Guide to Indian Markets 2006

An indispensable guide with distilled insights on Indian Consumers & Markets

presented by

Hansa Research

&

Media Research Users Council

Contents of the Miniature

(Please note that the excerpts provided in this miniature is an attempt to showcase the scope of information available in the "Guide to Indian Markets" In case of further clarification, please write to indianmarketguide@hansaresearch.com. Also please note that since the Guide is still getting fine-tuned, there might be a few changes in the final copy as opposed to mentioned in the excerpts, in the best interest of the users.)

Introduction to IRS

IRS is essentially a readership measurement study. The prime objective of the study is to collect readership information from a cross-section of individuals, in great detail, so as to present a true and unbiased picture of their readership habits. On the media front, it also captures information on television and cinema viewer ship, radio listener ship and Internet usage. In addition to this, IRS also captures information on various FMCG (Fast Moving Consumer Goods) products' usage and consumption and durable ownership amongst households and individuals. Since media and product ownership/ consumption information is captured from the same household, it enables linkages between the media and product data.

Fieldwork

IRS fieldwork, which lasts for a year, is continuous in nature. It is broken up into two rounds with a balanced sample. In a typical year, the first round's field work starts from Jul-Dec followed by the second round in Jan-Jun. Data is reported on a moving annual total i.e. the average of two consecutive rounds.

Scope-All India

IRS 2005 (Round 1+2) has a sample size of 235428 covering 1318 towns and 3084 villages.

IRS 2005	Sample	Towns/ Villages	Sample (Half Round)	Towns/ Villages (Half Round)
All India (U)	162184	1318	81092	888
All India (R)	73244	3084	36622	1542
Total	235428	4402	117714	4430

The etire sample is spread equally between the two rounds. Individual reporting is done for 70+ cities that includes all one million population towns (35) and a few other cities of strategic importance to our users.

Rural Consumerism

PART II - Changing Consumption Patterns

Durables / Transportation:

Though penetration of durables is low in Rural India, what is intriguing is the growth. Motorcycles have grown by 77%, Refrigerator 31%, Tractor 28% and Bicycle at 17%.

Durables & Transportation [Rural India & Zonal Penetration]								
	Refrigerator %		Motor Cycles %		Tractor %		Bicycle %	
Rural	2000	2005	2000	2005	2000	2005	2000	2005
India	3.2	4.2	3	5.3	1.8	2.3	43.7	51.1
North	5.7	7.6	3.5	6	3.2	4.9	53.8	60.6
South	3.7	4.6	2.6	4.6	1.9	1	35	36.4
East	0.7	1	1.6	3.4	0.5	0.8	47.8	60
West	2.5	4	4.7	7.7	1.6	2.8	37.8	44.1

When it comes to Refrigerators, states that have doubled their bases are Goa, Himachal Pradesh, Maharashtra, Rajasthan and Orissa the last one increasing its base more than four fold (0.5 to 2.2%). UP, Andhra Pradesh, Assam, Karnataka, West Bengal, MP and Bihar are states that have penetration of 1% or less.

In motorcycles, from 5 states that had penetration exceeding 5% in 2000, the tally has doubled in 5 years with 10 states now exceeding penetration of 5% (Goa leads at 23%). In growth terms, Orissa surprises us by increasing its user base five fold. In fact the belt of Andhra Pradesh, MP, Chattisgarh & Orissa has seen one of the highest growth rates in motorcycles.

Tractors - Goa, Rajasthan, Bihar & MP lead in tractor growth with the last two states increasing their base by more than three fold. Punjab (13%) continues to lead in overall tractor penetration followed by Haryana (10%). There are still 5 states where the penetration is below 1%.

In bicycles, the eastern states Assam, MP and Orissa along with Himachal have seen high growth the first 3 in increasing their penetration, the last one growing manifold. Assam has seen bicycle ownership growth of 15%, MP 12% and Orissa 21%.

Food & Beverages :

In this part, we have analysed 4 categories Packaged Edible Oil, Packaged Biscuits, Soft Drinks and Chocolates. The first two are household based categories as they are usually purchased for the entire household and hence can be called a household product. The later two are individual based categories as they are more of an individual purchase for individual consumption. As a measure of consumerism, we have looked at purchase of packaged edible oil and packaged biscuits (as against 'loose' purchase) in the household categories and we have looked at individual categories as an indicator of increase in consumerism.

Food & Beverages [Rural India & Zonal Penetration %]

	Pkgd. Edible Oil		Pkgd. Biscuits		Soft Drinks		Chocolates	
Rural	2000	2005	2000	2005	2000	2005	2000	2005
India	8.7	13.7	39.1	54.2	9.8	12.2	2	2.7
North	5.4	10	53	66.6	7.5	12.6	1.6	1.9
South	7.2	22.9	25.5	44.3	18.9	22.6	3.6	4.7
East	6.4	9.1	36.6	55.9	4.2	6.6	1.1	1.9
West	17	13.9	42.2	47.9	10.2	8.4	2.2	2.6

Packaged Edible Oil and Packaged Biscuits :

There has been an increase of 5 percentage points in purchase of packaged edible oil and 15 percentage points increase in packaged Biscuits purchasing households. This goes to show how fast the preferences in Rural are changing from packaged to loose. In both the categories the growth has been highest for the south zone where packaged food now seems to have picked up. In fact in the Packaged Edible oil category, from being a distant No.2 among zones, South emerges as No.1.

Detergent Cake/Bar

HLL "Wheels" in this category fast enough in the last 5 years to race to the top ahead of Nirma. Power, which was not in the brand list in 2000, comes in at No.5.

Detergent Cake / Bar			
2005		2000	
Wheel	24448	Nirma	31211
Nirma	23526	Rin	19840
Rin	22548	Wheel	19260
Ghari	13626	Ghari	9605
Power	4318	501	5264

Base : All India, Households (000's)

All brands, but for Nirma, have gained in number of user households in this period with the largest percentage gain coming from regional brand Ghari, though its position remains unchanged. This is one of the few household categories where the user base of No. 1,2 and 3 brands is so close.

Washing Powder

Wheel, Ghari and Surf have all maintained their positions and consolidated their user base, especially Ghari which has seen a more than 120% increase in user base. This makes it a close No.3. In 2005. With an almost 90% increase in user base, Rin moves to No.5 from the No.6 position that it held in 2000.

Washing Powder			
2005		2000	
Nirma	55277	Nirma	62919
Wheel	26737	Wheel	16914
Ghari	25049	Ghari	11265
Surf	11746	Surf	9536
Rin	11604	Ariel	6569

Base : All India, Households (000's)

Though Nirma is still the numero uno, it has seen a 12% loss in its user base.

Top 10 Channels Tuned

2005		2000	
All India (000s)	207206	All India (000s)	182846
Star Plus	28560	Zee TV	20069
Aaj Tak	25149	Sony TV	19955
Zee TV	25133	Star Sports	15674
Sony TV	24759	Zee Cinema	13955
Discovery Channel	24350	Star Plus	13416
Zee Cinema	24323	Star Movies	12648
Set Max	23704	Zee News	12035
Star Gold	23619	ESPN	11765
Star Sports	23135	MTV	11166
Cartoon Network	22071	Discovery	11160

Base : Households

Top 10 Channels Watched (1 week)

2005		2000	
All India (000s)	777969	All India (000s)	693216
Star Plus	70376	Sony TV	65068
Aaj Tak	41521	Zee TV	63651
Sun TV	39657	Zee Cinema	41475
Sony TV	38672	Star Plus	32967
Zee Cinema	38548	Star Sports	29034
ETV	35322	ETV (Eenadu)	26926
Gemini TV	31069	Gemini TV	25960
Zee TV	29071	Sun TV	25540
Set Max	23520	ESPN	22845
Star Gold	22509	Raj TV	15715

Base : Individuals

- These 5 years have seen a lot of activity in TV channel brands. Star Plus has moved to the No.1 slot as the most watched / tuned channel, which is not surprising.
- But what is interesting to note is the entry of Aaj Tak in the No.2 position, a channel that was not even in the top 10 five years ago.
- Discovery has discovered more than twice as many homes. Set Max, Star Gold and Cartoon Network are also getting tuned in a lot many homes as of 2005.
- When it comes to viewership, the southern channels do quite well in spite of low tuned figures. Sun TV for instance, it is not among the top 10 tuned channels but it ranks third in the channels watched list
- Set Max & Star Gold are new entrants in channels watched list as well.

(Households)

All India and Zones (1)

	All India			North		South		East		West	
	All	U	R	U	R	U	R	U	R	U	R
Households (000s)	207206	61457	145749	15719	37740	17932	34954	9781	42109	18025	30946
SEC											
A	3.0	10.3	-	13.3	-	7.7	-	11.3	-	9.6	-
B	5.1	17.1	-	19.0	-	15.3	-	17.6	-	17.1	-
C	6.2	20.8	-	20.1	-	21.8	-	17.9	-	22.0	-
D	6.9	23.2	-	20.4	-	25.2	-	22.9	-	23.8	-
E	8.5	28.6	-	27.2	-	30.0	-	30.3	-	27.5	-
R1/R2	10.5	-	14.9	-	17.4	-	16.8	-	12.4	-	13.1
R3/R4	59.9	-	85.1	-	82.6	-	83.2	-	87.6	-	86.9
HW - Education											
Illiterate	50.2	29.0	59.2	35.2	69.8	24.6	47.9	29.6	60.7	27.6	56.8
School upto 9th Std.	33.3	37.9	31.3	29.4	22.5	42.4	37.9	41.7	33.0	38.7	32.2
SSC/HSC	11.4	20.6	7.6	20.0	6.0	22.8	11.3	16.5	4.9	21.3	8.8
Under Grad	1.1	2.1	0.7	1.6	0.4	2.3	1.1	2.1	0.6	2.1	0.7
Graduate	3.3	8.4	1.1	10.4	1.0	6.5	1.6	8.6	0.7	8.5	1.2
Post Graduate	0.7	2.0	0.2	3.4	0.2	1.3	0.3	1.5	0.1	1.8	0.3
HW - Working Status											
Not Working	62.6	74.5	57.5	79.1	75.4	70.1	44.9	78.3	67.7	72.9	36.3
Student	0.9	1.4	0.7	2.3	1.3	0.7	0.5	1.5	0.5	1.3	0.8
Retired	0.6	1.1	0.3	0.8	0.2	1.4	0.5	0.9	0.2	1.2	0.4
Working	35.9	22.9	41.4	17.8	23.2	27.9	54.2	19.3	31.6	24.5	62.5
Household Size											
1-2 members	10.9	10.6	11.1	8.3	8.0	12.7	15.1	11.3	10.0	10.2	11.8
3-4 members	32.9	38.8	30.4	30.7	22.8	47.5	42.0	39.0	29.8	37.0	27.4
5-6 members	33.6	32.8	34.0	36.5	34.9	29.2	31.0	30.2	33.8	34.5	36.3
7 & above	22.5	17.8	24.5	24.4	34.3	10.7	11.9	19.5	26.4	18.2	24.5

Base : Household, HW - Housewife

- North Zone has the highest concentration of SEC A households (13.3%). South is the lowest. (7.7%)
- Ironically, North has the highest number of illiterate housewives (59.6%), and South has the least (40%)
- West has the highest concentration of working housewives (48.5%) and North the least (21.6%)

(Channels)

Top 20 Channels - Other Languages

Channels Tuned				
	All	Urban	Rural	Language
Households (000s)	207206	614571	45749	
Sun TV	8.7	20.6	3.7	Tam
ETV	7.1	13.9	4.2	Tel
Surya TV	6.8	18.1	2	Mal
Gemini TV	6.1	12.8	3.3	Tel
Jaya TV	5.8	13.5	2.6	Tam
Asianet	5.7	15.5	1.6	Mal
KTV	5	11.4	2.4	Tam
Udaya TV	4.4	12.3	1.1	Kan
Teja	4.4	8.5	2.7	Tel
Star Vijay	4.3	10.6	1.6	Tam
Raj TV	4.1	10.5	1.4	Tam
Sun News	4.1	10.1	1.6	Tam
ETC Pun	3.9	11.8	0.5	Pun
ETV Mar	3.4	9.3	0.9	Mar
ETV Kan	3	7	1.3	Kan
SCV	2.9	6.8	1.3	Tam
Raj Digital Plus	2.8	6.7	1.1	Tam
Alpha - Mar	2.7	8.1	0.4	Mar
Alpha - Pun	2.7	8.4	0.3	Pun
Maa	2.7	5.4	1.6	Tel

Base : Household

Channels Viewed				
	All	Urban	Rural	Languages
Individuals (000s)	777969	236715	541254	
Sun TV	5.1	9.3	3.2	Tam
ETV	4.5	5.4	4.2	Tel
Gemini TV	4	5.5	3.3	Tel
KTV	2.7	5.4	1.6	Tam
Teja	2.2	3.2	1.8	Tel
ETV Kan	2	2.9	1.6	Kan
Udaya TV	1.9	3.6	1.1	Kan
Jaya TV	1.8	3.8	0.9	Tam
Asianet	1.4	1.9	1.2	Mal
Surya TV	1.4	1.9	1.2	Mal
Ushe	1.3	2.4	0.8	Kan
ETV Mar	1.3	2.9	0.7	Mar
Raj TV	1.3	3.1	0.5	Tam
ETV Ben	1.2	2.8	0.6	Ben
SCV	1	2.2	0.5	Tam
Star Vijay	1	2.5	0.3	Tam
Kairali	0.9	1.2	0.8	Mal
Alpha - Mar	0.8	2.4	0.1	Mar
Maa	0.7	1.5	0.4	Tel
Akash Bangla	0.5	1.2	0.2	Ben

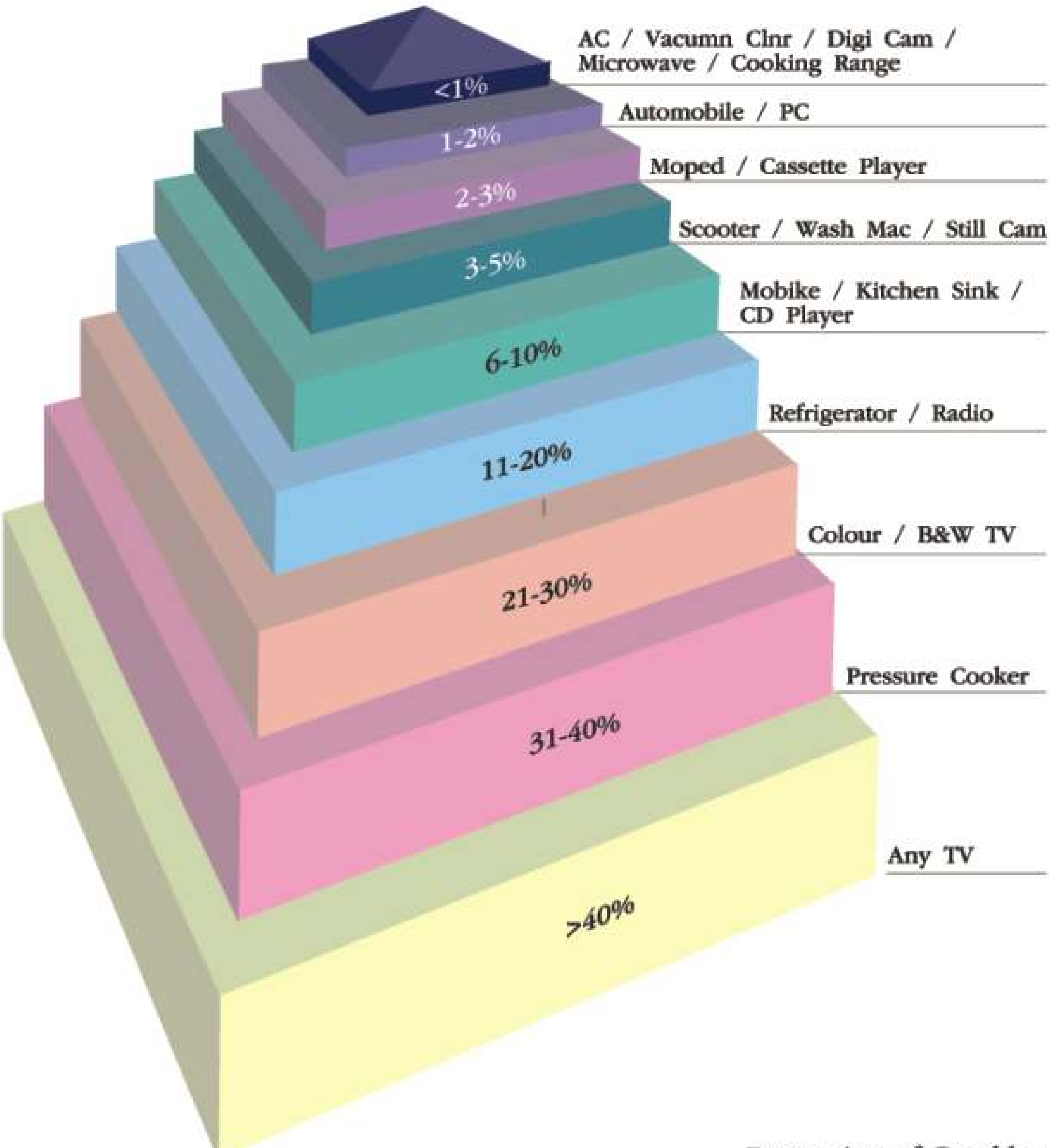
Base : Individual

- The top 10 channels both in terms of reach as well as viewers base are South based. In fact only 25% of the top 20 vernacular channels are non south
- ETV rural reach as well as viewers base is more than that of Sun TV
- Although Surya TV has quite a high reach, its viewers base is not comparable
- Conversely, the viewer's base of KTV and Teja is relatively better as compared to its reach

Durable Hierarchy

(Households)

Penetration of durable in India

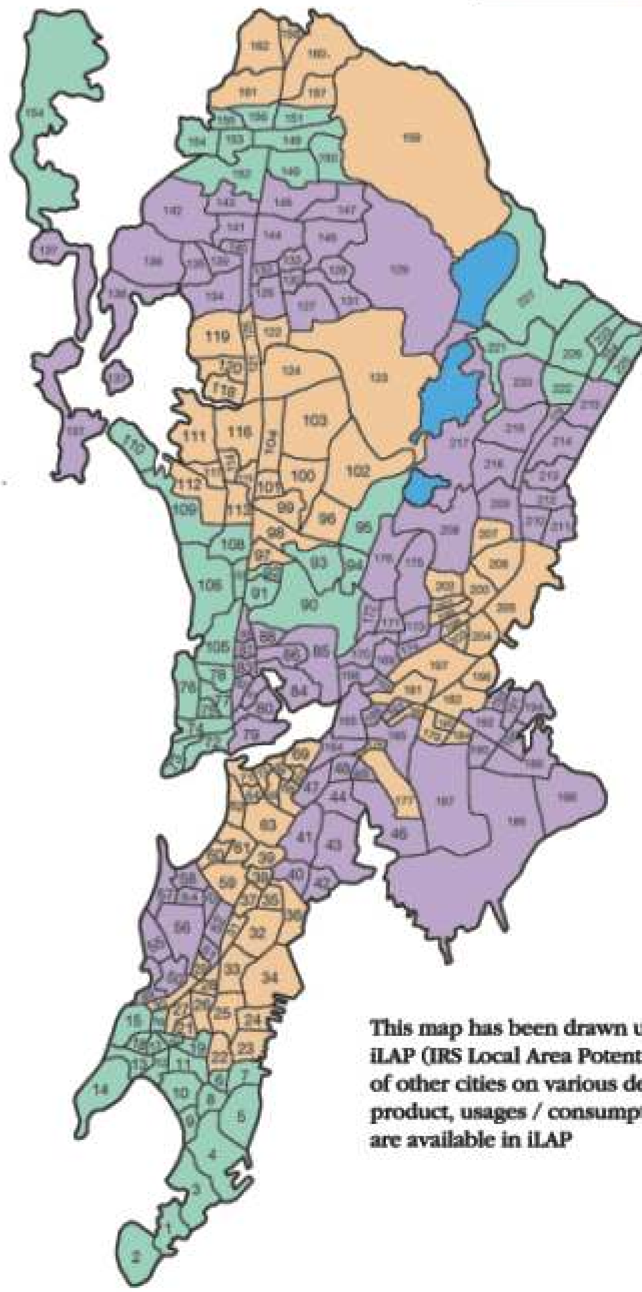


Penetration of Durables
(Base : All India 207 mn Households)

Local Area Potential

(City iLAP)

Penetration of English reading individuals
Mumbai



This map has been drawn using iLAP (IRS Local Area Potential) Similar maps of other cities on various demographic, product, usages / consumption, media habits etc. are available in iLAP

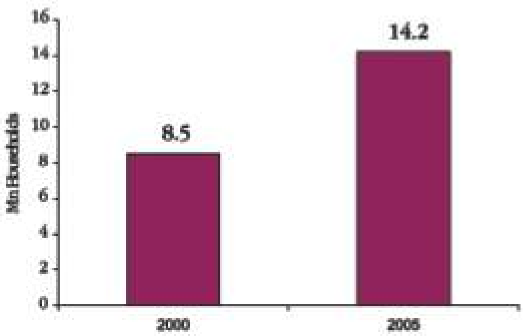
Base : 132 mn Indls.

Can read English

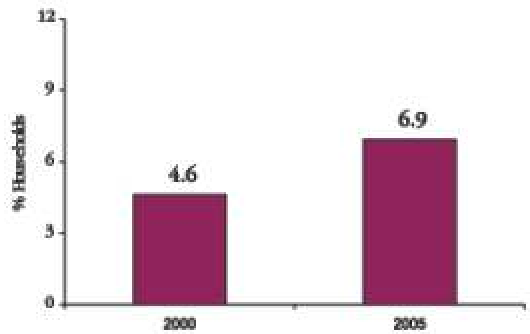
Map not to Scale

Nestle

No. of households (in mn) that used at least one brand of Nestle



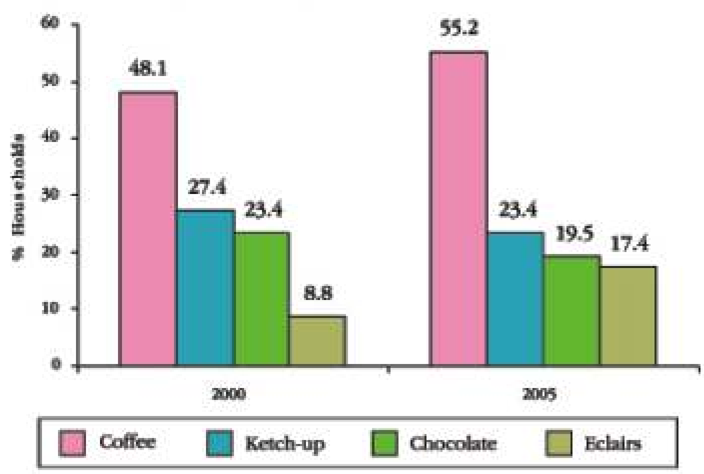
Percentage of households that used at least one brand of Nestle



Nestle has seen a considerable increase in its Franchise base (2.3 percentage point) in the last 5 years. If we analyse the contribution of each zone towards the franchise, the South zone that contributes the maximum was the only zone that saw growth in contribution of 9.1% (2000:21.7% ; 2005:30.8%). The company's Franchise contribution has gone down in the West (4 percentage points) and North Zone (5 percentage points)

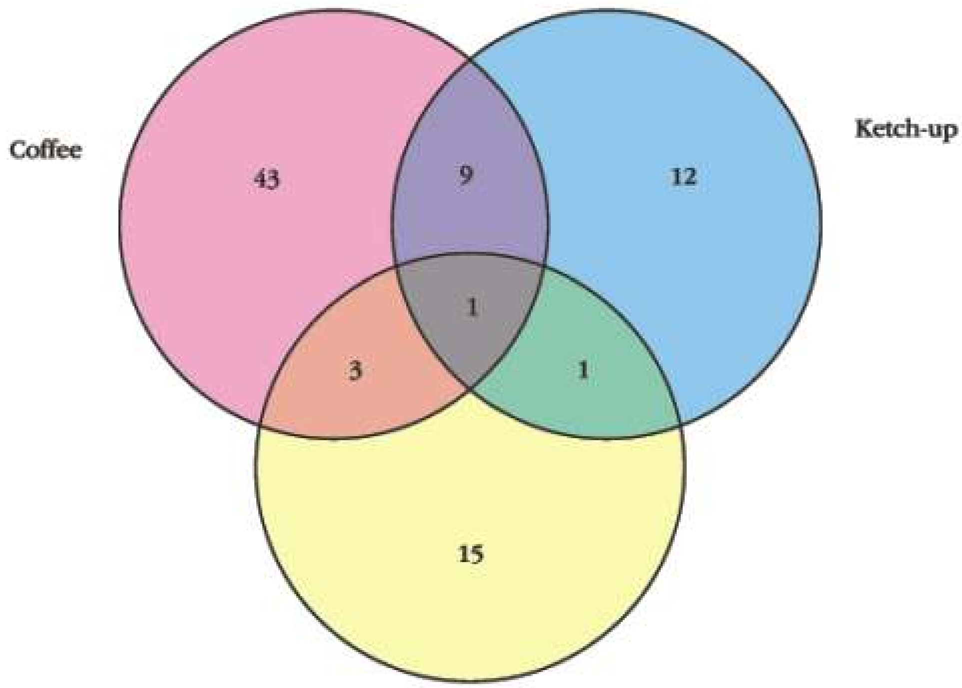
Among states, the growth in the South zone is largely coming from TN which registered a 8 percentage point increase (2000:6.3% ; 2005:14.3%)

Top 4 category contributors



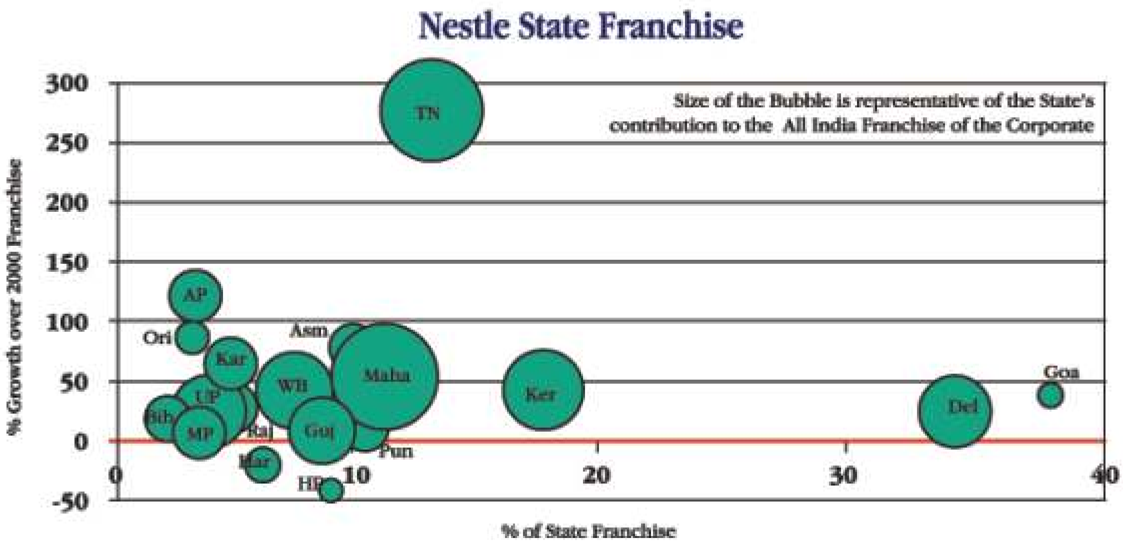
Nestlé's flagship product Coffee has registered a healthy growth and so has Éclairs. However what is worrying is that the other two categories which are big contributors to the overall Franchise, Chocolates and Ketch-up, see a drop in their consumer bases.

Nestle Category Overlaps



None of the 3 : 17%
Base: 14.2 mn households

- The company shows high dependence on coffee, and has not been too successful in leveraging its reach in the ketch-up or chocolate category
- Overlaps across all the three categories is a miniscule 1 %
- We took 7 categories of Nestle for this analysis, these 3 categories contribute to 83% of its franchise base. Though 83% is a high proportion, Nestlé's dependence on its top 3 categories is relatively less as compared to other corporates.



All India: Franchise growth – 2.3%, Franchise base : 6.9%

%

State	Franchise Penetration in state	Growth in Franchise over 2000	State contribution to Franchise	State	Franchise Penetration in state	Growth in Franchise over 2000	State contribution to Franchise
Delhi	34.2	23.9	7.5	West Bengal	7.2	41.2	8.7
Haryana	5.9	-21.3	1.8	Gujarat	8.3	7.8	6.3
Himachal Pradesh	8.7	-42.4	0.8	Madhya Pradesh	3.3	6.5	3.9
Punjab	10.1	11.0	3.4	Maharashtra	10.9	53.5	16.4
Rajasthan	4.7	27.0	3.4	Goa	38.1	38.5	0.9
Uttar Pradesh	3.7	23.3	7.6	Andhra Pradesh	3.1	121.4	4.0
Assam	9.6	77.8	3.6	Karnataka	4.6	64.3	3.7
Bihar	2.0	17.6	2.9	Kerala	17.3	41.8	8.8
Orissa	3.0	87.5	1.8	Tamil Nadu	12.8	276.5	14.3

Good news for Nestle is that it is growing in almost all states and most astoundingly in the larger states (TN & Maharashtra)

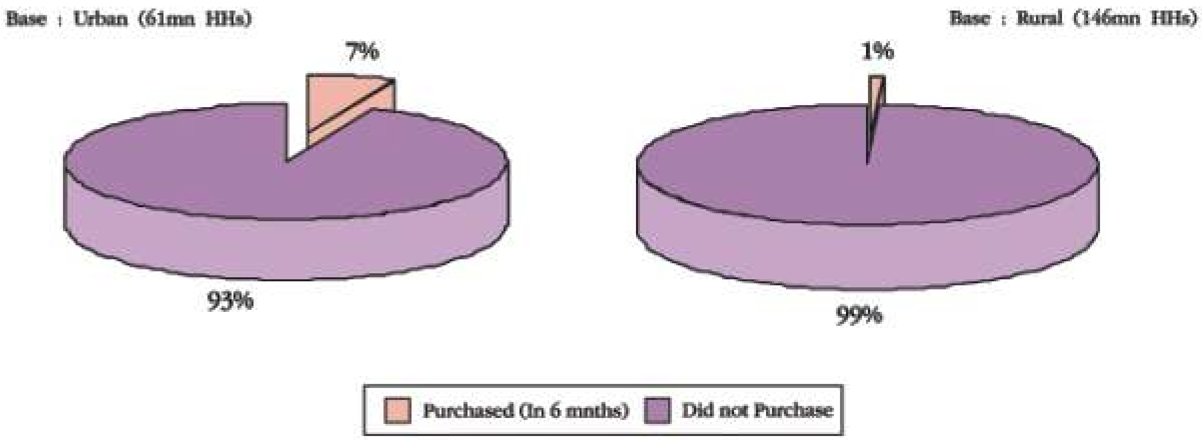
Its % franchise is higher in states that are relatively prosperous as compared to the other corporates whose % franchise is below or around national average

A bubble chart is a three dimensional chart useful in cases where 3 data sources need to be linked to each other. In this case, the x axis represents percentage of households in that state that use the company's products or 'franchise in state'. Y axis represents the growth in franchise over year 2000. The size of bubble represents the contribution of that state to the overall franchise of the company. Hence the biggest bubble is the most important state as it contributes maximum franchise to the company. The objective of the company should be to see that most bubbles (especially the bigger bubbles) are above the '0' line on the Y axis

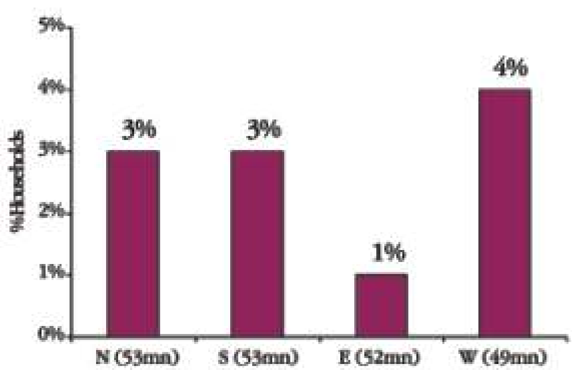
Mosquito Repellants

(Mats)

Urban / Rural Penetration

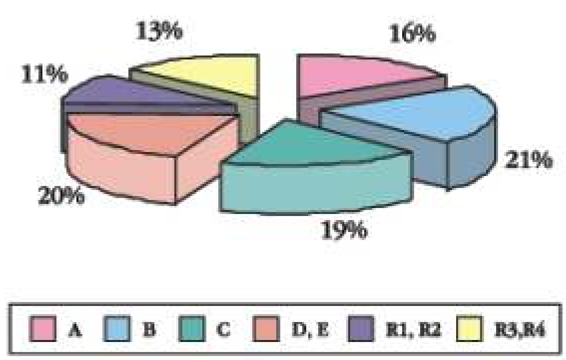


Zone-wise Penetration



Base : All India, HHs 207 mn

SEC Spread

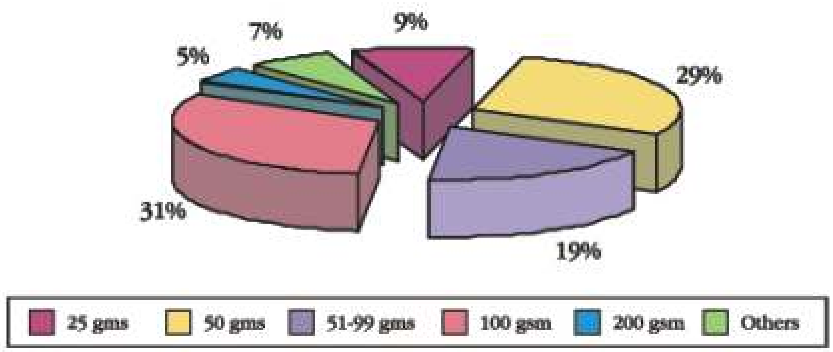


Base :All India HHs 5mn

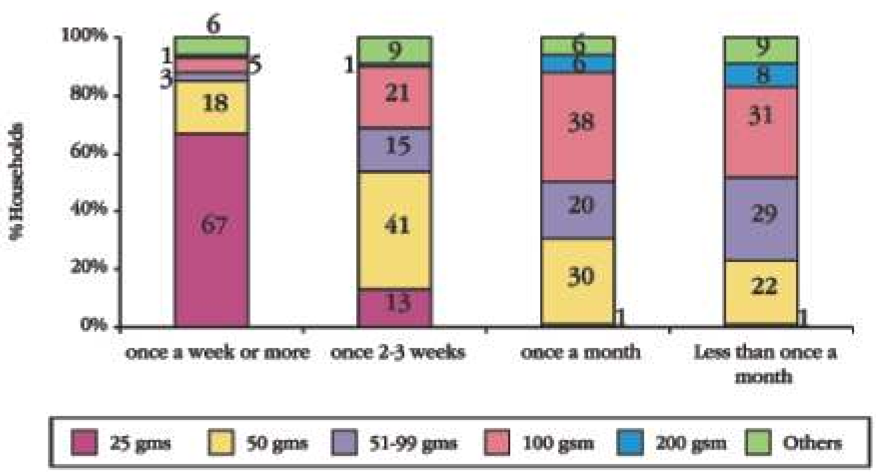
(Purchased Mosquito Repellents – Mats in Last 6 months)

Tooth Powder

Pack sizes purchased



Frequency of purchase by Pack- sizes



Base: HHs 72 mn (Purchased Tooth Powder in Last 6 months)

Television

Ownership by Type - States

	All India	TV Owning House holds	Only CTV Owners %	Only B&W TV Owners %	C TV & B&W TV %	Flat Screen TV %	TV with Remote %	TV Acqd. in last 2 yrs %	TV Acqd. >10 yrs ago %
Households (000s)	207206	87533	45027	41501	1004	5128	44263	26432	17375
States									
UP/ Uttaranchal	29464	9607	31.1	66.2	2.7	3.9	33.4	28.0	21.2
Maharashtra	21435	11931	59.0	40.6	0.4	6.3	57.9	30.7	20.6
Andhra Pradesh	18286	8822	40.1	59.8	0.2	5.8	39.9	31.9	18.5
West Bengal	17303	6206	43.3	54.4	2.3	5.8	45.3	33.5	23.3
Tamil Nadu	15988	9373	62.2	37.5	0.2	8.5	61.1	35.4	15.5
Bihar	15385	2431	19.0	78.2	2.8	3.3	21.3	29.9	27.0
Madhya Pradesh	12069	4142	52.8	46.1	1.2	3.2	36.4	28.1	24.4
Karnataka	11383	5731	55.9	43.9	0.2	5.8	54.0	28.4	16.4
Gujarat	10681	4762	67.7	32.0	0.3	9.4	64.8	26.5	20.2
Rajasthan	10194	3566	41.7	54.8	3.5	2.6	44.4	30.5	17.6
Punjab/ Har/ Chndrgh	9189	6284	56.2	42.3	1.5	4.5	57.0	24.0	19.5
Orissa	8500	2139	40.1	58.3	1.7	5.8	40.6	32.9	18.1
Kerala	7229	4228	84.7	15.0	0.2	8.9	79.9	32.3	19.2
Assam	5384	1574	37.7	60.9	1.3	3.2	38.0	34.1	20.2
Jharkhand	5318	1261	39.2	58.4	2.4	4.0	41.6	32.3	25.5
Chhattisgarh	4465	1574	28.6	69.9	1.5	1.9	29.9	35.8	16.3
Delhi	3138	2638	82.3	16.6	1.1	9.1	83.3	23.3	19.0
Himachal Pradesh	1329	864	43.1	56.1	0.8	2.8	44.3	23.8	25.0
Goa	321	270	88.1	11.5	*	23.7	73.3	23.3	33.0
Jammu	146	129	71.3	27.1	1.6	4.7	72.9	24.8	20.2

Maharashtra may lead ahead in the race of having maximum number of TV owning households but is Gujarat which has a higher percentage of its households owning a colour Television.

Whereas Tamil Nadu and Chhatisgarh seem to have acquired televisions in the recent past , it is Himachal Pradesh and Jharkhand which could account for a big replacement market

Base : All India, HHs 207 mn

Refrigerator

Ownership by Type - Town/ Village Class

	All India	Refrigerator Ownership	Refrigerator Type: Only Frost free %	Refrigerator Type: Only Defrost %	Refrigerator Size: 165 & less %	Refrigerator Size: 166-279 Lts %	Refrigerator Size: 280 Lts. & more %	Yrs since Acquired: Upt 02 yrs %	Yrs since Acquired: 10 yrs & more %
Households (000s)	207206	24385	5221	19093	20436	3028	829	5338	5333
Pop Strata									
40 lakh+ towns (I)	15372	6692	30.5	69.0	75.4	17.5	6.5	18.4	24.2
10-40 lakh towns (II)	9532	3475	19.3	80.4	83.3	12.9	3.3	20.2	25.9
5-10 lakh towns (III)	5759	1866	18.1	81.5	87.1	10.1	2.2	20.7	23.5
1-5 lakh towns (IV)	12779	3178	18.9	80.7	84.6	12.0	3.0	20.8	25.2
50,000-1 lakh towns (V)	5642	1150	21.6	78.2	86.7	10.5	2.3	21.3	21.9
Below 50,000 towns (VI)	12373	1874	18.0	81.9	86.7	11.3	1.8	24.9	20.7
5000+ villages (VII)	31778	2288	19.5	80.5	87.2	10.5	2.2	23.3	17.6
1000-5000 villages (VIII)	85514	3093	14.2	85.8	91.7	7.3	1.0	27.4	15.2
Below 1000 villages (IX)	28457	770	13.4	86.6	94.2	5.7	*	34.2	8.7

Although frost free refrigerators account for more than one fourth of the market in terms of percentage in the 40l + towns, the penetration in the smaller towns is low indicating a huge untapped potential market.

Top 5 Bands - Zones

	All India			North		South		East		West	
	All	U	R	U	R	U	R	U	R	U	R
Households (000s)	207206	61457	145749	15719	37740	17932	34954	9781	42109	18025	30946
Refrigerator-Brand											
Godrej	7460	5588	1871	2038	993	1085	463	559	77	1906	339
Kelevinator	4711	3540	1172	1638	571	510	252	481	105	911	244
Whirlpool	3533	2557	976	1010	486	494	257	319	81	735	152
LG	1850	1427	423	577	177	250	79	146	37	455	130
Videocon	1801	1317	485	400	163	269	150	111	24	356	147

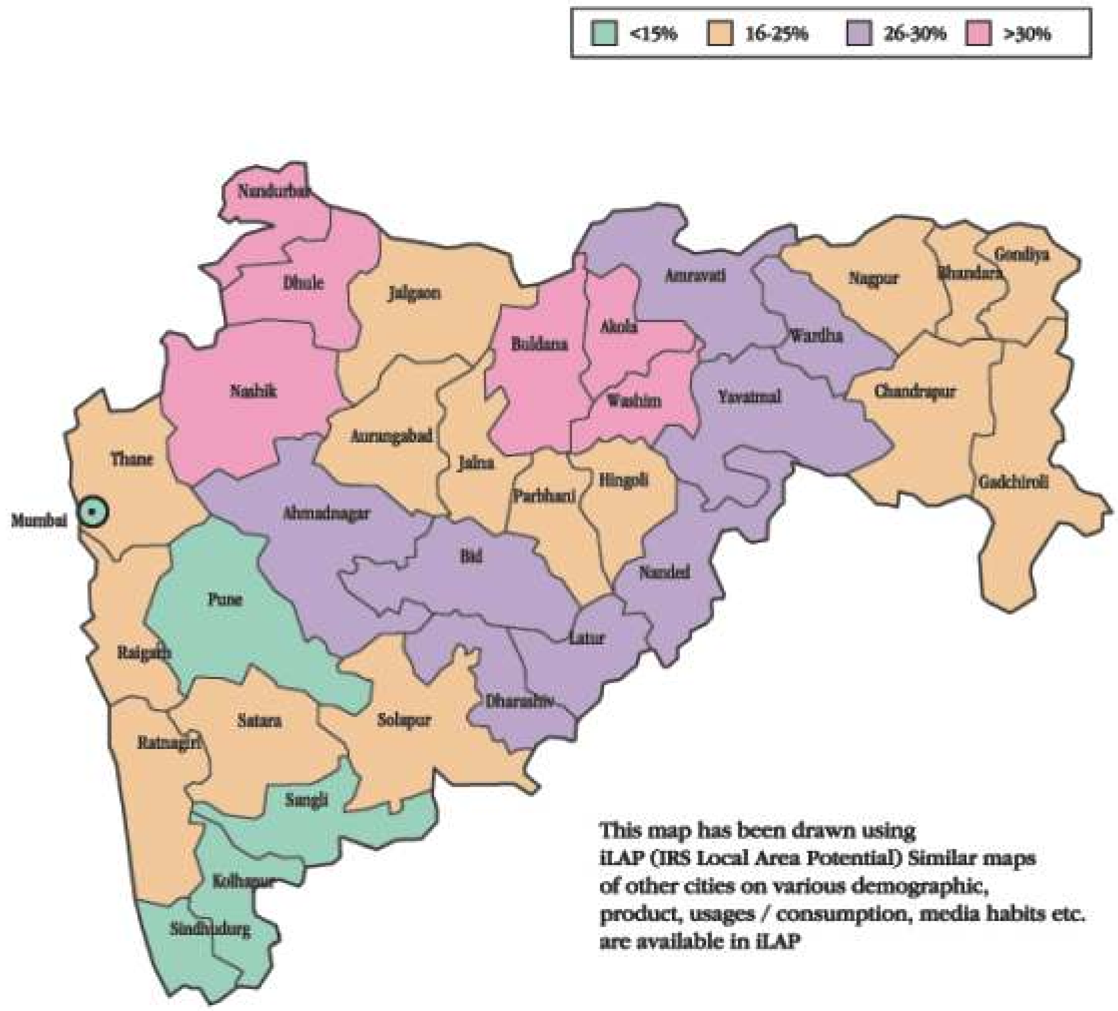
The multinationals are trying hard to lure the Indian consumer , but it is still the age old Indian brand of refrigerator - Godrej which has acquired its space in maximum number of households in the country, be it urban or rural across the zones.

Base : All India, HHs 207 mn

Local Area Potential

(State iLAP)

Non-dentrifice* Households
Maharashtra



This map has been drawn using iLAP (IRS Local Area Potential) Similar maps of other cities on various demographic, product, usages / consumption, media habits etc. are available in iLAP

Base : 21 mn HHS

Spread of Non-dentrifice* Households in Maharashtra

* Non-dentrifice :- Non users of Tooth Paste / Tooth Powder

Map not to Scale

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