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INDEPTH

November 09, 2011, 06:07 PM IST



Small Towns Beat Metros In Net Usage

BY [BALENDU SHRIVASTAVA](#) & [TARUN ABHICHANDANI](#)

Internet usage in smaller towns continue to spike their dominance over top 8 metros.

In September 2011, India crossed the 100 million mark of internet users. According to the annual I - Cube Report jointly published today by Internet and Mobile Association of India [IAMAI] and IMRB, India is all set to have 121 million internet users by December 2011. Out of 121 million, 97 million would be active Internet users who access Internet at least once in a month. Of the 121 million users who claimed to have used Internet in the past, there will be 92 million Internet users from the urban cities of the country and 29 million from rural areas. Of the 97 million active Internet users, 73 million will be from urban cities and the rest 24 million from rural villages. VCCircle brings to you the key highlights and excerpts from the report.

- As of September 2011, there will be 112 Mn claimed Internet users: 88 million from urban cities and 24 Mn from rural villages Compared to last year, there has been a growth of around 13%. The momentum is expected to hold up and by December 2011, it is expected that there will be 121 Mn claimed Internet users - Of 112 Mn claimed Internet users, there are 90 Mn (70 Mn in urban cities and 20 Mn in rural villages) users that use Internet at least once a month (i.e. active Internet users).

Home, as an access point, has grown by a large percentage compared to 2009. The usage of Cyber Café for Internet access has reduced this year. Of the active Internet users in urban cities, 26.3 Mn access Internet through their mobile phones. This has been the most recent change in the access behavior. It is expected that this trend will continue to grow in the immediate future.

- Youngsters in India continue to drive Internet Usage in India. In usage of School Going Kids has seen a substantial rise. This opens up the market for children aged below 18 year of age.

- Internet usage in Smaller towns continue to spike their dominance over Top 8 metros with a combined usage of more than 60%.

- Penetration in Lower SECs continues with 25% with people from SEC C status and 11% for the ones with

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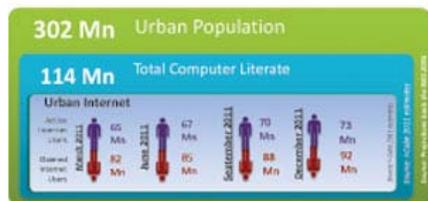


SEC D and E status.

- Emails, Education, Social Networking, Music and Text chatting are the most popular activities amongst Urban Internet users.

- Of 79 Mn active Internet users, 87% of Urban Internet users use internet at least once a week.

Tapping The Market In Small Towns



The penetration of telecommunications industry pan-India is evident and widely appreciated. As on today, all telecom operators have introduced Internet at affordable prices within 2 various geographies they operate in . Ad campaigns specific to geography, especially smaller towns however remain unexplored by the media industry and deserves attention.

Continuing trends from previous years, internet has been constantly impacting lives of small town residents. The smaller towns continue to showcase grouped dominance over the Top 8 metros. Despite this fact, the Ad spends in the media industry are surprisingly not focused geographically. The long-tailed smaller towns are yet to be exploited by the occupants of the entire media industry's value chain.

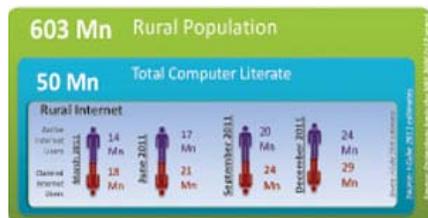
From 29% in 2006 to 37% in 2011, the towns with a population of less than 5 Lakhs, today, have in fact the highest contribution within the Urban Groups.

Interestingly, but quite obviously the soar in numbers for smaller towns has impacted the socio-economic penetration too. Internet User Breakup across Top 8 Metros and Rest of India; Mumbai leads among all top 8 metros Of the total claimed internet users, 34% reside in the top 8 metros with the majority in Mumbai closely followed by Delhi and NCR.

In 2011, people belonging to SEC C, D and E have recorded an all time high in Internet usage with a combined 36% usage. However, it must be noted that although the lower SECs have a sizeable usage amongst urban internet users, the penetration among them is still low given the high population bases in these cities. People of both, SEC A and B backgrounds continue to use internet consistently.

Growing Literacy rates within the country can increase the concentration of lower SECs in the Internet Usage map, but more interestingly it also increases the concentration in demographics.

Youngsters Driving Internet Growth In India



While Internet Usage within the older men's segment along with women continues to gauge constant stability, the newer generation dominates the usage. More than 75% of Internet Usage is still driven by youngsters that include Young men, School and College going students. The contribution shared fairly amongst,

- School Going Kids - 21%
- College Going Kids – 27%
- Young Men – 27%

While the usage by both, College Going Kids and Young Men have taken a slight dip compared to 2009,

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Internet usage in smaller towns continue to spike their dominance over top 8 metros.

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School Going kids have started using internet more than they've ever had in the past decade owing to the now existent e-learning services and Educational information available on the Internet. This growth gives rise to the anticipation of the various ad campaigns catering to the younger audience.

Top Purposes of Accessing Internet



In the 30 urban cities wherein the survey was conducted, 89% use it to access emails, 71% use it for social networking activities (such as making friends and staying in touch), 64% access it to search education-related content, 55% use Internet for chatting purposes and 49% access videos, music and images.

The usage pattern differs among rural Internet users. Among the survey conducted in 7 states, 46% use Internet for accessing music, videos and images, 38% use it for email and communication activities, 29% access it for getting general information and 27% use Internet to access content related to education.

Internet Touch Points

Apart from impacting the overall Internet penetration, the recent upheaval of technology (especially with mobile connectivity) has stirred the dynamics of different access points of Internet in India. Mobile Internet has featured

claiming an evident 9% usage. Consequently, office usage has taken a sizeable dip of 8% units. The reversal of usage metrics between Cyber cafés and Home, is indicating an ended of dominance for the former. In addition to the deeper and easier reach of Inter Service Providers (ISPs), mandates for adhering to stricter security measures in Cyber cafés may have prompted this change.

Although the growth of Active Internet users has been showing a steady upward trend, to achieve the overall objective of making everyone digitally literate an examination of various touch points is required. Households in urban cities have more than 8.7 Mn broadband connections and around 37.1 Mn users utilize these connections to access Internet. Effectively, 3.50 individuals in every household are using a broadband connection. Similarly, there are 6 and 9 individuals accessing Internet through a broadband connection from their companies and educational institutes, respectively.

While they are important for disseminating the broadband connections, the overall potential of increasing the BB:user ratio is really limited. The most telling effect is visible among public access points such as cyber café and CSCs. Given the nature of these installations, a single broadband connection provides a large base of users to accessing Internet. Cyber cafés are slowly reducing in numbers among top metro cities; they are still prevalent in smaller cities. CSCs provide an effective option in Rural areas and through this avenue a large pool of villagers could get digitally literate. Both of these options have a large ceiling to grow and include more users as the implementations grow.

Balendu Shrivastava and Tarun Abhichandani are the researchers for the Internet in India, 2011 report.

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