Mobile Internet in India

December 2012
# TABLE OF CONTENTS

- Executive Summary .................................................................................................................. 3
- Introduction ............................................................................................................................... 4
- Device and Connection Spends ............................................................................................... 4
- Online Services Accessed ......................................................................................................... 5
- Future Estimates of Mobile Internet Users .............................................................................. 6
- Annexure: Study Methodology and Sampling Procedures ....................................................... 7
EXECUTIVE SUMMARY

Accessing information, communicating, playing games, watching videos and listening to music are increasingly being accessed on mobile devices. As of October 2012, there were 78.7 Mn mobile users who had accessed Internet using their mobile devices in the last one month, which include Laptop with dongles, tablet, dongles that connects to Internet. Of this number, there are 61 Mn Off Deck Users (accessing sites other than sites of the operator), 15 Mn are On Deck Users (accessing only sites specified by the operator) and the rest 2.7 Mn users accessing the internet using dongles (i.e. connected to Internet using 2G, 3G or high-speed data cards).

Below are certain highlights of the I-Cube Mobile internet survey conducted in 35 cities:

- Average price of mobile device among users who access Internet using mobile devices is Rs. 8,250. This indicates that a low proportion of low-cost and inexpensive feature phones are used to access Internet on mobile devices.

- An average monthly bill of a user who accesses Internet on mobile devices is Rs. 460. Of which, the user spends Rs. 198 towards Internet expenses. This is a very healthy trend as it shows willingness of the users to spend nearly 40% of the bill towards Internet access. The rest is spent on voice services.

- A large number of users access Internet on mobile device to send or receive emails, communicate as well as check social networking websites. Majority of the usage centers on these activities. Users have also shown willingness to access app stores as well as watch online videos. This is an encouraging trend for mobile content developers as it shows that the users are willing to access disparate content.

- It is expected that by December 2012, there will be 87.1 Million mobile internet users who will access Internet on their devices every month.
INTRODUCTION

As of October 2012, there were 904 Million mobile subscribers as per TRAI release. The mobile Internet users accessing internet on their mobile devices can be divided into two categories: off deck and on deck. Off deck users are those who access all websites even those other than the websites of the mobile service providers on their mobile devices. On the other hand, on deck users access only the websites of the mobile service provider. In October 2012, there were 61 Mn off deck mobile users who had used Internet at least once in the past and 15 Mn on deck users. Around 2.7 Mn users have accessed internet using USB dongles (2G, 3G, EVDO Data cards) to connect to the internet.

DEVICE AND CONNECTION SPENDS

Accessing Internet on mobile devices is not convenient on low-cost and certain feature phone models. As a result, a large proportion of spends on mobile devices is above Rs. 6,500 (nearly 70%). A lower proportion, around 23%, of spends are below Rs. 6,500. Of the survey conducted in 35 cities among Mobile Internet users, the average price of the mobile handset bought by them is Rs. 8,250.
On an average, spend on mobile bill of an Mobile Internet user is Rs. 450 per month. Nearly 60% of the spends are in the range of Rs. 101 – 500. Less than 25% spends are less than Rs. 100. 30% of the spends are in the range of Rs. 500 and above. Of Rs. 450, spends on Internet is around Rs. 200 every month which is around 45%. These spends denote at a healthy proportion of the overall mobile bill of an Mobile Internet user.

Among the online services used by Mobile Internet users; email, social networking services and messengers are used by a large proportion of users. These services are also used on a daily basis by the users. Accessing app stores, while done by lower proportion of the users, the engagement of these app stores is high as the users access them daily. Expectedly, activities like booking ticketing and accessing banking services are accessed less than once a week. A low proportion of users access these services. Watching online videos, playing online games or reading online news are done approximately 2-6 times a week. While online games are accessed by nearly 50% of the Mobile Internet users, less than 30% of users read online news and watch online videos.
FUTURE ESTIMATES OF MOBILE INTERNET USERS

As of October 2012, there were 61 Mn Mobile Internet Off Deck Users; mobile users who access Internet at least once a month. It is expected that by the end of 2012, there will be 68 Million Mobile Internet users. The growth in the mobile Internet users is expected to stay strong over the next few years. Due to increase in bandwidth in the mobile networks and the need for accessing information while “on the go”, it is expected that number of users accessing Internet through mobile devices is going to cross 100 Million by March 2014. The number of on-deck users would have reached 16 Million by the end of 2012.
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 Internet Users in the country.

Census of India 2001 indicates that there are 35 Cities with more than 1 million population 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>Delhi, Mumbai, Chennai &amp; Kolkata</th>
<th>Bangalore, Hyderabad, Ahmedabad &amp; Pune</th>
<th>Coimbatore, Jaipur, Lucknow, Ludhiana, Visakhapatnam, Patna, Guwahati, Kochi, Vadodara, Indore, Surat, Nagpur</th>
<th>Aurangabad, Belgaum, Aligarh, Bhubaneswar, Raipur</th>
<th>Alappuzha (Alleppey), Ujjain, Sambalpur, Faizabad, Panipat, Kolaghat, Baleshwar, Philbit, Amreli, Chickmagalur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 4 Metros</td>
<td>Delight</td>
<td>Banglore, Hyderabad</td>
<td>Coimbatore, Jaipur, Lucknow, Ludhiana, Visakhapatnam, Patna, Guwahati, Kochi, Vadodara, Indore, Surat, Nagpur</td>
<td>Aurangabad, Belgaum, Aligarh, Bhubaneswar, Raipur</td>
<td>Alappuzha (Alleppey), Ujjain, Sambalpur, Faizabad, Panipat, Kolaghat, Baleshwar, Philbit, Amreli, Chickmagalur</td>
</tr>
<tr>
<td>Other 4 Metros</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Metro (More than 1 Million Pop.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non Metro (Between 0.5 to 1 Million Pop.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Town (Less than 0.5 Million Pop.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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. Nearly 21,000 households were interviewed for the study.

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)

Accordingly, users who used Internet on Mobile devices were interviewed.
About IMRB International and IAMAI

e-Tech Group | IMRB (a specialist unit of IMRB International) is a research based consultancy offering insights into IT, Internet, Telecom & emerging technology space.

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 International
‘A’ Wing, Mhatre Pen Building
Senapati Bapat Marg, Mumbai
Tel: (91)-22-24233908
www.imrbint.com

Research Team for this Report
Tarun Abhichandani, Group Business Director
(tarun.abhichandani@imrbint.com)
Abheek Biswas, Research Manager

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, but in the last eight 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.

Eight 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 recognised charity in Maharashtra. With a membership of 125 Indian and MNC companies, and offices in Delhi and Mumbai, are well placed to work towards charting a growth path for the digital industry in India.

Contact Details
Dr. Subho Ray, President, IAMAI
406, Ready Money Terrace, 167, Dr Annie Besant Road, Mumbai - 400 018
Tel: +91-22-24954574 | Fax: +91-22-24935945 | http://www.iamai.in