>South</td>
</tr>
</tbody>
</table>
Tamil Nadu & Maharashtra have the highest literacy level among the higher population states. Similarly, Andhra Pradesh & UP have the lowest level of literacy in the high population states. Orissa has the highest no. of people among the medium population states which belong to disadvantaged groups. Per capita income of Maharashtra is the highest among the highly populated states. Similarly, UP has the lowest per capita income level in the high population states. Assam & Orissa also have low per capita income levels among the medium populated states. Assam & Orissa have the lowest urban population among the medium populated states.
About Internet and Mobile Association of India (IAMAI)

The Internet and Mobile Association of India [IAMAI] is a young and vibrant association with ambitions of representing the entire gamut of digital businesses in India. It was established in 2004 by the leading online publishers, and in the eleven ten 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 & digital payments among others.

Eleven years after its establishment, the association is still the only professional industry body representing the online and mobile VAS industry in India. The association is registered under the Societies Act and is a recognized charity in Maharashtra. With a membership of over 200 Indian and MNC companies, and with offices in Delhi, Mumbai and Bengaluru, it is well placed to work towards charting a growth path for the digital industry in India.

Contact Details

Nilotpal Chakravarti, AVP, IAMAI
Tel: +91-11-41766624 | http://www.iamai.in

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Our continuous link with industry and a constant eye on the pulse of the consumer ensures that we can decode the movements of technology markets & consumers. To our clients we offer an understanding of the present market environment and a roadmap for the future.

Contact Details

eTech Group | IMRB
IMRB International
‘B’ Wing, Mhatre Pen Building
Senapati Bapat Marg, Mumbai
Tel: (91)-22-24233947
www.imrbint.com

Research Team for this Report

Biswa Priya Bhattacharjee, Group Business Director
(biswa_priya.bhattacharjee@imrbint.com)

Abheek Biswas, Insights Director

Rittvik Agarwal, Research Manager
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