Contents

01 Executive Summary
02 Mobile Growth in India: Market Facts
03 Research Objectives
04 Research Methodology
05 Research Constraints
06 Research Findings
07 Our 8 Recommendations
08 References
Connected Consumer is here.

We have seen the rapid adoption of mobile technology in India over the last 15 years or so. In the second wave, starting from 2010, we are witnessing the next generation of disruption driven largely by the mobile platform. For example, in August 2012, more people in India accessed internet through mobile than through landline connections. While this is not entirely unexpected, the rate of change is truly phenomenal and throws some very interesting opportunities for brands and organizations in India.

It was in this context that we thought of a research project to understand and analyze the changing demographics, needs and expectations of a mobile user in India. What you see in the following pages are some patterns and insights that you may find useful in your understanding of the Indian mobile user.

We at Octane hope you find this report useful in your connecting with mobile user community in India and building new services, programs and engagement through a deeper understanding of these trends.

Regards:

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All over the globe, mobile phones have become an essential accessory for consumers and Indians are no exception in this regard. At present, there are more than 80 crores mobile phone subscribers in India. Indian telecom industry is the fastest growing industry in India and the third largest in the country. Statistics also confirm this:

**Number of Telephones**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>429.73 million</td>
</tr>
<tr>
<td>2011</td>
<td>926.55 million</td>
</tr>
</tbody>
</table>

The cellular service industry (companies like Airtel, IDEA, Docomo, Vodafone and BSNL etc.) has become commoditized because more often than not the service providers offer almost the same product with similar features and plans.

Smart phones are steadily becoming more popular among the Indian mobile users. Users of such phones expect better 2G and 3G services from their mobile service providers. With respect to mobile handsets, customers have become more demanding; now they ask for features like bigger display, better touch screens and better multimedia capabilities at a price point which is perhaps the cheapest anywhere in the world. Out of 650 mobile phone models launched in India in 2011, 195 mobile phone models had a touch screen. This clearly shows that the handset makers are keeping a close eye on the changing demands while developing and introducing their new products and offerings.

Mobile Internet services emerged in 2010. Initially these services were mostly confined to urban areas. But now mobile Internet usage has expanded to all over the country. India crossed 100 million Internet users mark in 2011. Of these, a significant number of users access Internet on their mobile phones.

Increasing popularity of social networking websites gave a boost to the mobile Internet usage. Another important factor that is pushing mobile Internet usage is Email. Number of Email users is continuous increasing and Internet on mobile phones comes very handy for sending and receiving Emails on the go.
Indian telecom industry has seen exponential growth in the recent years. With steady increase in purchasing power of the Indian middle class, the mobile phone market is also rapidly expanding—both for handset manufacturers as well as cellular connection providers.

Indian telecom industry is very competitive and customers are informed decision makers. These two factors are the keys to the dynamic nature of trends and consumer behavior in this market. In order to gauge preferences, views and concerns of mobile phone customers, we carried out an exhaustive research through a survey. The 2013 edition of Indian Mobile Users' Experience Monitor presents the outcome of our research.

Our research was conducted across the country to observe the changing trends, likes and dislikes of mobile users. We could sense a distinctive shift in the preferences and priorities of an Indian consumer. Consumer is focused more on quality of the service being provided. The research findings reflect that the companies need to be competent in delivery of their services and ensuring customer satisfaction for a sustainable growth in the telecom sector.

We found that 64% of consumers from our audience sample now have smart phones and 87% of these consumers have enabled Internet on their handsets. In comparison, Internet has been enabled by only 54% of consumers who use simple feature phones. 40% of consumers still don't use 3G services and a good 35% of them access Emails on mobile phones.

**During our research, we realized that 33% of the research participants want better network coverage and 30% want faster Internet on their handsets. We also found out that a high 41% of our research audience preferred promotional messages to be delivered to them through Email channel.**

Based on our research findings and our in-person interaction with the participants, in this edition of Indian Mobile Users' Experience Monitor, we have made a number of recommendations for the companies so as to help them improve their services for the mobile users in India.
The number of telephone subscribers in India increased from 951.34 million at the end of March 2012 to 965.52 million at the end of June 2012, registering a growth of 1.49% over the previous quarter as against 2.68% during the QE March 2012. This reflects year-on-year (Y-O-Y) growth of 8.98% over the same quarter of last year. The overall Teledensity in India has reached 79.58 as on 30th June, 2012.

Subscription in urban areas grew from 620.53 million at the end of March 2012 to 621.76 million at the end of June 2012; however Urban Teledensity slightly declined from 169.55 to 169.03. Rural subscription increased from 330.82 million to 343.76 million, and Rural Teledensity increased from 39.22 to 40.66. Share of subscription in rural areas out of total subscription increased from 34.77% at the end of March 2012 to 35.60% at the end of June 2012.

About 91.30% of the total net additions have been in rural areas as compared to 62.39% in the previous quarter. Rural subscription growth rate decreased from 4.91% in QE March 2012 to 3.91% in QE June 2012, and urban subscription growth rate declined from 1.53% in QE March 2012 to 0.20% in QE June 2012.
With 14.92 million net additions during the quarter, total wireless (GSM+CDMA) subscriber base registered a growth of 1.62% over the previous quarter and increased from 919.17 million at the end of March 2012 to 934.09 million at the end of June 2012. The year-on-year (Y-O-Y) growth rate of Wireless subscribers for June 2012 is 9.67%. Wireless Teledensity increased from 76.00 at the end of March 2012 to 76.99 at the end of June 2012.

Monthly Average Revenue per User (ARPU) for GSM service declined by 1.94%, from Rs. 97 in QE March 2012 to Rs. 95 in QE June 2012, with Y-O-Y decrease of 2.11%.

MOU per subscriber per month for GSM service remained almost at the same level as in the previous quarter i.e. 346. The Outgoing MOUs (167) increased by 0.04% whereas Incoming MOUs (178) declined by 0.19%. Monthly ARPU for CDMA – full mobility service slightly declined by 0.50%, from 75.3 in QE March 2012 to 74.9 in QE June 2012. ARPU for CDMA has increased by 16.31% on Y-O-Y basis.

The total MOU for CDMA per subscriber per month declined by 0.31%, from 229.3 in QE March 2012 to 228.6 QE June 2012. The Outgoing MOUs (115) declined by 1.57% whereas Incoming MOUs (114) increased by 1%

Gross Revenue (GR) and Adjusted Gross Revenue (AGR) of Telecom Service Sector for the QE June 2012 has been Rs. 52512.10 crores and Rs. 35499.01 crores respectively. There has been an increase of 6.64% in GR and an increase of 3.02% in AGR as compared to previous quarter.
Research Objectives

1) To know about the experience of mobile users in India
Explore and discover the advanced mobile usage patterns of the evolving Indian telecom consumers and, in the process, obtain a clear list of their preferences and dislikes.

2) To share some of these findings with Indian organizations to help them provide a better mobile experience to the users
We aim to share some of the research data (primarily the outcome of our survey) with the organizations to help them rethink their value proposition and come up with products and services which create a win-win situation for both the organizations and its mobile user customers.

3) To periodically monitor trends in mobile user behavior
In a rapidly growing mobile economy consumers’ usage patterns, purchases and preferences are evolving at a fast pace. Keeping this view in mind, we plan to conduct this research on an annual basis so as to gauge the ever-changing trends in the telecom industry in India.

Research Methodology

Research for the 2013 edition of the India Mobile User’s Experience Monitor saw an active participation of 2892 participants. Raw data for research was collected through a survey delivered through Emails, online forms, telephonic interviews and in-person conversations. This large number of participants makes it the biggest research in India till date (November 2012) on mobile users’ experience. Our survey activity lasted over two months (September-October 2012). Views and opinions of the participants were collected by the volunteers from across various states of India.

The research team made efforts to ensure that we get representation from varied age groups, economic strata and states of India.

Our approach to accommodate variety and large number of respondents gave us authentic data that tells us the true story. We analyzed this data and made logical inferences to come-up with recommendations based on factual information.
Research Constraints

- Majority of the respondents belonged to the age group of 21-34
- Majority of the respondents are from the middle income group
- This research mainly focuses on consumer behavior
- In question no. 8 (“Have you activated 3G on your mobile phone?”) there was no option to say “No” Therefore, if the respondent did not answer this question we have assumed the answer to be “No”

Select Cities that Participated in Our Research

- New Delhi
- Gurgaon
- Ghaziabad
- Pune
- Chandigarh
- Kanpur
- Hyderabad
- Kolkata
- Chennai
A total of 2892 responses were recorded. Almost 66% of the respondents were males. It was noted that gender did not play any role in deciding what type of mobile phone one will be likely to buy.

Higher percentage of males were comfortable in using their mobile phone for online banking and getting directions from online maps.

It was seen that 87% of respondents having smart phones had enabled Internet on their handsets in comparison to 54% respondents who had simple feature phone. Smart phone users are more likely to use their handsets for conducting web based activities.

It is observed that, at 60%, smart phones have least penetration amongst non-working and low earning respondents. Smart phone penetration increases as income of the respondents increases.

Having only 50% penetration, smart phones are relatively less popular in 45+ age groups.

<table>
<thead>
<tr>
<th>Income Group (in Rupees)</th>
<th>Penetration of Smart Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Earning</td>
<td>60.66%</td>
</tr>
<tr>
<td>Less than 5 lakhs</td>
<td>60.60%</td>
</tr>
<tr>
<td>5-15 lakhs</td>
<td>75.18%</td>
</tr>
<tr>
<td>15-25 lakhs</td>
<td>89.7%</td>
</tr>
<tr>
<td>25+ lakhs</td>
<td>93.33%</td>
</tr>
<tr>
<td>Total</td>
<td>64.06%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Penetration of Smart Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20 years</td>
<td>57.50%</td>
</tr>
<tr>
<td>21-34 years</td>
<td>65.84%</td>
</tr>
<tr>
<td>35-44 years</td>
<td>61.53%</td>
</tr>
<tr>
<td>45+</td>
<td>50.74%</td>
</tr>
<tr>
<td>Total</td>
<td>64.06%</td>
</tr>
</tbody>
</table>
An occurrence of data loss has been a notch higher in case of smart phones

Better network connectivity was a pressing need for the users of simple feature phones while smart phone users wanted higher internet speed

Smart phones generally have larger screens which facilitate online shopping through mobile handset. It was seen that purchase by Email and SMS takes place more over smart phones

<table>
<thead>
<tr>
<th>Activity</th>
<th>Simple Feature Phone</th>
<th>Smart Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook updates</td>
<td>54.26%</td>
<td>87.45%</td>
</tr>
<tr>
<td>SMS with friends and family</td>
<td>33.62%</td>
<td>42.09%</td>
</tr>
<tr>
<td>Using Email</td>
<td>16.97%</td>
<td>44.83%</td>
</tr>
<tr>
<td>Purchase by Email</td>
<td>34.89%</td>
<td>47.13%</td>
</tr>
<tr>
<td>Purchase by SMS</td>
<td>27.77%</td>
<td>35.68%</td>
</tr>
</tbody>
</table>

Facebook updates, SMS and Email emerge as the Top 3 activities on the mobile platform. Online banking and online shopping are the least popular activities of mobile users in India

Only 10% of the respondents never experienced a dropped call, rest of the respondents had to face this problem owing to various reasons

How often do you experience dropped calls on your mobile phone?
A total of 37% (1078) respondents were unaware of 3G services. Even some of the smart phone users did not know about 3G.

Have you activated 3G on your mobile phone?

- Yes: 70.0%
- What's 3G?: 20.0%

0.0% 10.0% 20.0% 30.0% 40.0% 50.0% 60.0% 70.0%

Yes What's 3G?
Our 8 Recommendations

1. Cheaper smart phones will certainly help the mobile service providers, as a smart phone user is more likely to have an increased data usage.

2. Telecom service providers should try and introduce more lucrative offers or schemes to encourage non-smart phone users to access Internet from their mobile phones.

3. Considering the high level of competition in the market the issue of dropped call should be immediately addressed by the service providers.

4. Online banking and online shopping are among the least utilized Internet facilities on mobile phones. Marketers should encourage users for making purchases online. Shopping through mobile handsets may result in more frequent purchases.

5. Measures should be taken to increase the awareness about 3G and its benefits.

6. Our findings suggest that smart phone users are more likely to access Internet from their mobile devices. More communication with these users will help in creating a win-win situation for everyone. Smart phones will make it convenient for the customer to surf Internet and do shopping; operating cost of the seller will come down and at the same time mobile industry would gain from the usage of their service in executing transactions.

7. For India marketers, the good news is that the mobile users want to stay connected with the brands. However, the periodicity of this communication should not be more frequent than say weekly. There’s a very strong negative feedback from the mobile users on the amount of spamming and unwanted promotional messages. Perhaps this is the time every marketer needs to review not only their teams but perhaps also how the channel/affiliates are interacting with the consumers in terms of outbound campaigns.

8. Email emerges as the top favorite channel for the consumers to receive promotional offers and updates though SMS still has traction. More consumers buy when they receive an offer on Email than any other channel. With growing smartphone shipments in India, we forecast the continued rise of the Email and social channels for consumer engagements.
Respondents’ Age Group
It was observed that the majority, 77% to be precise, of 2892 respondents were from the age group 21-34 years. Only 2% of the respondents belonged to the age group of 45+.

Gender
1902 respondents (almost 66%) were male.

Mobile phone type
Majority of the respondents were smartphone users. 36% of respondents use simple feature phones.

Annual Income (Rupees)
15% of respondents reported an annual income of Rs. 5-15 lakhs.
**3G Activation**
1626, that is 60% of the respondents have 3G activated on their handsets. 40% of respondents did not have 3G activated.

**Internet access enabled**
Majority of the respondents (75%) have enabled internet access on their handsets. 4% of the respondents were not sure whether Internet access was enabled on their phones.

**Mobile phone usage**
51% respondents said that they primarily use their mobile handsets for personal things.
45% respondents used their handsets for both personal and business use.
Only 4% use it only for business purposes.

**Data loss on mobile phone**
Nearly 39% of the respondents reported data loss from their mobile handsets.
61% of them had never faced any data loss.
Frequency of data backup
Just 40% of the respondents are regular with taking a data backup. 28% of the respondents never took a backup of their data.

Accessing Emails
For 35% of the respondents mobile phone was the choicest medium for accessing emails. 61% respondents still use laptop or desktop computer for accessing emails.

Dropped calls experience
Only 11% of respondents never experienced a dropped call. As high as 36% of respondents experienced a dropped call at least once a day.

Getting unwanted calls and spam message
90% of the respondents experienced unwanted calls and spam messages with 47% of them receiving them at least once every day.
Scope of improvement

Network coverage and Internet speed are the biggest concerns for the respondents at 33% and 30% respectively. Unwanted SMS/calls and voice quality accounted for 20% and 17% respectively.

Problem encountered accessing apps and internet on mobile phone

Almost half of the respondents said that the speed of accessing apps and Internet on their mobile phones was slow.

Staying in touch with companies

A majority 41% of respondents preferred Emails for staying in touch with companies. SMS updates were close second being preference of 37% respondents. Phone calls accounted for just 16% whereas in-app messaging accounted for only 6% as preference.

Hearing from favorite companies and brands

78% of respondents said that they would like to hear from their favorite brands/companies. 28% of respondents would want to hear from their favorite brands/companies on a weekly basis. Another 28% wanted to hear from companies once a month. Only 13% want to hear on a daily basis.

Purchase on receiving a promotional offer

Respondents who received offer on Email were more likely to make a purchase than when compared to SMS.
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