

# *I cube 2007*

*Internet In India*



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# 0.1 Introduction

The year 2007 has been declared as the 'Broadband year' by Indian government. Various initiatives are being undertaken to increase PC and Internet penetration. People have started to realize the importance of Internet in their lives where it is not just a communication mode to email, chat and get information but has become an enabling tool to perform various tasks over Internet like learning, networking, shopping, gaming and expressing themselves in the form of blogs to the extent of establishing a virtual world for themselves.

Thus, it is important to map the Indian market for its cyber movements. IMRB International along with IAMAI takes a pioneering role and presents a reports bouquet 'Internet in India 2007', which captures the minutest details of how and where Internet is heading. Internet in India (I-cube) reports are based on a primary survey conducted across 30 cities, amongst 65,000 individuals, making it one of the largest researches in the domain.

## 0.2 Glossary of terms used

**PC Literate:** PC Literates have been defined as those who know how to use a PC. While this term does not signify the extent of PC usage, it essentially means that a computer literate is able to work on a PC without assistance.

**Ever User:** Ever user of Internet is someone who has used the Internet at any point in time. This gives us a clear indication as to how many Indians have atleast experienced the Internet once in their lifetime.

**Active User:** Active user of Internet is someone who has used the Internet at least once in the last 1 month.

**Internet Non User:** Individual who has not accessed the Internet at any point in time.

**Internet Non Owner:** Household which does not own an Internet connection.

**Top 8 Metros:** The top 8 cities in India in terms of population.

**Small Metros:** Other towns which are not a part of top 8 metros but have more than 1 Million population.

## 0.2 Glossary of terms used...contd

**Non Metros :** Towns with a population between 0.5 million1 Million Towns.

**Small Towns:** Urban Centers with a population of less than 0.5 million.

**Socio Economic Classification:** Socio-economic classification (SEC) indicates the affluence level of a household to which an individual belongs. Socio economic classification of an urban household is defined by the education and occupation of the chief wage earner (CWE) of a household. SEC is divided into 8 categories A1, A2, B1, B2, C, D, E1, and E2. (In decreasing order of affluence). I-Cube 2007 survey covers all the SECs in top 8 metros and SEC A, B and C in other centers.

**School Kids:** All those studying in school above 8 years of age. Most students will be in the age group of 8-17 although a small proportion will be over 18 years.

**College Going:** All those studying in college (graduate, post-graduate and doctoral). Most students will be in the age group of 18-23 although a proportion will be below 18 and over 23 years.

## 0.2 Glossary of terms used...contd

**Young Men:** These are men in the age group of below 35 years who are not school or college student. This segment includes all those who are employed as well as unemployed.

**Older Men:** These are men in the age group of 35 to 58 years and include all in this age group whether employed or not.

**Working Women:** These are women in the age group of 18years to 45 years and employed outside home.

**Housewives:** These are women below 45 years age and not working. This segment includes housewives as well as non-working young women who are not school or college students.

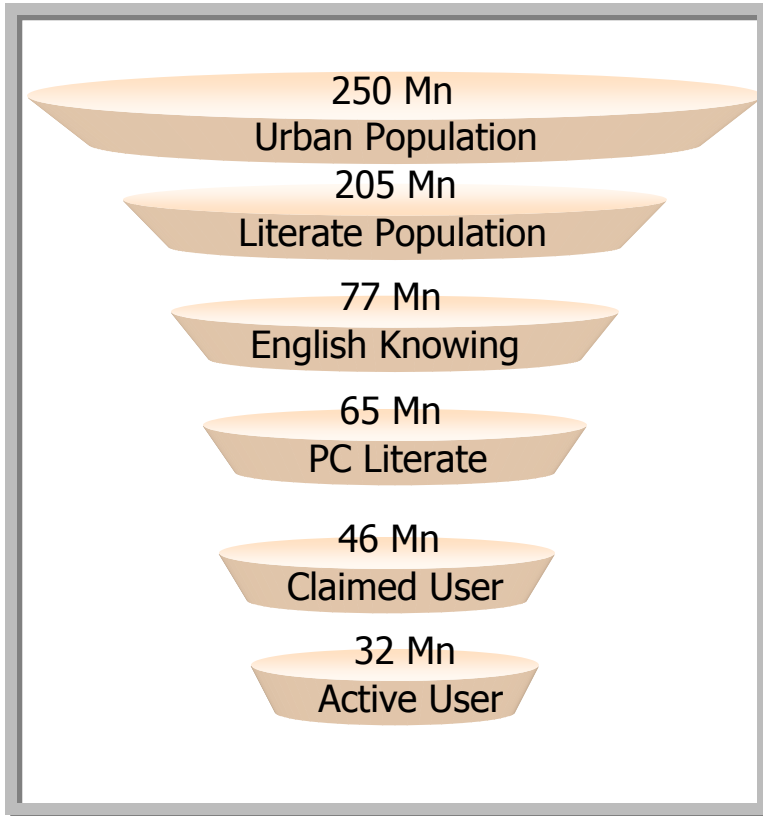
**Stickiness Index:** Stickiness Index is a composite of how often a media is accessed and how much time is spent on it.





# 1.1 The relevant mass of Internet Users in India

## Internet In Urban India



Looking at the Indian population from the perspective of Internet usage, urban population forms the relevant mass.

As most of the content available over the Internet is in English, familiarity with English acts as a major factor driving Internet usage.

India being a home for 22 odd regional languages, Internet is largely limited to those familiar with English. This opens an opportunity for vernacular content to increase and thus tap the non English speaking literate people.

\*Source: NRS 2005

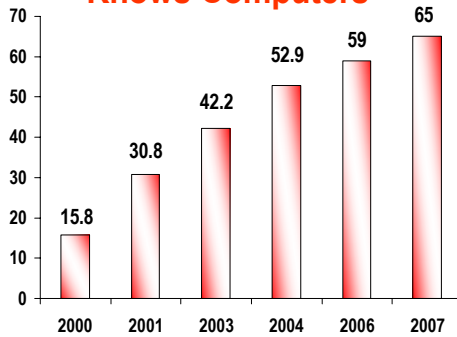
#Source: All India Figures, I-Cube 2007, Sep 2007

Exposure to PC usage acts as another factor limiting the growth of Internet users in India. A significant increase is expected in Internet penetration due to increasing focus on literacy, PC education and vernacular content in the coming years.

# 1.2 Internet trials show a 40% growth over last year

#Source: All India Figures, I-Cube 2007 (Sep07)  
Figures in millions

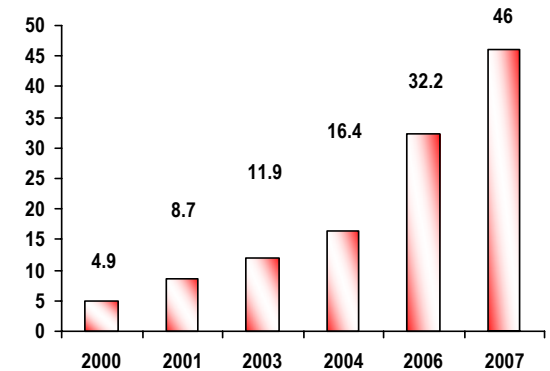
### Knows Computers



PC literacy in India has shown a steady year on year growth since 2004. Various initiatives taken by GOI and other private players along with the growth of IT/ITES industry in India have contributed to a rocketing 300% growth over 2000 and 10% growth over last year.

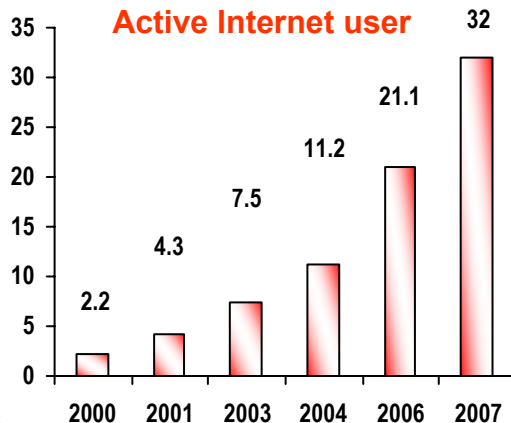
More and more people are now experiencing Internet. 70% of the people who know computer have used Internet in their life which is a very healthy sign for Internet in India. It shows that people are becoming aware of the Internet and are moving ahead to experience it.

### Claimed Internet user



People have started realizing that Internet can serve as a one stop point for all their needs. Be it communication, entertainment, shopping, information search, Internet serves as a panacea for all their requirements. This has led 70% of the ever users to glue themselves to the Internet and access it on a regular basis.

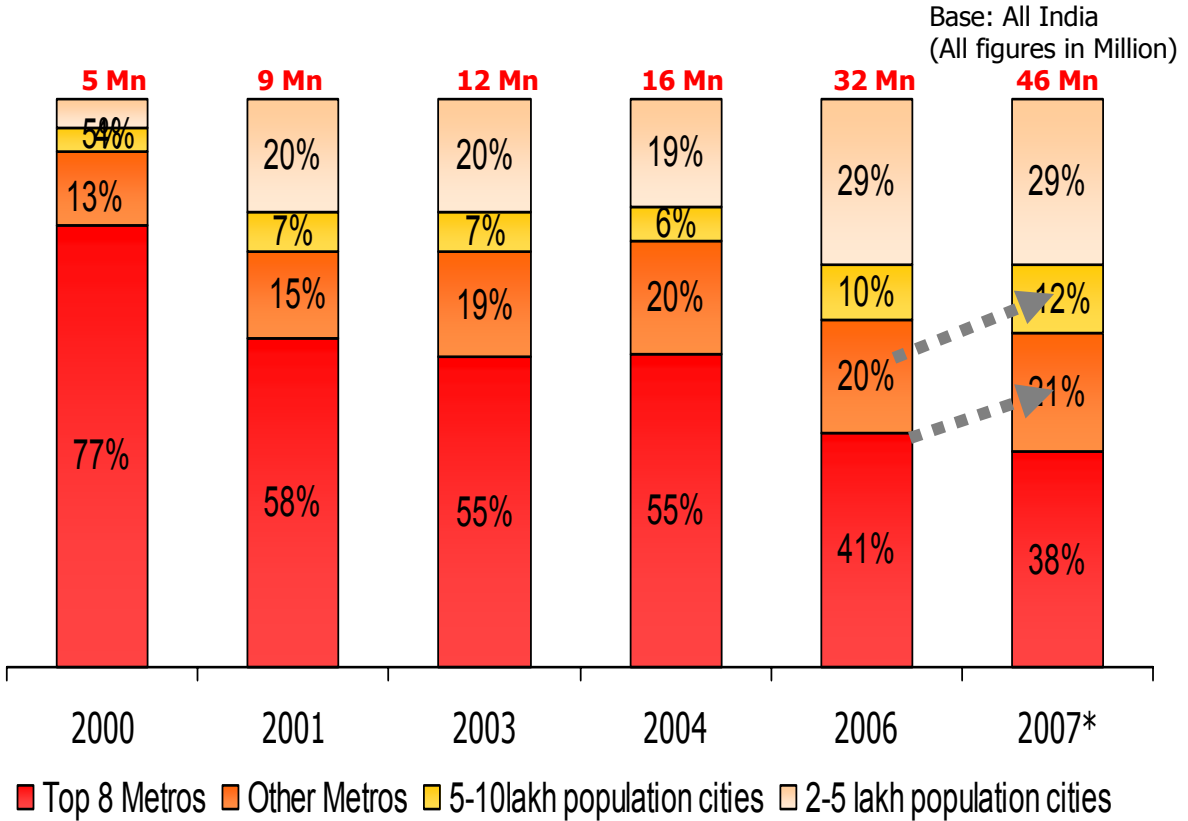
### Active Internet user



# 1.3 Internet is slowly permeating into the non metros

**10th ANNUAL CONFERENCE 2007**

People from non metro and small towns are increasingly experiencing their tryst with this new medium. This is evident from the fact that their contribution to Internet user base is increasing. As more users from, the non metros show their interest in becoming a part of the Internet Community the digital divide is poised to reduce in the years to come.



This change is due to increasing computer literacy and awareness and good word of mouth of this medium.

\* - Figures reported for 2007 are for Sep 2007, all the other figures are for March in the respective years

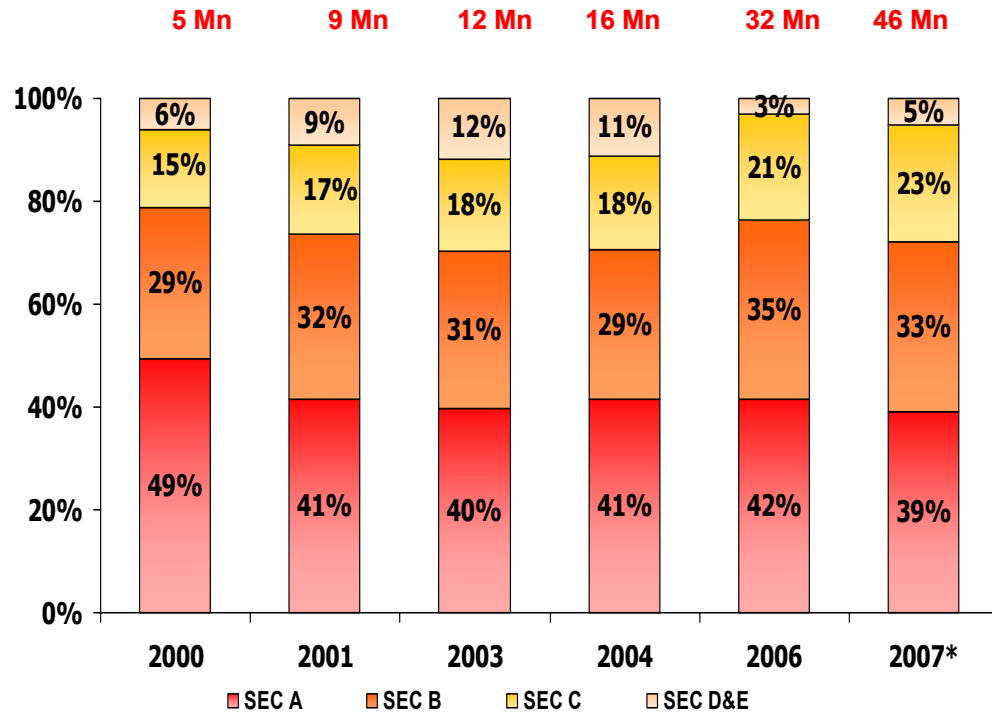
# 1.4 Internet is also going down the affluence divide

10
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07

Base: All India  
(All figures in Million)

Decrease in the prices of PC hardware and Internet connection has brought these two within the reach of less affluent sections of the society. This is evident from the fact that the share of users from SEC D/E in the Internet "ever-used" population has increased rapidly in the recent years.

Though SEC A and B are still the major contributors to India's Internet market this is undergoing a steady change.



With mass media helping in increasing the Internet awareness coupled with slash in the prices of PC hardware and Internet connections, it will surely result in further increase in contribution of SEC D/E. The huge marketing done by gamut of players should help attract new users.

\* - Figures reported for 2007 are for Sep 2007, all the other figures are for March in the respective years

# 1.5 Youth drives the Internet domain

Youth forms the major chunk to the growing Internet user base in India. This may be due to the fact that all the sticky applications which are present today are focusing on youth and youth forms the segment which can adapt easily with the changing times and changing applications. Another major segment on the Internet comprises the school kids. They have shown their increasing interest in Internet due to the initiatives taken by the Internet application providers.

Base: 32 Mn  
Active users in 30 cities

Working Women  
11%

Non Working  
Women  
6%

Young Men  
33%

Older Men  
15%

School going Kids  
14%

College Students  
21%

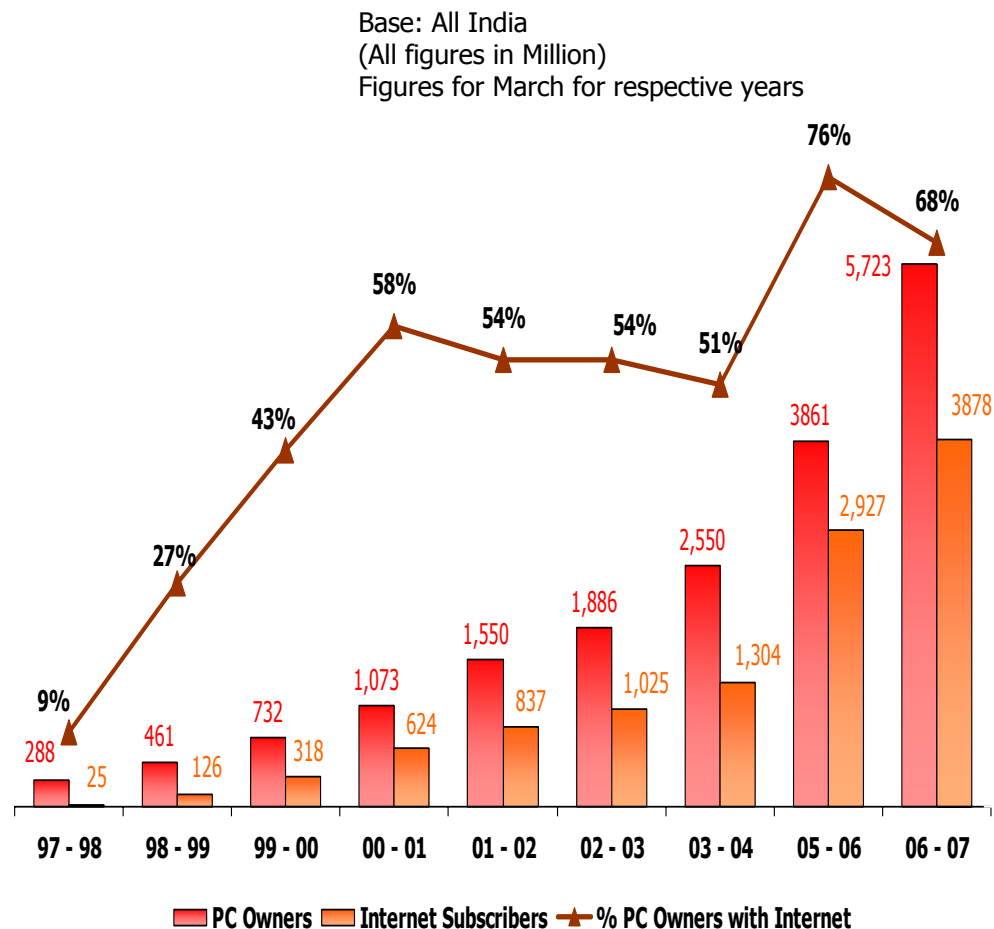
There has been an unexpected decrease in the share of older men and non working women in the Internet user pie This might be due to the lack of sticky applications for this segment and greater growth rates of other segments clouding out growth in this market.

*'The growth of PC ownership and Internet connections is getting interdependent'*

## 2.1 Continuous growth of PC owners & Internet subscribers

The lowering of PC prices, and increase in multimedia features have shown a huge 48% growth from last year in PC ownership across India.

With GoI declaring 2007 as the Broadband Year, Internet ownership has seen a 32% growth over the last year. The proportion of PC owners with Internet connection has shown a decline from last year. Last year it was above 75%, but this year it has fallen down to 68%. The widening of this gap is due to the difference in growth rate of PC owners and Internet subscribers.



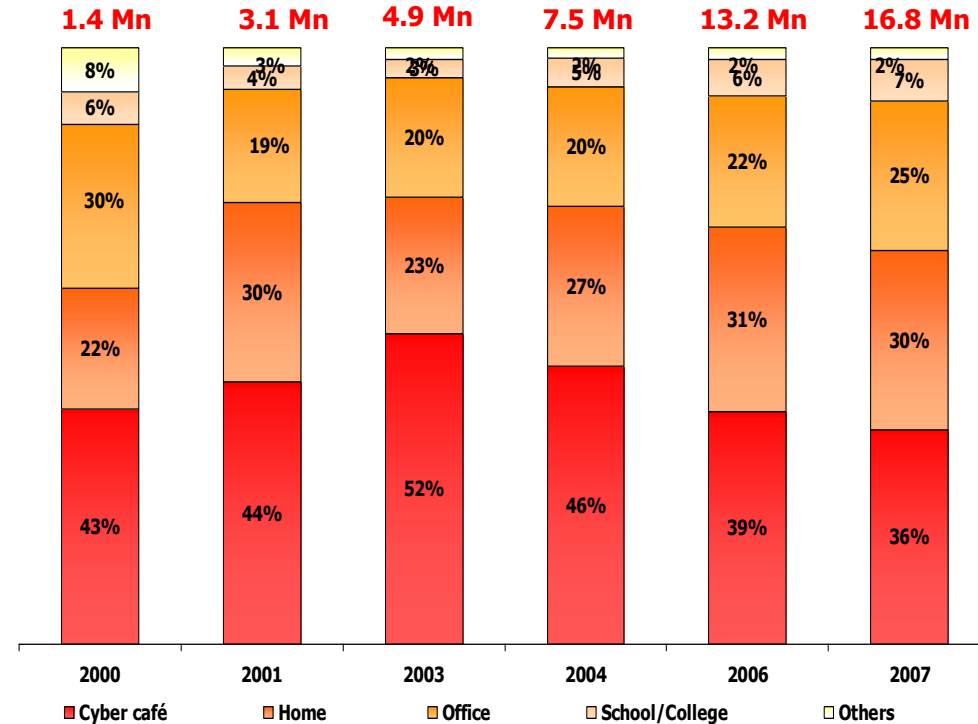
The gap might reduce once the Internet connectivity with Non Metro towns and Small towns increases as programs like NEGP, digital divide and other private initiatives become more effective.

## 2.2 Office is becoming more popular as point of access

The advent of newer technologies and growth in IT industry has given more access points to Internet users.

Yet the cyber café continues to rule as the most prominent point of Internet access. It has shown a significant drop since the year 2003, when half of the Internet users used it as main point of access. More recently, Internet users growth is seen to be shifting to office as a main point for Internet access. The reason could be demographic shifts with greater working population coupled with growth of IT/ITES sectors and increasing penetration of PC as a productivity tool in various organizations. As a result of increase in office as a main access point, a drop in the usage of home and cyber café as access points has been observed. Contrary to this usage from schools/colleges has increased to 7% due to introduction of computers and Internet in the educational system.

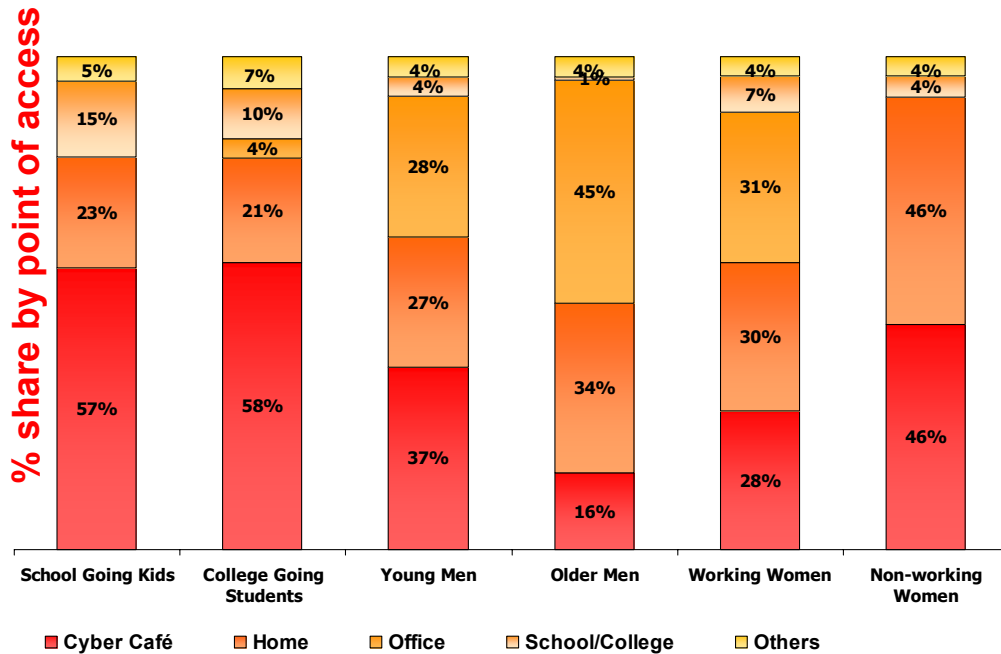
Base: Active Internet Users in 30 cities  
(All figures in Million)





## 2.3 The Convenience, Cost & Content sought trade off

Base: Active Internet Users in 30 cities  
(All figures in Million)



Preference for the primary access point is a function of the following **3 C's: Convenience, Cost & Content sought.**

School going kids and college students find it more convenient to use cyber café as it is the cheapest source of access & also gives them more privacy regarding content.

On the other hand, home and office has gained popularity amongst young men, older men and working women as they find these access points to be more convenient & cost effective over others. The content they seek also involves e-commerce applications which need a secure network. This acts as a limiting factor for them to the use of cyber café as point of access.

Non working women like to access from home as it is more convenient for them.

## 3.0 Internet has become a part and parcel of our lives

*'Internet presents a gamut of activities which makes it a second life'*

## 3.1 The evolving role of Internet

As interaction with the Internet is increasing there has been an evolution in the role played by this medium. where once it used to be a medium for communication it has advanced its role to be used as a source of information, entertainment, and e-commerce.

The role played by Internet can be clubbed into three broad categories:

Internet as a  
**COMMUNICATOR**

Communication remains the key application over the Internet. Email and chat are the exclusive applications offered by the Internet which do not face any competition from other media vehicles.

Internet as a  
**INFOTAINER**

In this role the Internet is squeezing the share of traditional media. With the sprouting of applications like gaming, news, blogs etc users find Internet a substitute to library, TV, newspaper and radio.

Internet as a  
**STICKY APPLICATOR**

Online banking, online ticketing, e-tailing are some of the emerging applications which act as hooks to make the users stick to the Internet. These services are some of the extended benefits offered by Internet and used by the application providers to increase the stickiness index.

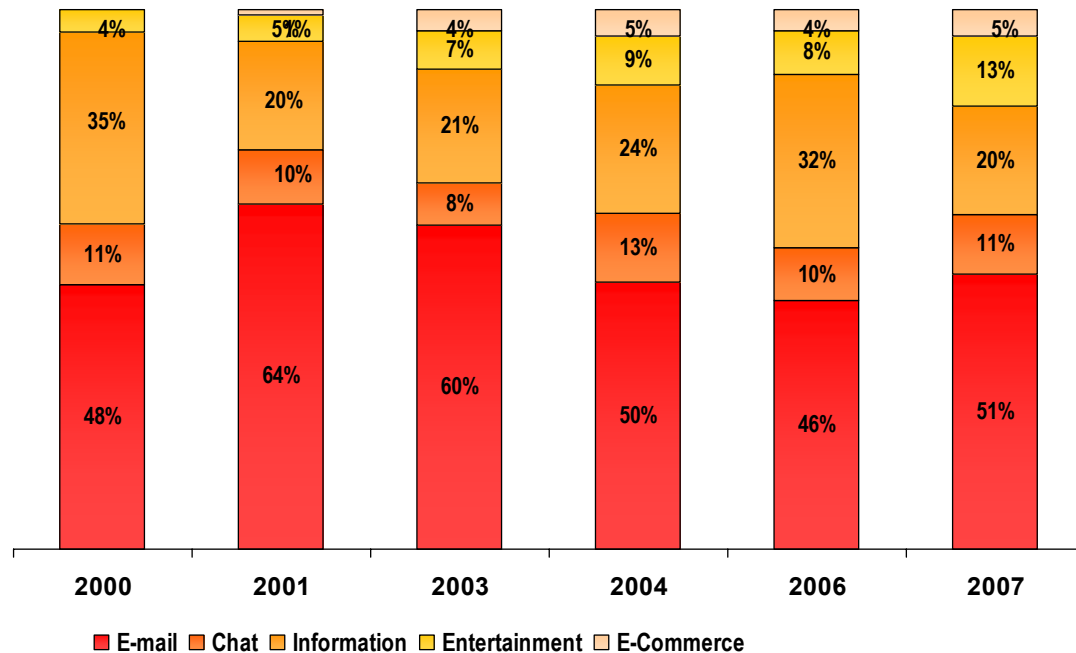
# 3.2 Web 2.0 is the new buzzword for the Internet

10th Anniversary 2007

The exposure to Internet over the years has made people switch to Internet for performing even their routine tasks. Utility services such as, bill payments, ticketing, banking which were earlier done manually are now preferred over the Internet. Continuous improvement in email features has led to a bullish journey of email which was earlier on a declining trend.

Base: Active Internet Users in 30 cities  
(All figures in Million)

**Main application for using Internet**



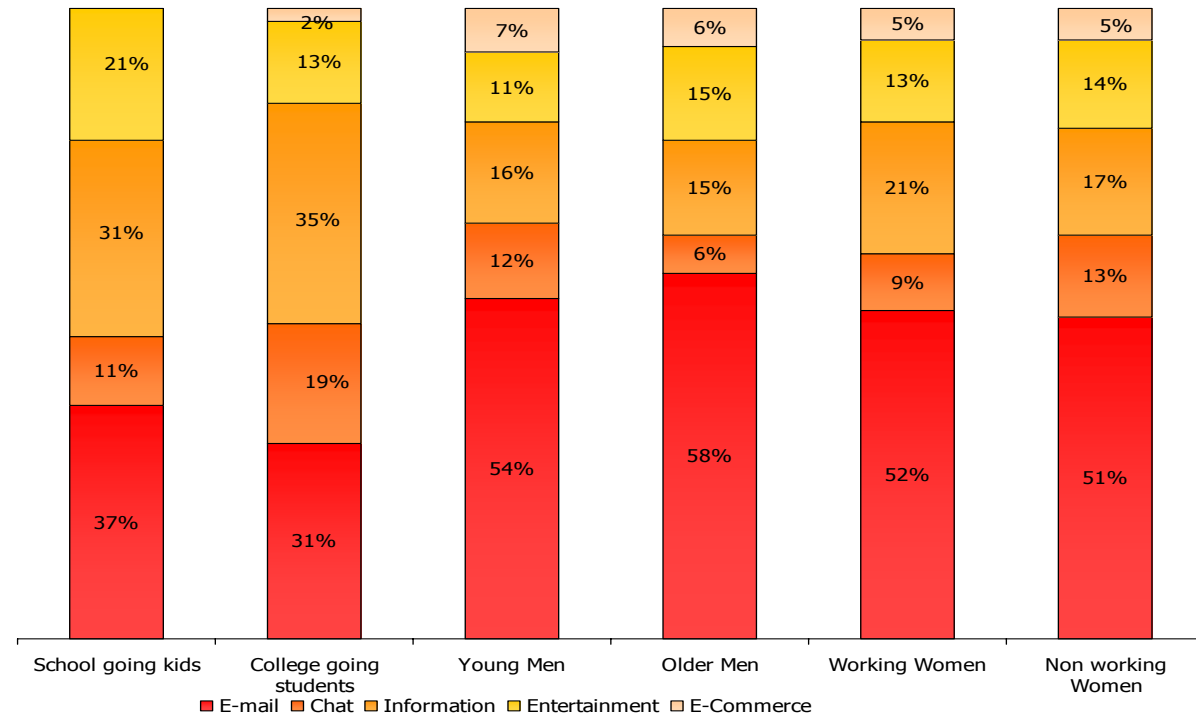
Further to this, the popularity of entertainment activities like online gaming, video downloads has increased the share of entertainment segment in the main applications used. Niche websites like matrimony, news, jobs etc have still a longer way to go as content on these sites is largely limited to English. The user base of these sites is expected to increase once content becomes available in other Indic languages.

### 3.3 Applications used over the Internet vary across demographics

Online application providers have understood the diversity of content sought among demographics. To tap the potential market of young India they are targeting school going kids at their nascent stage. They are exposing them to the latest technology so that they become habitual to Internet usage and would be proactive in driving web 2.0 in the future.

Base: Active Internet Users in 30 cities  
(All figures in Million)

#### Main application for using Internet



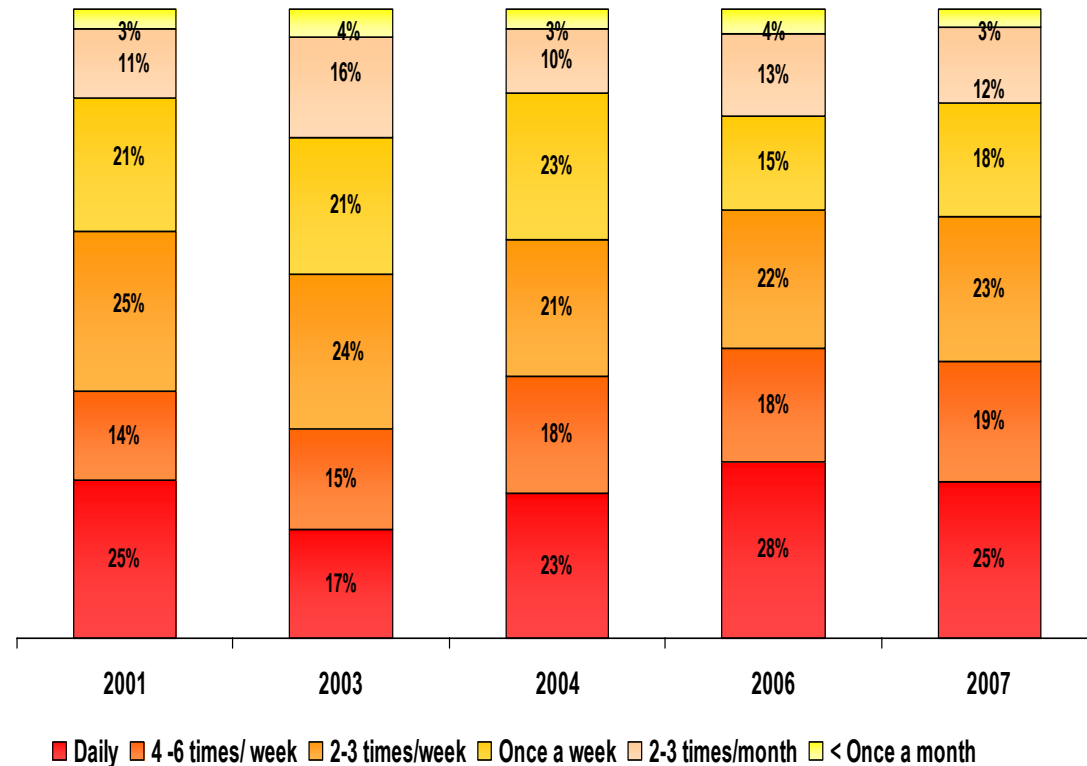
Further actions are required to keep the older men and non-working women hooked on to the Internet.

# 3.4 Measuring the stickiness Index

10th Anniversary 2007

Internet is slowly entering into the lives of people and people are somewhat getting addicted to it. Two thirds of Internet users are using Internet atleast 2-3 times a week. Thus, Internet is expanding not only in reach but also in terms of the number of interactions. This is also seen in the decrease in the number of users who are accessing Internet less than 2-3 times a month.

Base: Active Internet Users in 30 cities  
(All figures in Million)



Stickiness index seems to give the same results as that last year. Not much of a difference observed. Given the entry of many new users into the market, it is sometime before we can see increasing stickiness. It is creditable we are able to keep similar stickiness despite the constant flow of new users

*'Wisdom lies in not just converting Internet non users to Internet users but also to convert them into active Internet users'*

## 4.1 Essentials for Internet expansion

Even though Internet traffic has increased significantly, there exists a larger untapped area which need to be targeted. This requires an understanding of various essentials required to increase the Internet penetration. The four key essentials are: Technology, Access, Content and Awareness. These four need to be targeted collectively in a balanced way to expand Internet usage in India.

**Awareness:** How is it useful? How can I use it? From where I can use? These type of questions need to be answered to target the mass.

**Content:** Understanding the requirements of the people and delivering them over the Internet is required to increase the usage.

These essentials are to be targeted differently for non users and users to have an overall Internet expansion.



**Access:** This acts as a platform through which a person start using the Internet. The number of touch points are already on a rise but more needs to be done due to slowdown in broadband growth.

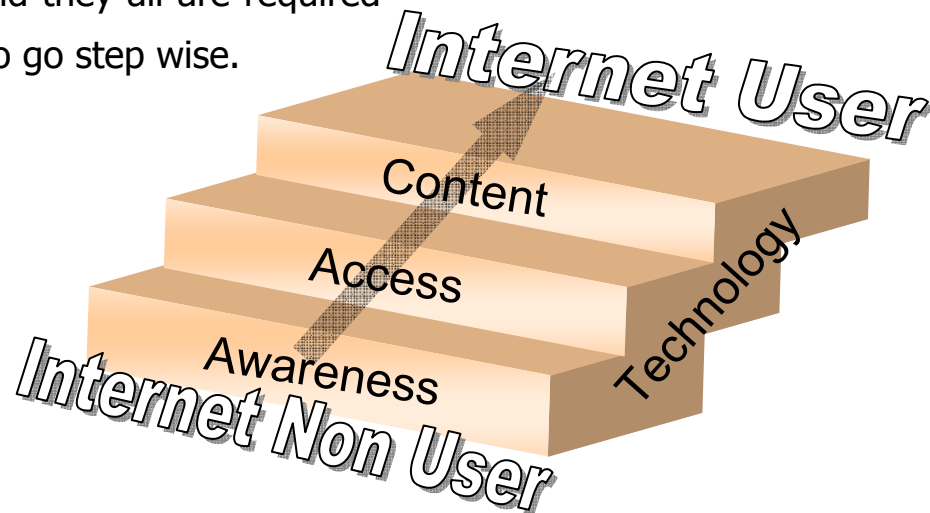
**Technology:** This includes the backbone of Internet hardware. It includes Broadband, Wi-Fi, Wimax, optical fiber, DSL etc.



## 4.2 Pushing the Internet Non Users

Converting an Internet non user to a user might be seen as a process. Though the four essentials are interconnected and they all are required for this transformation to take place, they need to go step wise.

Apart from the positive word of mouth, using other traditional media i.e. cross media consumption to spread awareness is required. Various e-governance initiatives, programs run by private players and NGO's are required to be made more widespread and intense. .



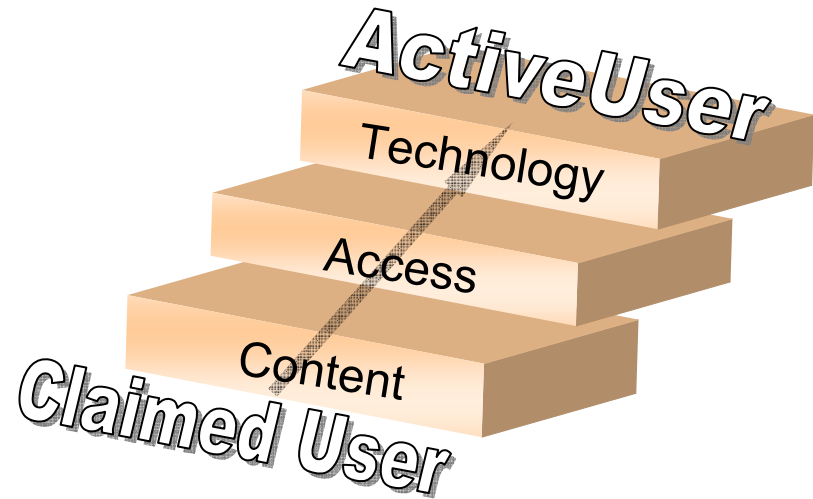
Once aware the critical task ahead is to push them to use the Internet. The key factor behind this is to show them the places from where they can access the Internet. The reducing cost of PCs & Internet connection along with effort from telecom and Internet service providers to increase the cyber café's and GPRS enabled mobile phones will help in increasing the touch points. More efforts will also be required to increase broadband penetration as it provides the ecosystem for increasing stickiness of various internet applications.

Technology will still remain the backbone to all other three essentials as the Internet non-user starts to transform itself into a user. Government IT policies, Digital divide programs like SWAN will help to increase the reach of Internet.

## 4.3 Pulling the Internet Users

Apart from the transformation of Internet non users, it is also required to increase the involvement of claimed users with the Internet.

The primary requirement for this is to fulfill their need gaps. Web 2.0 will surely unravel opportunities for development of specialist interest communities centered around the Internet. Though the current stickiness is centered around social networking, the future of web 2.0 will surely shape itself into a great platform for more serious user generated content. Increasing the content around vernaculars would pull the users to increase their involvement with the Internet. Coupled with this is the need to widen the choice of point of access. The increase in use of IT in offices, penetration of cyber café's, availability of Internet over mobile and slash in PC prices have paved the ways to multiple access options.



In addition to this, the evolution in technology will definitely act as an enabler to expand the reach and quality of Internet.

If all these essentials work in tandem, it will not be difficult to increase the frequency of Internet access of a claimed Internet user and pull him into the Active Internet user base.

*A1.0 Annexure I: Sample and Methodology*

# A1.1 Target Segment and city selection

For sampling purposes, we extensively used the previous rounds of the Internet In India reports that have laid down the universe of the Claimed and Active Internet Users in the country. The previous rounds of the I-Cube reports have indicated that majority of the market is still limited to the Metros only.

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 cities in the country, also another 22 cities.

The cities covered included:

Cities by Strata	
Top 2 Metros	Delhi & Mumbai
Next 2 Metros	Chennai & Kolkata
Other 4 Metros	Bangalore, Hyderabad, Ahmedabad & Pune
Rest 8 cities	Patna, Cochin, Baroda, Lucknow, Ludhiana, Coimbatore, Jaipur, Indore
Other 14 cities	Allahabad, Chandigarh, Guwahati, Surat, Nagpur, Bhopal, Bhubaneswar, Durg, Vishakhapatnam, Trichy, Bellary, Panipat, Thrissur, Jalgaon

## A1.2 Household listing interview sampling procedure

Quota sampling procedure was followed to cover households belonging to SEC A, B and C category in each of the 22 cities short-listed and SEC A, B, C, D & E in each of the top 8 metros.

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

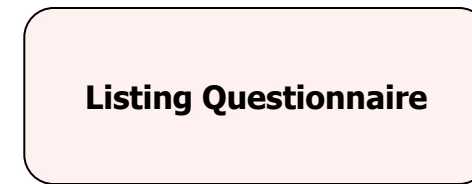
Care was taken to ensure even geographical spread in identifying the starting addresses across the cities selected. Aim of conducting detailed interview with CWE was to understand ownership of IT and Internet related products at home currently and in future.

Based on this household survey, we managed to profile (age, sex, occupation, education, computer knowledge & Internet use) about individuals in households.

From all the individual claimed users we asked the question whether they have used Internet in last one month. We identified those saying "Yes" as an Active Internet User. These Active Internet Users were administered the detailed interviews for Internet Usage.

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Based on this household survey, we managed to profile (age, sex, occupation, education, computer knowledge & Internet use) about individuals in households.



**With CWE/person who is aware of usage on IT products/durables in HH**



**With Active Internet Users**



From all the individual claimed users we asked the question whether they have used Internet in last one month. We identified those saying "Yes" as an Active Internet User. These Active Internet Users were administered the detailed interviews for Internet Usage.

# ***I-Cube 2007 – Always Ahead***

**Largest research  
on the Internet  
market in India**

- ❏ ***Covering 30 Cities  
across India***
- ❏ ***All social strata  
covered - SEC A, B, C,  
D & E households***
- ❏ ***More than 65,000  
individuals profiled***
- ❏ ***Quality process –  
MRSI Certified field  
investigators***

**Oldest Research  
with historical data**

- ❏ ***Future proof your  
business plan***
- ❏ ***Key numbers reported  
from 2000***
- ❏ ***Capturing the peaks and  
troughs of the market***
- ❏ ***Incredible team of  
professionals focussed  
on technology research***

**Providing cutting  
edge insights to  
marketers**

- ❏ ***Entertainment and  
Social networking  
would be major  
drivers (2006)***
- ❏ ***Cyber Cafes would  
grow before  
broadband enters  
Indian homes (2003)***
- ❏ ***Paid mail and Free  
ISPs would not work  
(2000)***

# *I-Cube 2007 Report Bouquet*

## **Market Maps Module**

- 🚩 *Detailed survey designed to deliver quality analysis of the current and future market scenario*
  - 🚩 *Two reports available in the module*
- 1. Home segment and Internet usage**
  - 2. Business segment usage**

## **Enabler Avenues Module**

- 🚩 *Further your understanding of the key environment issues surrounding the Internet in India. Covering the Internet enablers like:*
- 1. Content**
  - 2. Broadband**
  - 3. Public Access**
  - 4. Cross Media consumption**

## **Vortal Tarmac Modules**

- The vortals which have actually taken off on the Internet on a successful flight. Including:*
- **Online Jobs**
  - **Online Matrimony**
  - **Online Travel**
  - **Online Finance and Banking**
  - **Online Gaming**
  - **Mobile VAS**



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