

Telecom: Where is the growth going to come from?

As per the Telecom Regulatory Authority of India (TRAI), wireless subscriptions in India totaled 488.4 million at the end of October 2009, the latest figures available before we submitted this article for printing. The country added a record 16.67 million new wireless subscribers in the month of October'09, driven mainly by per second billing. Most operators are bullish about the future given that 3 new joined the wagon in the last six months itself.

However, dig deep and you realize that the strategists are worried about the future. They should be. In a recent report published by the Times of India¹, a government panel suggests that 50% of Indians are below poverty line²(BPL). Though there is debate on this number, it is more or less in line with other international reports. If this were true, then going by census estimates, more than 500million people are BPL. In all likelihood, subscriber numbers would have crossed 500million by the time you are reading this. With a population of 1.1billion, strategists should be worried where the growth would come from.

This article however focuses on part of the solution to the problem rather than the problem itself. A recent study done by Hansa revealed that there is little differentiation in the minds of consumers on who stands for what when it comes to operators. This article, therefore argues that operators should now focus more on niche marketing and capturing finely defined consumer segments as opposed to anyone and everyone. With stiffer competition, number portability and lower ARPUs, that may be one of the few routes to continue showing healthy growths and bottom lines.

This article is an excerpt from an about to be released report "*Mobilers of India – 2000-2014*"³. The report uses latest Indian Readership Survey (IRS) numbers released in October of 2009 for analysis, the fieldwork of which ended in June of 2009. Whereas TRAI, AUSPI and COAI are sources to get information on subscriber numbers, IRS⁴ is a good source to look at the profile of subscribers. Demographic data such as Socio Economic Classification (SEC), Education, Age, Gender etc of the subscribers can tell us interesting pieces of information to build our future strategies on. We have focused on looking at occupation of mobile subscribers for this deep dive analysis. The aim of this article is to try and answer three questions:

1. Establish where is the growth coming from – which occupational levels are driving them
2. How many of them are out there and where are they – sizing the universe
3. How do you reach them – Identifying their media habits

¹: 50% Indians living below poverty line: Govt panel; Times of India, 1st July 2009. The entire article can be read on <http://timesofindia.indiatimes.com/india/50-Indians-living-below-poverty-line-Govt-panel/articleshow/4722478.cms>.

²: BPL or below poverty line is defined as an income of less than \$1 per day per head of purchasing power parity is defined as extreme poverty. By this estimate, about 45 percent of Indians are extremely poor as per Wikipedia. [http://en.wikipedia.org/wiki/Below_Poverty_Line_\(India\)](http://en.wikipedia.org/wiki/Below_Poverty_Line_(India))

³: Mobilers of India 2000-2014 is a special report written by Hansa Research using IRS and other industry data. Among other things, it gives projections on growth by demography and circle wise.

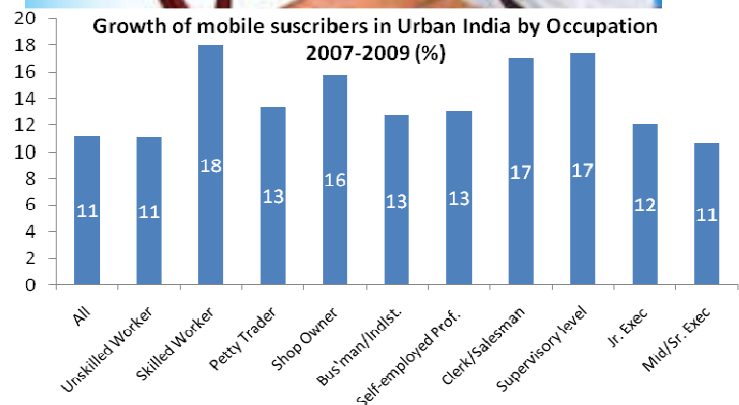
⁴: IRS, the largest continuous survey of the world, is a joint product by Media Research Users Council and Hansa Research.

Rocket Singh, the guy to ride on...

If we look at the growth in subscriptions by occupational levels of mobile subscribers, we see that whereas there has been growth all over and among all occupational levels, it is particularly higher among three segments:

- Skilled Workers
- Salesmen
- Supervisors

We have looked at 10 occupational levels from Urban India. These include the unskilled (house help, sweepers, etc) to industrialists and professionals. We have looked at the growth of penetration among these occupations from 2007 to 2009 and the three occupations that stand out are skilled workers, salesmen and those at supervisory level. These three segments have shown steady growth in numbers during this three year period. Mobile operators should therefore come with offers and campaigns that target this group specifically and cater to their needs. For the rest of the article, we will do a deep dive on one of the three segments – salesmen/clerks. We would call them *Rocket Singh*.



Where does Rocket Singh live...

In our next step, we size and locate the salesmen/clerk occupational levels in the country. The map highlights regions based on concentration levels. A higher concentrated area means that there are more salesmen for every 100 individuals in that geography as opposed to a low concentrated area. Districts of India have been coloured by indexing them to national average and five levels have been created. Areas where the concentration is very high (150% or more) going down to areas where the concentration is very low (less than 70%).

Very highly concentrated markets: (1.5 or more times the average)

The highest concentration of salesmen/clerks comes from Chandigarh, Goa, HP and from central and south districts of Kerala such as Idduki, Kottayam, Ernakulam, Kollam etc. These are marked in green.

Highly concentrated markets: (1.1 to 1.5 times the average)

The next level where the concentration is between 110 to 150%, are the Konkan districts of Maharashtra, Madurai region of Tamil Nadu (Tirunelveli, Theni etc) plains of Punjab (Amritsar, Bhatinda, Gurdaspur etc). These and other such markets are marked in orange.

At par markets (0.9 to 1.1 times the average)

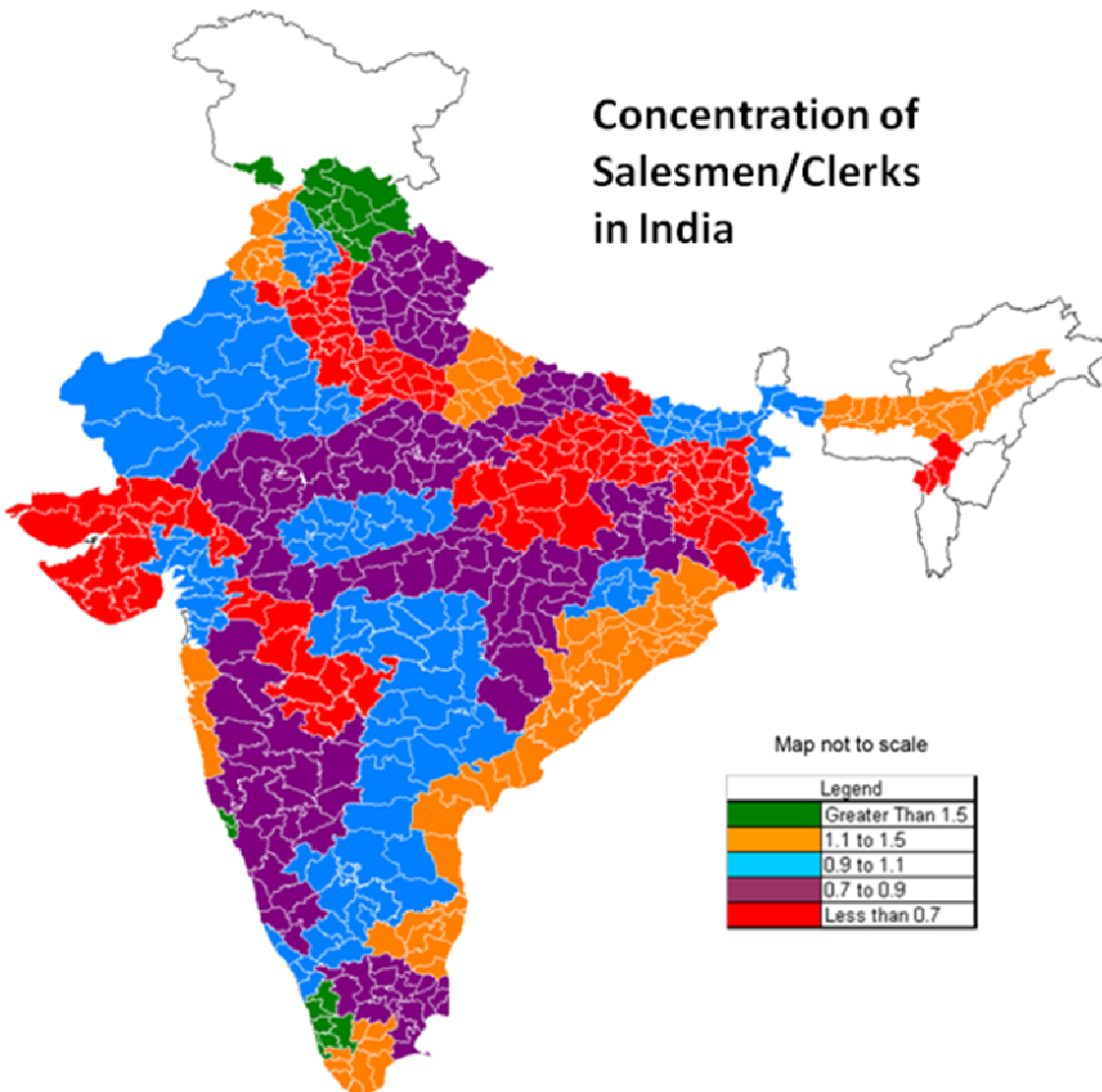
These markets are more or less close to the national average. The Telengana region (Hyderabad, Khammam etc), most of West Bengal, MP's Indore, Ujjain, Bhopal regions, The lowest concentration are in parts of north western Bihar comprising districts of Siwan, Gopalganj, Champaran etc), eastern and southern Gujarat, central and western Rajasthan etc. These and other such markets are marked in blue.

Low concentration markets (0.7 to 0.9 times the average)

Northern, northeastern and central UP will fall here. Most of Karnataka other than the Bangalore/Mysore region would fall here. Chhattisgarh and Western Ghats would also fall in this slab. These and other such markets are marked in purple.

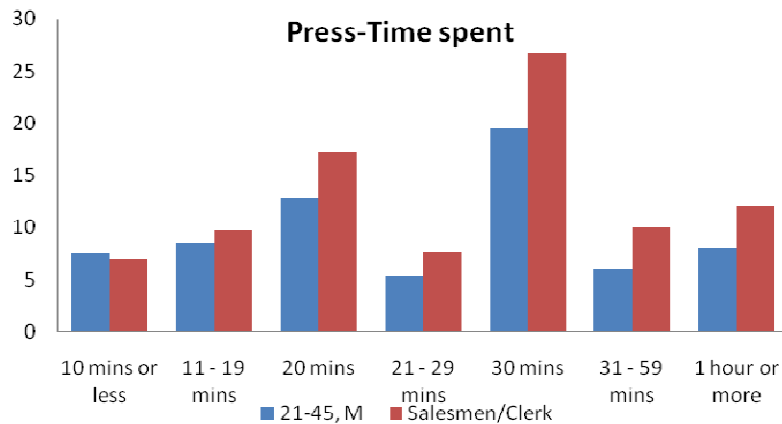
Very low concentration (less than 0.7 times the average)

Aurangabad, Latur, Parbani (Marathwada) regions of Maharashtra, Kuchch, Gujarat, Deoghar, Bokaro, Sahibganj (Jharkhand) would also fall here. These and other such markets are marked in red.



How do you reach Rocket Singh...

In our final step, we try and understand the media habits of salesmen/clerks.

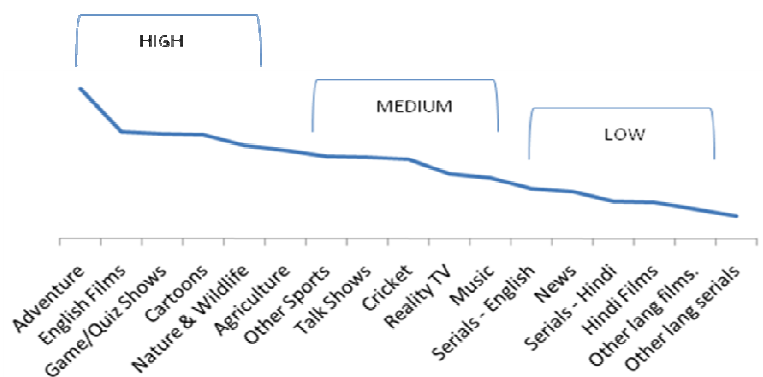


This target group is a high consumer of Media. Time spent on the entire medium – Press, TV, Radio, Internet is significantly higher as opposed to men 21-45 years. For example, if you look at the adjoining chart on time spent on Press, as we move up on higher time bands, more and more from salesmen/clerks tend to spend time.

Genres of TV programs watched

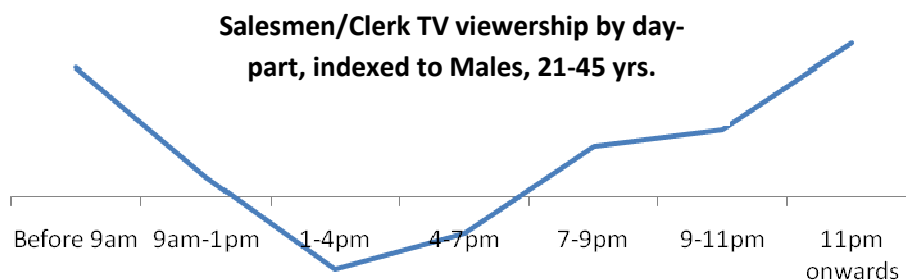
It is interesting to see that the interests of salesmen/clerk vary from the common audience. As a first step, we analyzed the genres of programs watched by this target group.

What comes out is that when compared to men 21-45 years in Urban India, Salesmen/Clerks are significantly more into Adventure, Games and English movies. Sports, including cricket takes a back seat for this TG. This is an insight since we have always known men to be die-hard sports viewers as opposed to any other genre. This group, however, appears to be different.



TV and Radio day-part viewership

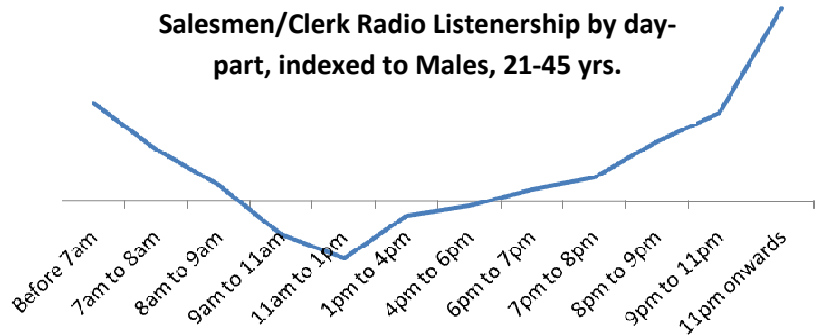
Media planning has to look upside down when dealing with this animal. The concept of prime time gets redefined. We observed the TV viewership habits of this target group when we divided the day in to seven day-parts from early morning to late night. Viewership of males 21-45 in Urban India was indexed to Salesmen/clerks during these day-parts and what we see is that as opposed to other males in similar



age brackets, their TV behavior appears to be quite different. Their viewership when compared to 21-45 year old males in Urban India seems to be lower

during the middle of the day and significantly higher at the start and at the end of the day. This is not to be mistaken with the notion that they only watch TV early morning and late night. That is incorrect. They watch TV throughout the day and at most times, more than their comparison set (for example between 7-9PM) , however a significant number of them tend to watch early during the day and late in the night. When targeting this group, planners should therefore buy slots during non-prime time bands.

The radio day-part listenership trend line is quite similar to that of TV viewership. However, the skew is very high late in the night when compared to early in the morning. In TV skews were similar at either ends of the day.



Finally...

With most Indians who can afford to buy a mobile phone having already bought one, it will be increasingly difficult to keep clogging such growth numbers. With the size of pie not increasing substantially over the next few years, price wars, more players per circle, and lower ARPUs may mean that telecom operators may soon have to cater to specific audiences rather than a blanket approach. Media planners have to therefore look deeper into demographic and psychographic profiles so that they can plan equally well with tighter budgets. This exercise is just an illustration of what is possible as far as strategy is concerned. If players can tie up their distribution (what to push where depending on the target group) this may even serve as a tactical tool.



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