An Extensive Analysis of India's EDTECH Market and the Variables Affecting its Customers' Purchasing Decisions

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Abstract

Nowadays, technology plays a huge part in our lives, and this is quickly changing many companies in our neighbourhood. Though many important areas of our lives have become simpler, the ways in which education is delivered in our country has remained substantially same. The innovative tech-driven solutions provided by the Indian EdTech industry have the power to fundamentally change how our children learn. In this situation, a review of the many factors that influence a potential customer to purchase these goods is necessary. Due to the fact that this is a relatively new industry, it is crucial that the players in it focus on raising consumer awareness through better advertisements and on enhancing the user's overall learning experience, which has a greater impact on purchasing decisions. In addition, the industry would have to combat competition from foreign giants, government-backed platforms, and free content producers. This might be achieved by supplying crucial value-added services.

*Keywords***:** Advertisements, Buying Behaviour, Consumers, EdTech, Factors, Growth, Impact, Technology

Introduction

The acronym for education technology is edtech, or edu-tech. The phrase refers to virtual learning settings that leverage technology to provide working professionals, college students, and children attending school with an alternate online learning platform. EdTech is regarded as one of the sectors in the world that is growing at the fastest rate possible, with the potential to draw in millions of users and make significant profits in the future. It is impossible to determine the precise valuation of the industry as a whole due to the abundance of start-ups in the field and the difficulty in valuing them; however, some of the most recent

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projections indicate that the industry may reach a valuation of $341 billion by 2025. [1]. Even though India's EdTech sector is still in its infancy, it has managed to become the second largest country in the world in terms of start-ups, with 327, behind only the United States, which leads the globe with 43% of all start-ups. [2].

With the exemption of a few setbacks in 2016–17 due to a number of exterior conditions, notably India's demonetization, venture capital firms have taken the lead in providing investment to assist the expansion of these start-ups in India. Since 2014, funding has been steadily growing. [3]. Worldwide speaking, technology in learning is both a requirement for students and a gainful monetary opportunity. Our everyday lives and even schools have become more reliant on technology, yet the ways in which students are instructed have not kept pace with this expansion. [4].

Overview of the EdTech Industry in India

EdTech platforms play a vital role in the online education ecosystem. Initially these platforms worked on a B2C model wherein they provided a platform for content providers to connect with prospective students (consumers). Now, most of the platforms have themselves started generating content by hiring instructors to teach various courses and subjects. A smaller chunk of platforms also work on the C2C model through which they connect prospective students and teachers.

These models vary from company to company depending upon the type of operations undertaken. A B2C model is more prevalent in platforms providing test preparation and primary/secondary supplemental education while a B2B model is prevalent in platforms catering to the higher education needs where institutions offer degree/diploma courses to students through third-party content providers. Some content providers also tie-up with corporates to provide industry-specific training to the users, in order to improve the general popularity of the platforms by offering much more meaningful courses.

Review of Literature

Goldsmith and Lafferty (2002) added that these emotions appear when consumers look at an advertisement about the brand and are influenced to buy it.

Adelaar et al (2003) suggested that buying behavior is a result of emotional response, which is affected by three independent factors i.e., pleasure, arousal, and dominance.

Jacqueline J. Kacen (2002) in her study. Dr. N. Priya (2019) stated that in this era of technology, internet advertising has set up deep roots, the internet has become the perfect medium for advertising to persuade, inform and attract consumers towards new products, via creative ads at a much-increased frequency and broader level, but A. Kumar (2011) in his study concluded that the quality of the product, it's worth for the given price and promotional strategies which are the penultimate factors in deciding the possibilities of product purchase and repurchase.

Callwood (2013) suggested that purchase decision depends on a mix of individual attitudes which include personal, cultural, social and psychological factors such as individual's motivations, perceptions, learning and his beliefs, which is a conditioning of the culture, one thrives in, which ultimately decides the acceptance of any product, mentioned

Cathy N. Davidson (2017) examined the future of education and concluded that "There is a tragic mismatch between our Industrial Age system of formal education and the dire needs and pressing problems our students face."

Dr. Radhika Kapur (2018) while studying the problems facing the Indian education system noted that traditional teaching methods and lack of investment in technological infrastructure presented a major hindrance to the overall growth of students and concluded that adopting innovative teaching-learning methods based on technology and industry-academia tie-ups were the only way to move forward. EdTech companies are on their way to fill in for this deficit, with the move further accelerated by large private investments in the sector for the past few years (*World Economic Forum, New*

Vision for Education 2016). The industry is expected to grow into one of the most profitable digitalized sectors yet and has been hailed as the next Fintech by Bainbridge (2016). Also, there is a lack of existing literature studying the EdTech industry in India and hence, the authors have referred mostly to secondary sources of data including articles, web reports by consultancy firms, etc. for studying the same. Hence, this study has been conducted to fill in for this gap. Consumer buying behaviour is affected by both internal as well as external factors.

B.A. Chukwu (2019) recommends usage of sensory stimulated advertising to influence consumer buying behavior, as emotional and environmental responses can affect brand awareness and brand perception. Though the brand image is an intangible thing, it boosts up the performance, and advertising can act as a driving force in this business war, where customer loyalty matters a lot, opined Muhammad Ehsan Malik (2013) in his study. In such a scenario, Karuna Krishna Gauns (2017) suggested that Celebrity endorsements bring attributes such as expertise, credibility, similarity, familiarity, match-up, and likeability which make a significant impact on purchase intention and increased brand awareness.

Objectives and Methodology

1. To understand the concept, scope, and evolution of the EdTech industry in India
2. To understand the role of various factors that influence consumer buying behaviour

The present study is descriptive in nature and an extensive body of literature has been reviewed to analyse the selected constructs.

Drivers of growth of the EdTech Industry in India

The rapid growth experienced by the EdTech Industry in India can be attributed to a combination of several factors as explained below:

1. **Lower Costs:** The online course platforms leverage the economies of scale since they have a larger user base and very low infrastructural costs as compared to offline modes. This enables the delivery of content produced by the best instructors in business which in turn increases their popularity manifolds.

2. **Quality Education for all:** The EdTech industry makes quality education accessible to students in regions where the availability of quality offline education is lower. As a result, they see a higher adoption rate from regions like Jammu and Kashmir, Kerala, and Bihar for distance learning programs.

3. **Industry Relevant Training:** Unfortunately, an increase in the population of our country has coincided with an increase in unemployment ratios. Jobs aren't created as fast as students enter the job market which makes students explore re-skilling options to get the right training for their industries.

4. **Demographic Dividend:** Nearly 46 percent of the Indian population is in the age group 15-40, making them a large potential target group for these EdTech companies.

5. **Increased adoption of Technology:** Internet penetration in our country has seen exponential growth since 2016, the consumption of data has boomed to go with the increased adoption of smart-phones by the Indian population. Both these facts are music to the ears of EdTech optimists.

6. **Increased Income:** India is home to the world's second largest middle class whose disposable income has been increasing consistently for the past few years, making spending on online education much easier.

7. **Government Initiatives:** The government has supported the growth of the online education industry and have also come up with some initiatives of their own including SWAYAM and NPTEL (free education by IIT professors) to enable the growth of educational infrastructure in India.

Challenges Faced by Online Education Market

While the figures of growth seen in the recent years paint a rosy picture of the industry, the ride to reach here hasn't exactly been bump-free. Some of the hurdles faced by the industry are as follows:

1. **Abundant Free Content:** The increased consumption of data in our country has also prompted individual content producers to provide content for free on platforms like YouTube, etc. They pose a direct competition to the EdTech platforms. The online certification segment faces a severe competition from prominent foreign players like: Coursera, Udemy, Edx, etc. while the secondary

skills segment faces the problem of getting paid subscribers since freelancers are ready to provide tutoring of these skills for free. MOOCs and platforms like NPTEL, SWAYAM, etc. which are the government's initiatives to provide free online education also pose a risk to their presence.

2. **Lack of Awareness:** The EdTech Industry in our country needs to focus on increasing the awareness among not only students but even their parents regarding the quality of content on their platforms to tap into the immense potential of growth in India. Since, there are multiple influencers involved in a buying decision, it is important that all these users have a positive image registered of these EdTech companies in their minds.

3. **Need of Classroom experience:** However good the content of a video lecture may be, it can't replicate the efficiency of a good teacher. Humans are dynamic in nature, and hence they can understand what are the best ways to teach somebody, can mould themselves accordingly and teachers can connect on a personal level with their students. There is a lack of this experience-based learning through online modes.

4. **Prominent Offline Players:** This issue is one of the major concerns for the test prep segment who have to struggle to gain market share from well-established offline coaching centres like Allen, FIIT JEE for engineering entrance exams, Aakash for medical entrance exams and Time, etc. for MBA entrance exams who have teachers with significant experience in the industry and are well equipped to deal with the dynamic nature of these tests.

5. **Obsolescence of Content:** Content produced by the re-skilling segment based on potential breakthrough future technologies has a very short-life since these fields change rapidly owing to them being of high growth in nature. For e.g. a course on Introduction to Fintech made 5 years ago would become irrelevant today owing to some major overhauls and the rapid growth that the sector has seen.

Recommendations of the Study

1. **Focus on Output:** Till now, EdTech platforms have focussed a lot on improving the inputs like improving the quality of courses, the tech behind the user interface, etc. but somehow there is a lack of efforts in focussing on the outputs which is

especially important for the test prep segment where the selection of a students for some particular job or cracking a particular test is the only thing that would ultimately matter. Once, this output improves as much as the input, these users will themselves act as marketers for the company by spreading through positive word-of-mouth.

2. **Value Added Services:** Apart from just providing content, these EdTech platforms should also focus on introducing certain value-added services like financial aids and scholarships to deserving students and internship opportunities along with opportunities to work on live projects that can result in the complete development of a student.

3. **Better Collaboration:** The online platforms will need to collaborate wit corporates (to provide industry relevant content) and schools and colleges (for complete practical experience and better engagement) if they plan on getting widespread acceptance since, a majority of students still believe that online modes can't substitute for a good teacher. Both of these mediums can't exist in isolation with each other and will need to come together to expand their business

4. **Improving Engagement:** Watching a video lecture can get monotonous owing to a lack of engagement with the teachers and other learners. The EdTech platforms need to explore the model of peer-to-peer learning (to promote team work) and focus on improving the engagement of the instructor with the students so that there can be one-on-one query resolution.

5. **Improving Awareness in Consumers:** In order to improve the awareness in their potential consumers, the EdTech platforms need to find alternate and better modes to promote their brands among their target consumers i.e., mostly college and school going students and young industry professionals. Social media sites like: Instagram, Snapchat, Tiktok can be used much more extensively than Facebook and Twitter which these days, the youngsters have moved away from. They can also promote their brands through memes and other platforms like mobile and PC games which generate a lot of interest among youngsters.

Limitations of the Study

The authors' outlook for the future and their recommendations are based on their review of previous research. As a result, they cannot be regarded as definitive and fixed.

In the future, the circumstances might very well be completely different. As a rapidly expanding field, education technology (EdTech) may experience a number of unanticipated shifts in the future that are outside the purview of this study and difficult to forecast.

Conclusion

Ed-Tech Sector has grown massively over the years as justified by the figures and this isn't going to slow down in the coming decade as well with innovative technology reaching gaining widespread acceptance and learning being made accessible and easier for all. India, being such a populous country, with a large portion of young population living in rural and semi-urban areas, provides a massive opportunity to the Indian players of Ed-Tech sector to leverage upon. Only a minute portion of the potential market has been captured till date and there are various factors responsible for that. The acceptance of online learning modes as equally effective as the conventional methods is yet to reach greater acceptance among its consumers. Moreover, the presence of free content available for learning on various open-source portals becomes an obstacle for the paid platforms to flourish. A large number of people aren't even aware about the existence of Indian players, except a few who have decent visibility. Due to this, there is lack of awareness among consumers regarding the brands, which directly affects their consumption patterns. Though, this industry is in growth stage, if this opportunity isn't utilized by the Indian players, they will soon become irrelevant owing to a large presence of prominent foreign players. Better quality advertising at wider levels, consumer centered promotional strategies and product enhancement in various domains are the way to move ahead. For that, brands need to improve continuously in terms of the customer experience and value addition in their lives, if they wish to sustain their foothold in this market.

Scope for Future Research

The research conducted in this study analyzed the consumption patterns of the potential customers of Ed-Tech Industry based on various factors affecting their buying behavior. It mainly looked at the advertising aspect of it, revealing the problem of brand visibility. Future studies can further dive into analyzing the factors behind the availability of open-source content affecting the paid Ed-Tech sector and then suggest solutions for the same. They can look to find a valuation of the major players, try to figure their outlook for the future, use data

analytics and forecasting techniques to understand which all brands are expected to make profits in future, and continue on their path of progress. They can also exclusively look into find various marketing strategies these Indian brands can come up with to improve their visibility. Further research can also be conducted with an aim of recommending ways to enter different segments of the industry with and the type of offerings.

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