

Over 40% EdTech Entrepreneurs in India cite User Engagement as a Key Challenge with their Mobile Apps

App Relevance and Ease of Use pip other important considerations such as Subscription-based Usage among End Consumers of Education Apps

BENGALURU, 17th December, 2018: [Gray Matters Capital](#), an impact investor focused on investing in enterprises working to improve access to affordable quality education and employability in India, has today released a report titled '**Efficacy of Mobile EdTech in India: Mapping User Engagement to Learning Outcomes**' outlining the key learnings

The report is based on the hands-on work done by Gray Matters Capital and the mentors of its Mobile EdTech Accelerator – [GMC Calibrator](#), with the 8 cohort companies which fall under the education segments of Govt. Job Test Prep, Early Childhood Education (ECE), Teacher Capacity Building and Vocational Training.

The behavioural blueprint and user labs conducted in conjunction with Behavioural Architecture expert firm Final Mile Consulting; the user testing with over 2000 users enabled by Career Launcher (CL Educate); insights from 42 Education entrepreneurs as well as inputs by market data analysis and expert views have contributed to this report.

EdTech Entrepreneurs and their tryst with APP-ification

- Reasons for EdTech entrepreneurs to build a mobile interface as against other choices stem from a need to provide better access for their customers, improve their product visibility and also, to drive better monetization.
- Of the 4,500 EdTech firms tracked by research firm Tracxn, the report reveals 25% have mobile apps. Of these just about 50 have downloads greater than 1 million, highlighting the challenge posed in User Acquisition.
- Improving User Engagement (40%), creating Personalized Learning Paths (31%) and Monetization (26%) are the top challenges faced by EdTech entrepreneurs with Mobile Apps besides Customer Acquisition. Interestingly, customer acquisition is not seen as a big challenge for EdTech players without a mobile app based solution.
- Among the entrepreneurs surveyed, 48% adopted a Freemium business model while 24% had a subscription-based model. The rest were free-to-use apps depending on advertisement driven revenue.
- Entrepreneurs catering to consumers from Tier II and Tier III cities state that such users still prefer classroom based learning and that making them shift to mobile based learning will be difficult.

Mobile EdTech: Is there proclivity from the End – Consumer?

- Relevance (42.3%) and ease of use (26%) were important considerations for the users. Only 11.3% indicated their preference for free rather than a paid education app.
- Users are loath to download apps greater than 25MB. Vernacular voice and chat enabled apps, provision of offline content and and summary content help reduce the potential issue of network drops.
- Test prep app Byju's and English learning app Duolingo were the education apps that had the most brand recall. This is indicative of the user focus on getting jobs or doing better in jobs with help of English, not just learning for the sake of it. On the other hand, for younger children, the report found that parents actively look for resources that will improve academic learning and specially reading ability.
- Students in the age group of 18-25 preparing for competitive exams largely seen adopting a hybrid model of test prep apps and classroom coaching. 85% of the test prep users are open to paying Rs. 100-250 per month for such coaching apps.
- Out of the parents surveyed, 50% were ready to spend more than Rs. 250 per month for enhancing their child's learning through mobile based application, while the other 50% could pay Rs.100-250 per month.
- 70% of the users surveyed preferred content in vernacular languages.

Learnings and Recommendations

- **TEST PREP (Govt. Jobs Entrance Exams):** Products need to showcase the differentiated value vs. the ecosystem. E.g. Personalized learning, Answering questions in native languages. Tasks on the apps can be broken down into smaller milestones to reduce the anxiety leading up to the demanding exams.
- **Early Childhood Education:** Parents have a high aspiration for their children, independent of income and learning English remains a critical aspiration. It is important for apps in the ECE space to build more emotional payoffs in short periods of interactions to build continuous engagement with age-appropriate content.
- **Teacher Capacity Building:** From a behavioural standpoint, teachers feel they do not need to use anything apart from textbooks to prepare for a class. Micro-teaching modules, optimized for space on mobile and local language are key requirements for apps in this space to succeed.
- **Skilling and Vocational Training:** From an engagement viewpoint, the apps need to align with the job goal and change focus from exam orientation. When it comes to skilling adults, many hold a strong mental model of age as a barrier for them to learn something new. UI/UX that



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is easy, coupled with motivational behavioral nudges and adopting learning techniques familiar to the users are requisites for apps in this space.



Speaking at the report launch, **Ragini Chaudhary, India CEO, Gray Matters Capital** said, “At GMC Calibrator, we work for 6 months with companies across the Education-Employability spectrum who are trying to bring improved learning outcomes and employment opportunities using both offline solutions along with digital mediums and mobile devices. Our hypothesis was that if we could help them focus on just three things - improve the user engagement, help enhance monetization and ensure optimization of the performance, we could pave the way for more scale.” She added, “This report helps us get perspectives of entrepreneurs and users, so as to help us with insights to calibrate the EdTech solutions.”

Releasing the report on the culmination of the first cohort of the GMC Calibrator, **Debleena Majumdar, Director -Research and Growth, Gray Matters Capital**, said, “The GMC Calibrator was launched with an objective to promote ‘Self Learning to Self Earning’. Traditional viewpoint says that only the ones categorized as the self-motivated learners can benefit from mobile self learning. We believe, the ones categorized as ‘those who need a nudge’ above can also engage with mobile self learning to earning opportunities, given the right inputs and motivation. And that starts with behavioural understanding of users. This report encapsulates these learnings of the last six months.”

Notes to the Editor

Download the Report - <http://graymatterscap.com/report/>

About Gray Matters Capital

Gray Matters Capital (GMC) is an Atlanta based impact investor with a gender lens that is on a mission to support “An education leading to a more purposeful life for 100 million women by 2036.” In India, it is focused on making investments in for-profit enterprises in the ‘Learning to Earning’ space which provide access to affordable quality education and on employability leading to a future job ready workforce with 21st century skills.

The four pillars of its investment strategy in India include: Direct investments via education sector focused funds and co-investments; funding early stage education enterprises to pilot breakthrough innovations and help established education enterprises in business line innovation with its edLABS initiative; collaborating with stakeholders of India’s Budget Private Schools (BPS) for improving school quality and creating access-to-market opportunities through its Ecosystem Development initiative; besides helping education and skilling enterprises with mobile based solutions to achieve scale through improved user engagement with its six month zero equity accelerator program – GMC Calibrator, all with an eye on bridging gender gaps in education and at the workplace.

Translating investments to impact, Gray Matters Capital delivers *Value Beyond Capital* to its portfolio companies by conducting periodic workshops, identifying and facilitating opportunities for collaboration, effective portfolio management and providing access to its high impact network.



Gray Matters Capital is the anchor investor in CBA Capital's \$ 20 million education sector focused fund – Education Catalyst Fund which has invested in edtech start-ups such as Buddy4Study, Simulanis and Kopykitab.

To know more about Gray Matters Capital and its journey of creating impact across the globe, visit: <http://graymatterscap.com/>

About GMC Calibrator

The GMC Calibrator is India's first Accelerator Program focused on improving 'User Engagement' on Mobile Apps and Digital Platforms of organizations in the 'Learning to Earning' space through understanding and implementing end-user 'Behavioral Insights' and 'Data'.

Launched in April 2018 with 'Self-Learning to Self-Earning' as its guiding theme with an objective of bridging gender gaps in education and at the workplace, the Six-Month Blended Zero Equity Accelerator Program, helps organizations achieve scale, monetize better and optimize edtech solutions to improve retention rates.

The program is meant for global organizations (for-profit as well as not-for-profit organizations) which bring positive impact for women including but not restricted to improving 21st century skills in education, skill building, preparing learners for the future of work, catering to the growing 'gig economy', and those facilitating lifelong learning.

To know more about the GMC Calibrator and its cohort of 2018, visit <http://graymatterscap.com/gmc-calibrator/>

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