

## Market Prioritization

**Industry:** Service – Telecom

**Marketing Challenge:** Market Expansion by identifying newer geographical areas

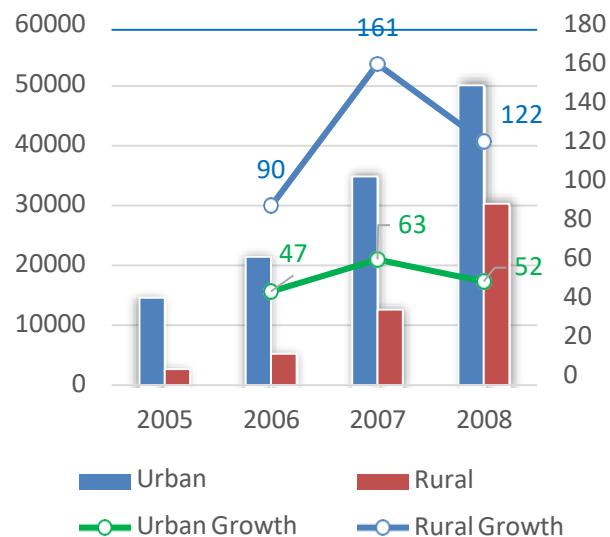
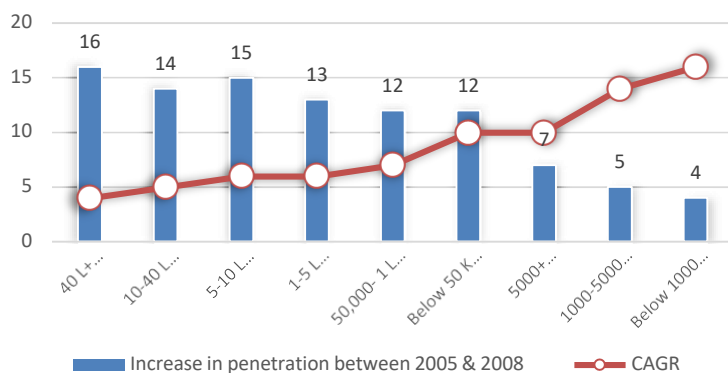
**Data Source:** IRS 2008 R1

**Objective:** Identify demographic pockets that can be treated as priority markets for cellular penetration expansion

As per IRS 2008 R1 (July 2007 being the field work mid point), the total cell phone subscriber base in India stands at 83.4 million. These estimates are very close to industry estimates if we discount dual mobile ownership, corporate memberships, lack of cancelling subscribers once they have churned out and use of SIM cards for data cards or for GPS trackers etc.

### Is the telecom market anywhere close to a slow down?

We looked at the top seven cities in the country and the various town and village classes to see how the market has performed in the last 3 years. We observed that the cellular market has grown at a CAGR of 69% over the past three years indicating a healthy growth.



Some markets have done exceedingly well in terms of both volume expansion as well as the over all growth rate and continue to be the hot favourites of service providers. Therefore the overall market seems to be growing at a reasonably good pace. But now the question is- Can the current volume drivers continue to add volumes in the future as well?

### Which are the other markets that have the potential to expand as lucrative telecom markets?

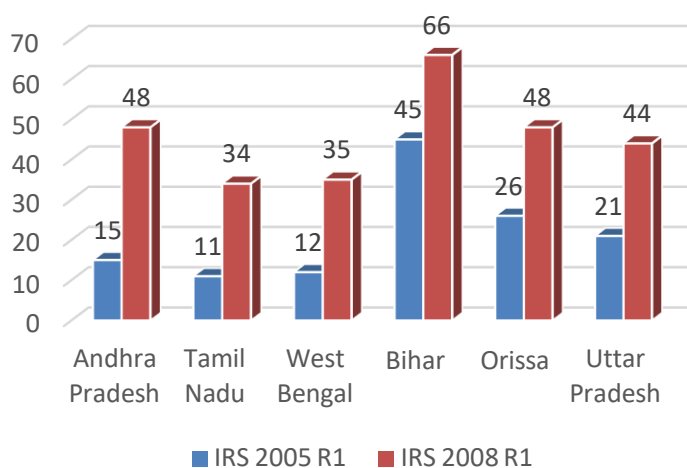
Here is how one could look at the state wise mobile volume and the growth rates to obtain a gross market overview.

		CAGR		
		High	Medium	Low
Volume	High	Tamil Nadu West Bengal Andhra Pradesh	Uttar Pradesh	Maharashtra Delhi
	Medium	Bihar Orissa	Gujarat Karnataka Punjab Haryana	Rajasthan Kerala Madhya Pradesh
	Low	Assam Himachal Pradesh Chattisgarh Jammu	Jharkhand Uttarakhand	Goa Chandigarh

Therefore Tamil Nadu, West Bengal and Andhra Pradesh not only have the highest number of mobile users; they also have witnessed a CAGR of over 85% in the last three years – Truly a growing market! Bihar and Orissa though may not be contributing as much to the overall cellular volumes; the markets are growing at a high rate. Uttar Pradesh is a high contributor to the over all mobile numbers can also form a part of the consideration set though it is growing at a CAGR of around 80%.

Once the states have been prioritized we can look at where the growth is being witnessed within these states. One thing that is quite evident is that the rural markets seem to be driving the volumes. Between July 2006 and July 2007 there have been over 17 million net additions in rural markets (all India). This falls into perspective when we see that the urban market has added 19 million subscribers in the same duration.

### Rural Contribution



Though the higher town classes continue to grow at a healthy pace, what is reassuring is the fact that the rural acceptance to the technology is also catching up.

### Profiling the real user!

Further profiling of the mobile user on the following (and various other) criteria is possible using IRS:

1. Age, SEC, household potential (HPI), cross product consumption/ usage
2. Average Revenue per Users (ARPU), Value Added Services (VAS) usage
3. Media reach and preferences

And this is not all.... There are several ways in which you can use the information from IRS to help you make better business decisions.

Contact us at [hello@hansaresearch.com](mailto:hello@hansaresearch.com)

**Note:** Data for the above case study has been taken from IRS software. While care has been taken to ensure correct representation of the data, please note that the case study has been developed for sample purpose only.