MVAS To Touch INR 500 Bn By 2016

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In a market where most operators are struggling with dwindling voice ARPUs, Mobile Value Added Services (MVAS) is expected to be the key revenue puller in the years to come. According to a recent study by Netscribes, a knowledge consulting solutions firm, the total MVAS market is expected to reach INR 490 billion (US $9.58 billion) during the next five years, up from INR 160 billion (US $3.13 billion).

The study, however, says that despite the gigantic 811.6 million subscriber base, the industry is facing several critical challenges. It says the operators need to promote VAS services aggressively, especially in rural areas. (See VAS Has Major Potential: Report, Arun Tanksali: Head - Mobile Lifestyle Business Unit, Comviva , VAS: Enabling The Next Phase Of Growth and Are Tariff Hikes The Only Answer?)

"We must keep in mind that 70 percent of the population resides in rural areas of the country, and a large portion of that population has significant amount of disposable income. Hence, focusing on rural and sub-urban consumers, and offering location and interest-based contents in regional language needs to be extremely important," says Kalyan Banga, Product Manager at Netscribes.

Poor smartphone penetration is also cited as a key reason for the slow uptake of MVAS in India. According to the study, while smartphone penetration is increasing rapidly in the country, it is still one of the lowest in the world.

"Smartphone adoption is still low but domestic brands offering smartphones at an affordable price will lead to greater adoption in the coming years. Even if the smartphone revolution does not take place in the near future, MVAS services can still be delivered via traditional delivery platforms such as SMS and IVR," Banga adds.

With low call and SMS charges, telecom companies in India are increasingly getting dependent on revenues from MVAS for higher profitability. For the same reason, the number of MVAS product offerings in the country is also growing.

Considering the diversity in India, localization of content becomes a key factor in giving a boost to the services. Delivering relevant content will not only make it easier for the end user to use MVAS, it will also hike the revenue numbers for the operators.

Delivering MVAS over voice-instruction-based IVR platforms, and solutions developed with minimum complexity can help the industry capture rural markets. Without it, a pan-India VAS revolution will be a daunting task.

— Rimit Singh, Correspondent, *Light Reading India*