

# Our mission

*To improve the lives of the people of the emerging Asia-Pacific by facilitating their use of ICTs and related infrastructures; by catalyzing the reform of laws, policies and regulations to enable those uses through the conduct of policy-relevant research, training and advocacy with emphasis on building in-situ expertise*

# Teleuse@BOP3

Preliminary findings from a six-country study of Teleuse at the Bottom of the Pyramid

Presentation to Sri Lanka's telecom sector  
4 March 2009, Colombo



Teleuse at the Bottom of the Pyramid: 3

**TELEUSE@BOP 3**

# Teleuse@BOP background

- *Objective: To understand how BOP interacts with ICTs (mostly phones) to better inform policy*
  - Large surveys of 'BOP' conducted in 2005, 2006, 2008
  - Almost 20,000 face to face interviews in 6 countries since 2005
    - Bangladesh (2008)
    - Pakistan
    - India
    - Sri Lanka
    - Philippines
    - Thailand
- Funded by the International Development Research Center (IDRC) of Canada with contributions from Telenor Research and Innovation

# Methods

## Quantitative

- 9,950 face-to-face interviews
  - 1 week usage patterns via diary method (50% of sample)
- Sep-Oct 2008

## Qualitative

- Focused group discussions
- Mini-ethnographies
- Depth interviews with migrant teleusers
- Feb-Mar 2009

- Multi-stage stratified sampling, random selection of households and individuals
- Migrant worker teleusers at “bottom of the pyramid”
  - SEC groups C\*\* + D + E\*
  - “internal” and “external” migrants that send money home
  - Findings available in March 2009

# Samples

	Bangladesh	Pakistan <sup>[1]</sup>	India	Sri Lanka <sup>[2]</sup>	Philippines <sup>[3]</sup>	Thailand <sup>[4]</sup>	Total
<b>BOP teleusers</b>	<b>2,050</b>	<b>1,814</b>	<b>3,152</b>	<b>924</b>	<b>800</b>	<b>800</b>	<b>9,540</b>
Margin of error @ 95% CL (%)	± 3%	± 2%	± 2%	± 3%	± 4%	± 4%	
<b>Diary Sample</b>	<b>1,025</b>	<b>900</b>	<b>1,600</b>	<b>450</b>	<b>400</b>	<b>400</b>	<b>4,775</b>
<b>Migrant workers</b>	<b>350</b>	<b>300</b>	<b>400</b>	<b>200</b>	<b>200</b>	<b>100</b>	<b>1,550</b>

[1] Pakistan: Excludes tribal regions

[2] Sri Lanka: Excludes North and East

[3] Philippines: Survey was undertaken only among SEC E

[4] Thailand: Excludes Bangkok as the SEC DE population in Bangkok is very small

# Sampling logic

- Multi-staged stratified sampling by probability proportionate to size
  - Regions (states/provinces/districts) randomly selected in 2006; kept the same for comparison in 2008 (except BD)
  - Stratification of cities within state, province etc
  - Geographical ordering of cities, villages
  - PPS selection of cities, villages
- Within PSU
  - Random starting points
  - 10 HH per starting point; right hand rule
  - KISH grid to select respondent in HH

# Agenda

**WHO ARE THE BOP?**

**BOP TELECOM EXPANSION**

ACCESS

OWNERSHIP

**MARKET POTENTIAL**

WHAT THOSE AT BOP DO WITH THEIR MOBILES?

POTENTIAL FOR MOBILE 2.0?

BENEFITS?

THE UNCONNECTED...

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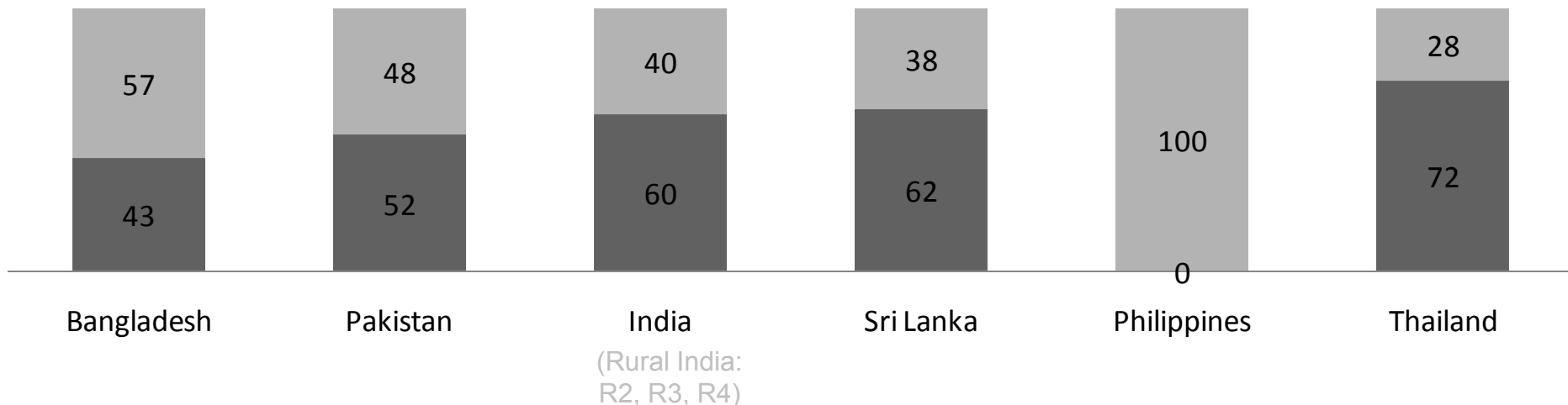
THE UNCONNECTED...

# The study represents **3.16 million** in Sri Lanka

- **Teleusers** at “bottom of the pyramid”
  - SEC groups D + E
  - Aged 15-60

Socioeconomic group classification (% of sample)

■ SECD ■ SECE

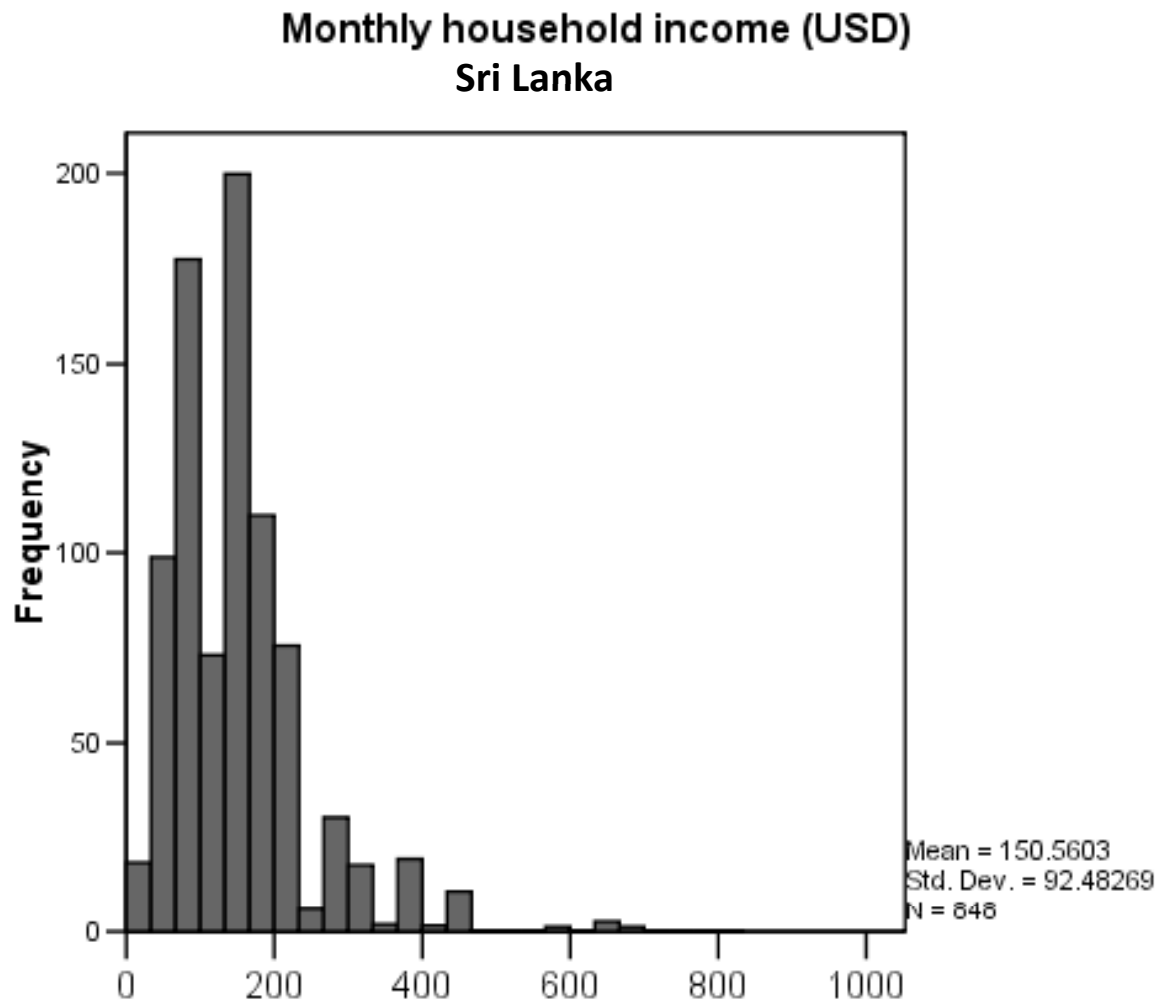


# Link between SEC D+E and "\$2 per day" definition

## Actual population proportions

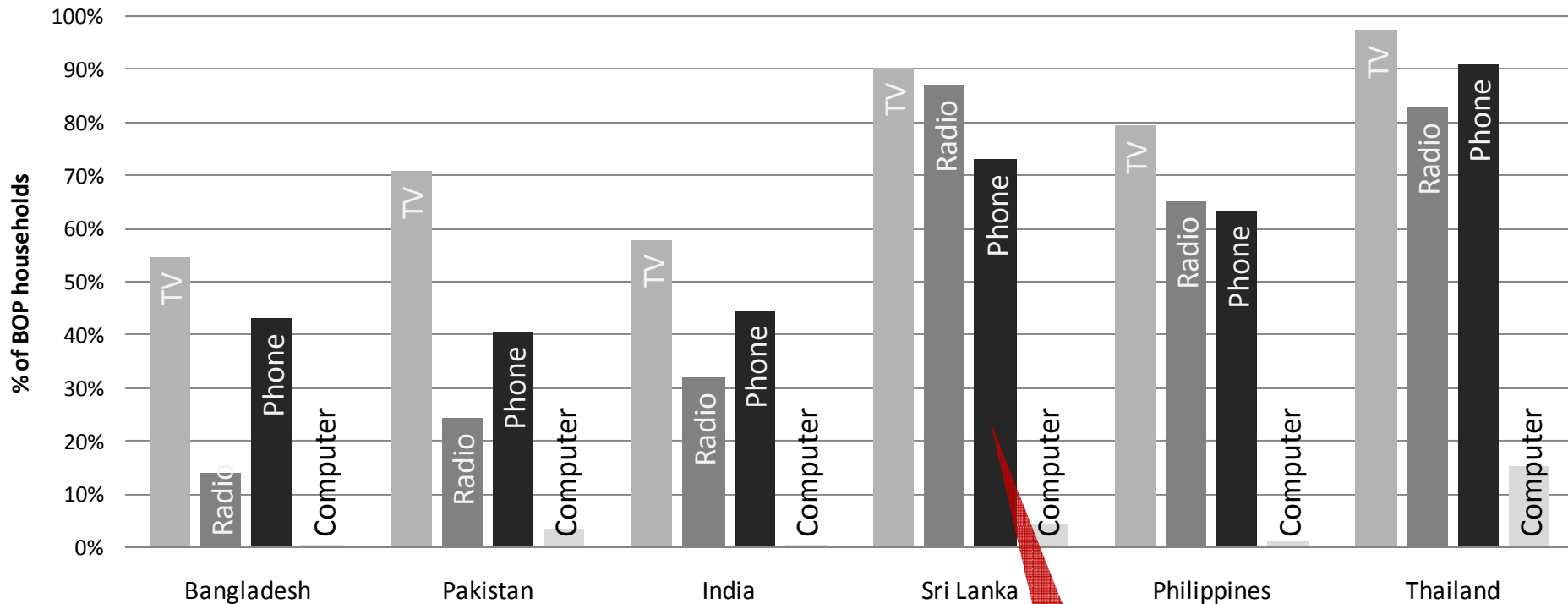
	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
SEC D+E (% of population)	73	59	69	44	38 [SEC E]	33
Less than \$2 per day (% of population)	78	85	86	45	40	28

# Households earning ~USD67-200 per month (on average)



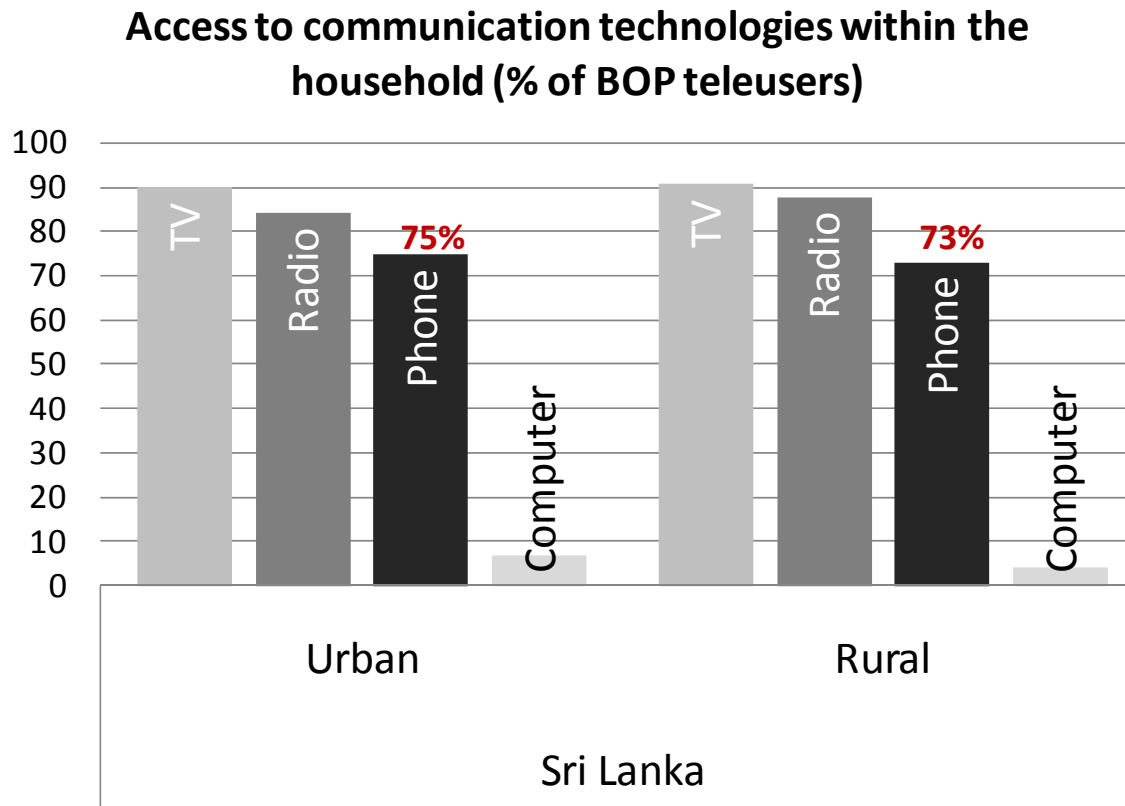
# Surprise: Phones catching up with TV and radio at the BOP in Sri Lanka; already caught up radio elsewhere

Access to communication technologies within the household (% of BOP teleusers)



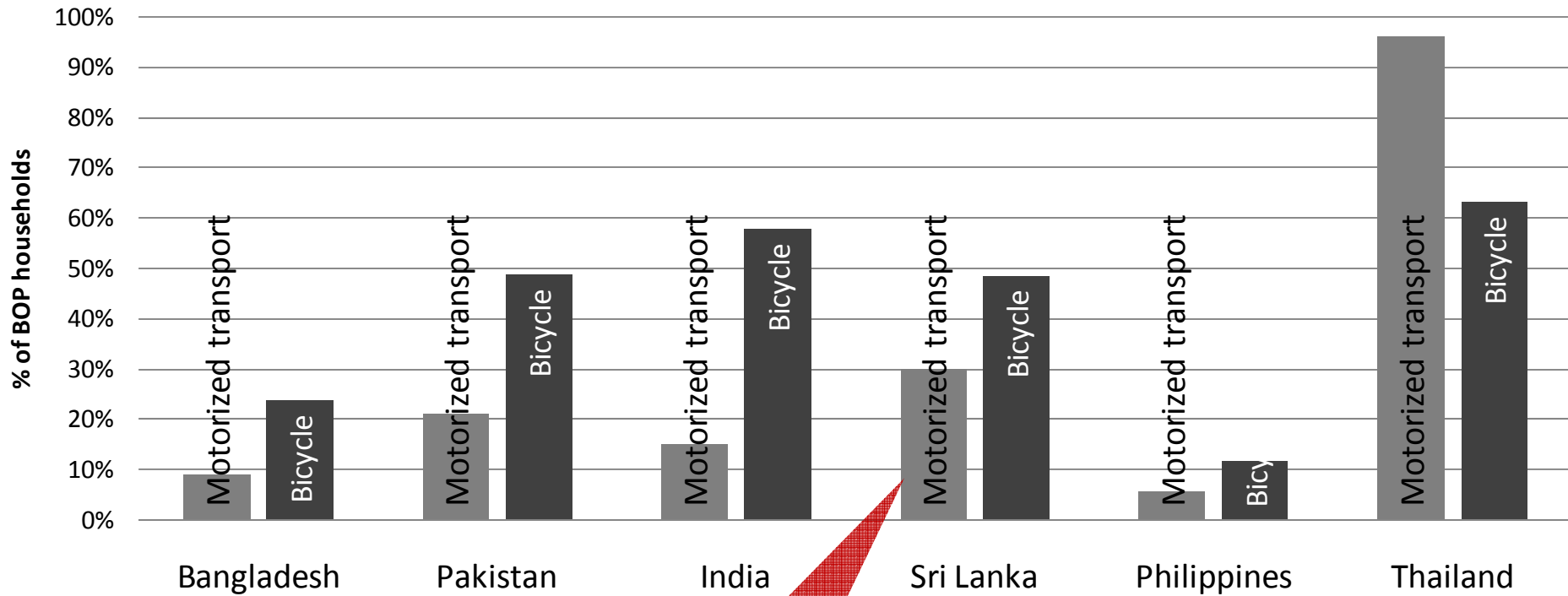
Mobile  
or  
fixed  
phone

# No difference between urban and rural Sri Lanka



# Access to transport

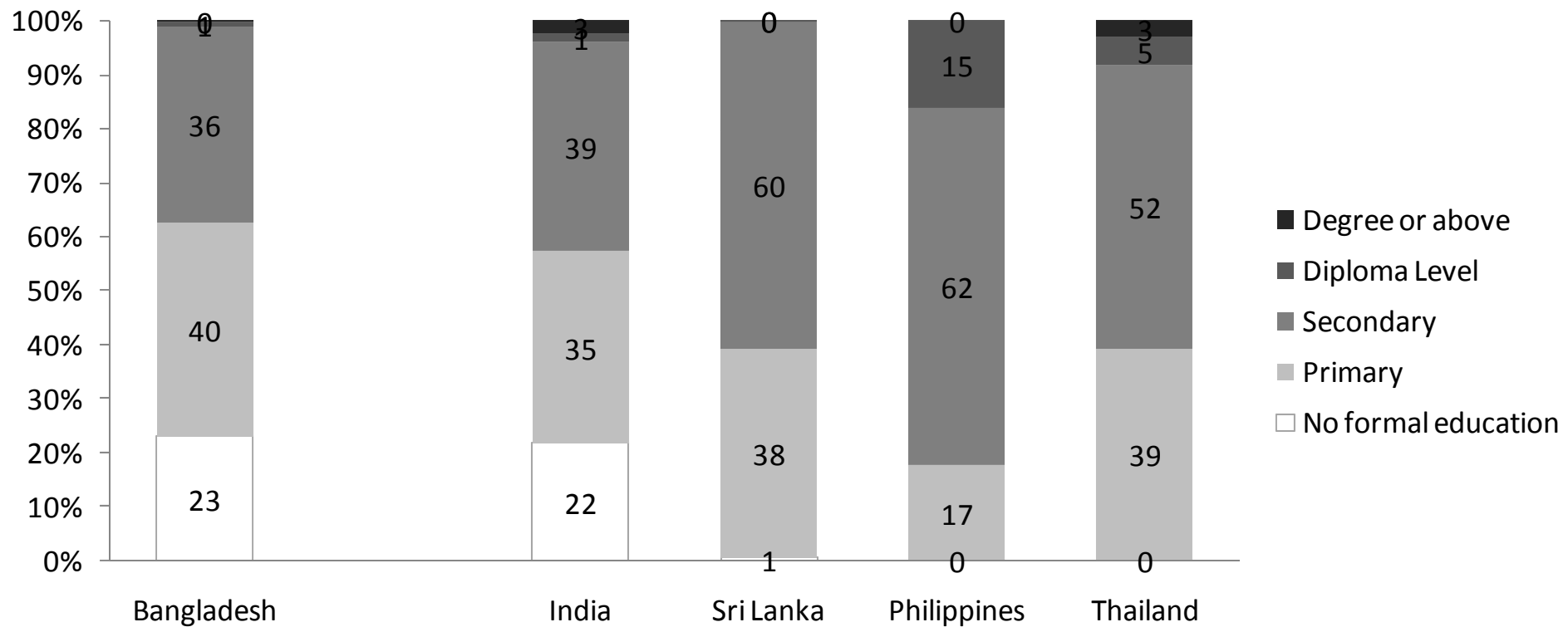
Access to transport within the household (% of BOP teleusers)



Incl. motor bike,  
trishaw,  
scooter,  
tractor, etc

# Educational attainment does not exceed primary or secondary education

Educational attainment (% of BOP teleusers)



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# Recent use of the phone to make/receive calls

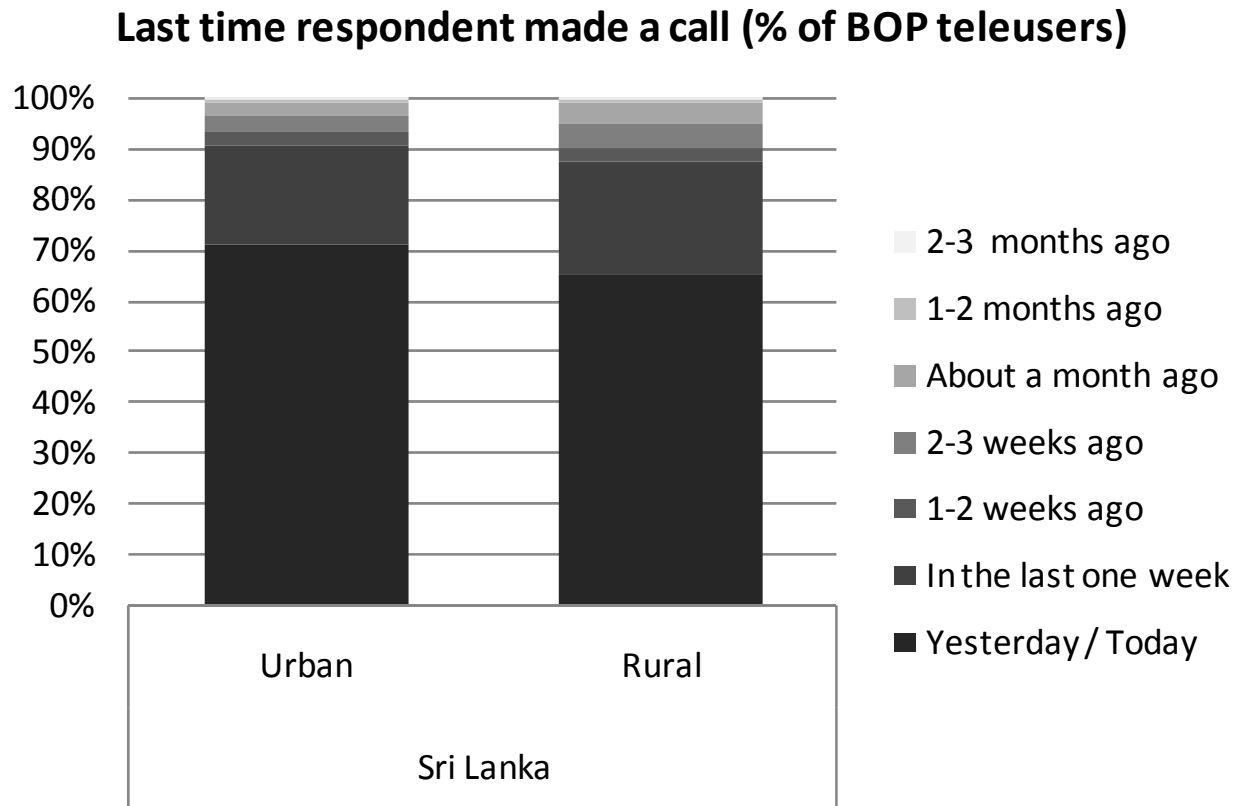
## Used a phone in the last 3 months

	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
% of BOP (outer sample)	95%	96%	86%	88%	79%	77%

## Used a phone in the last week

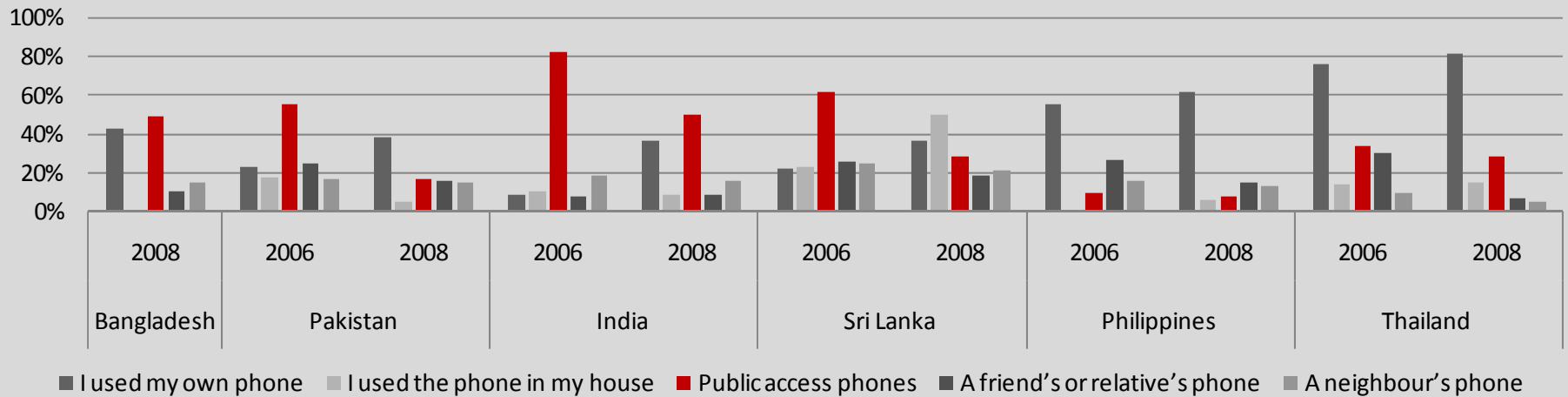
	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
% of BOP (outer sample)	82%	66%	65%	77%	38%	72%

# Two thirds of rural BOP teleusers in Sri Lanka used a phone in the week before the study



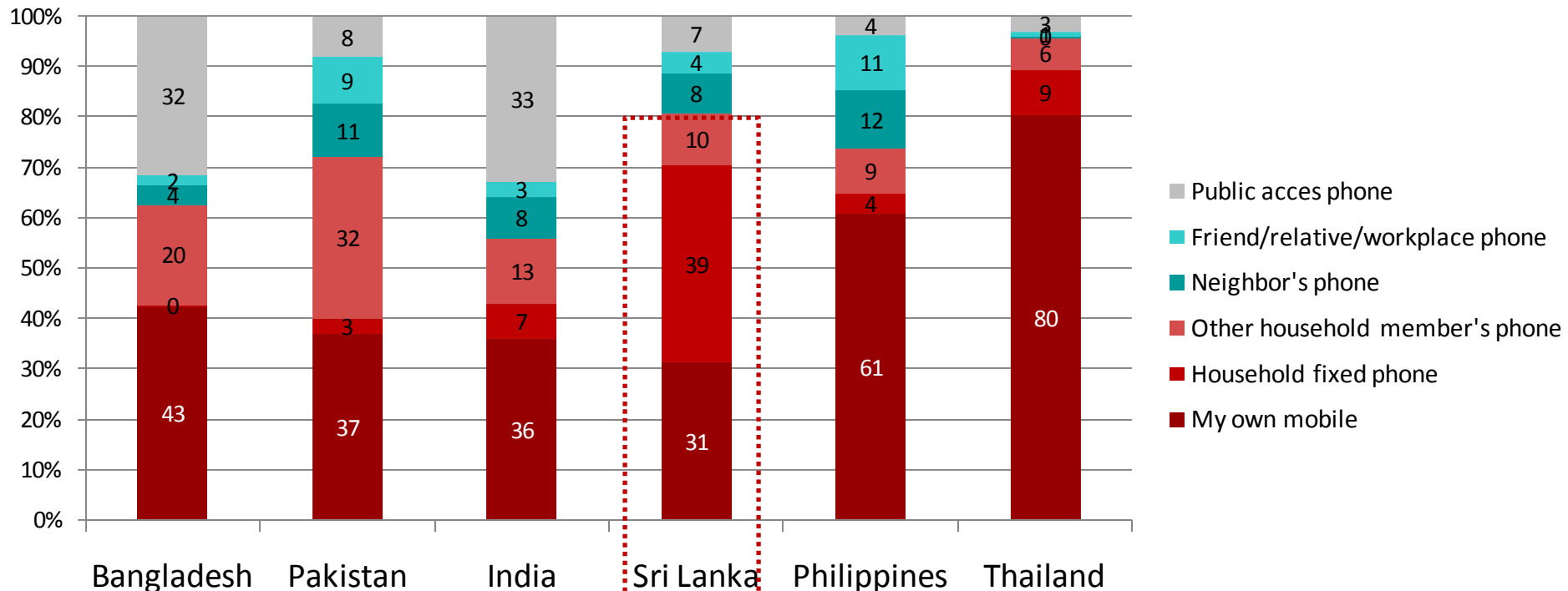
# All modes: Public access has fallen everywhere since 2006

Modes of telecom used (% of BOP teleusers)



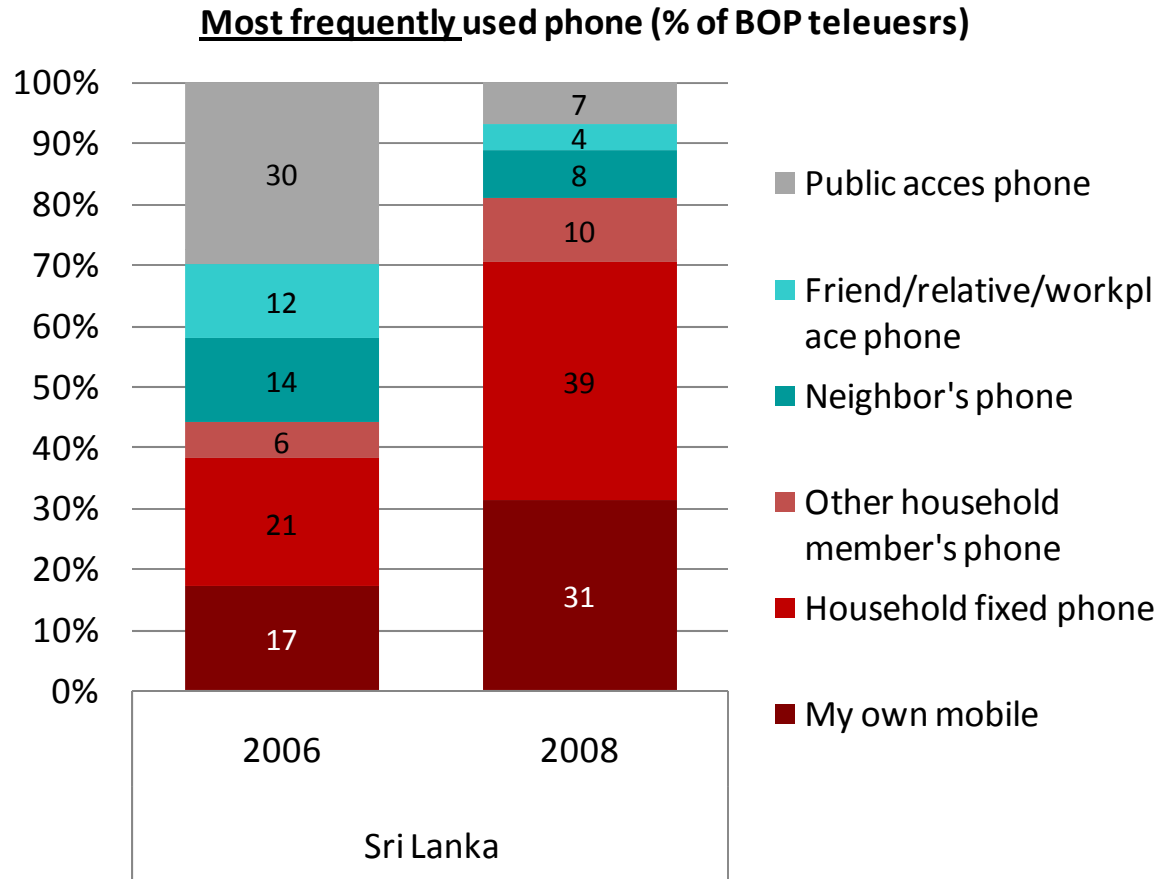
# Sri Lanka the only country where fixed phones are used most as the primary phone; mobiles in second place

Most frequently used phone (% of BOP teleusers)

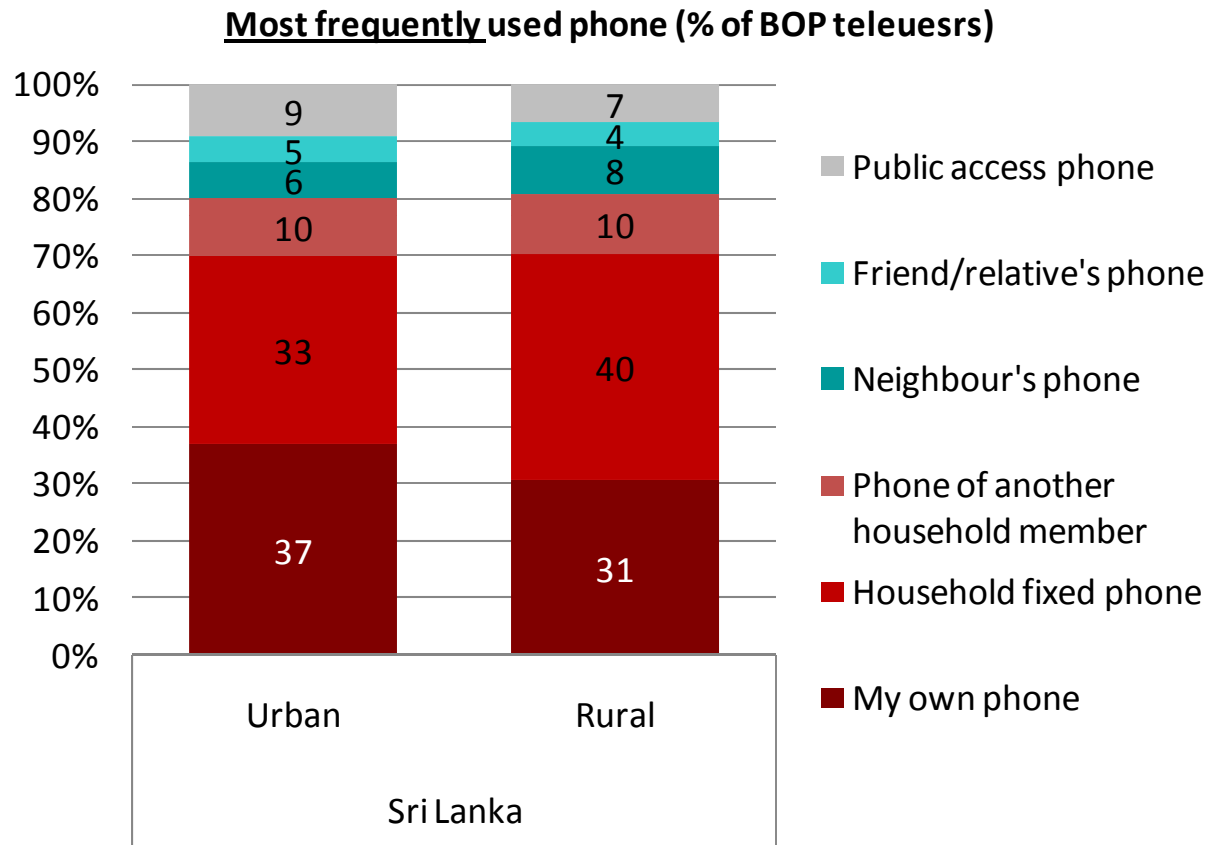


Access within the household

# Public access as primary means has fallen to 7% from 30% since 2006

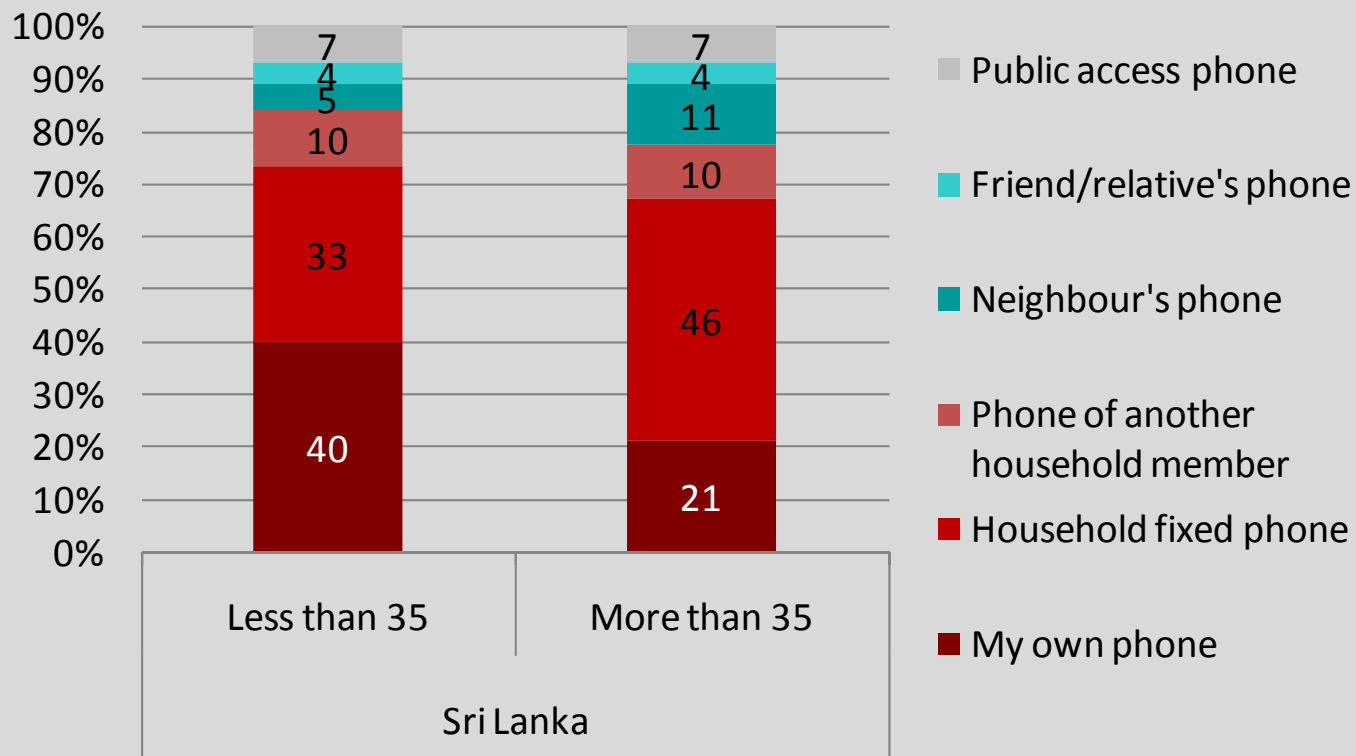


# Little difference between BOP in urban and rural Sri Lanka



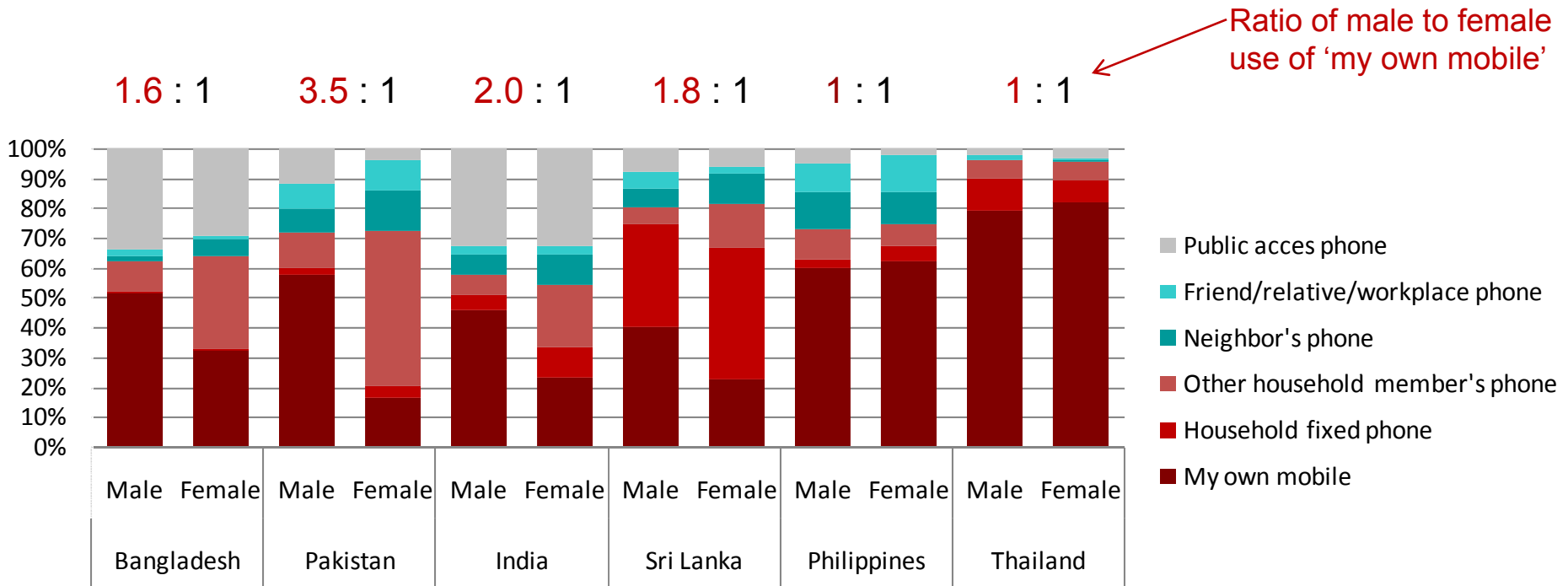
# Fixed phones used more by older users in Sri Lanka; mobiles more by younger users

Most frequently used phone (% of BOP teleusers)



# Sri Lankan BOP women less likely to use mobiles, more likely to use fixed phones

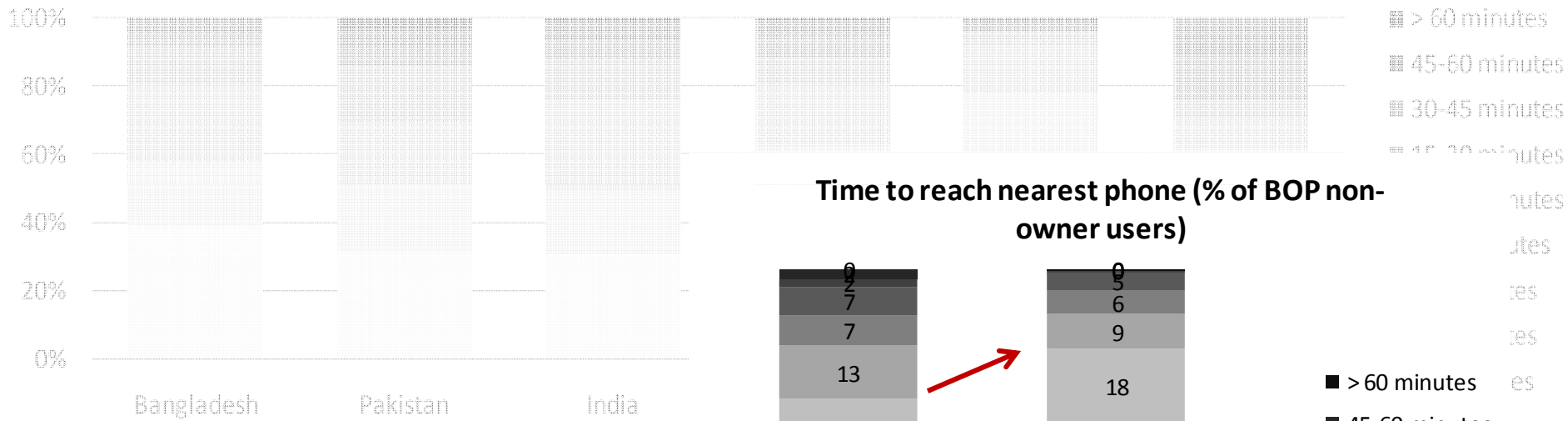
Most frequently used phone (% of BOP teleusers)



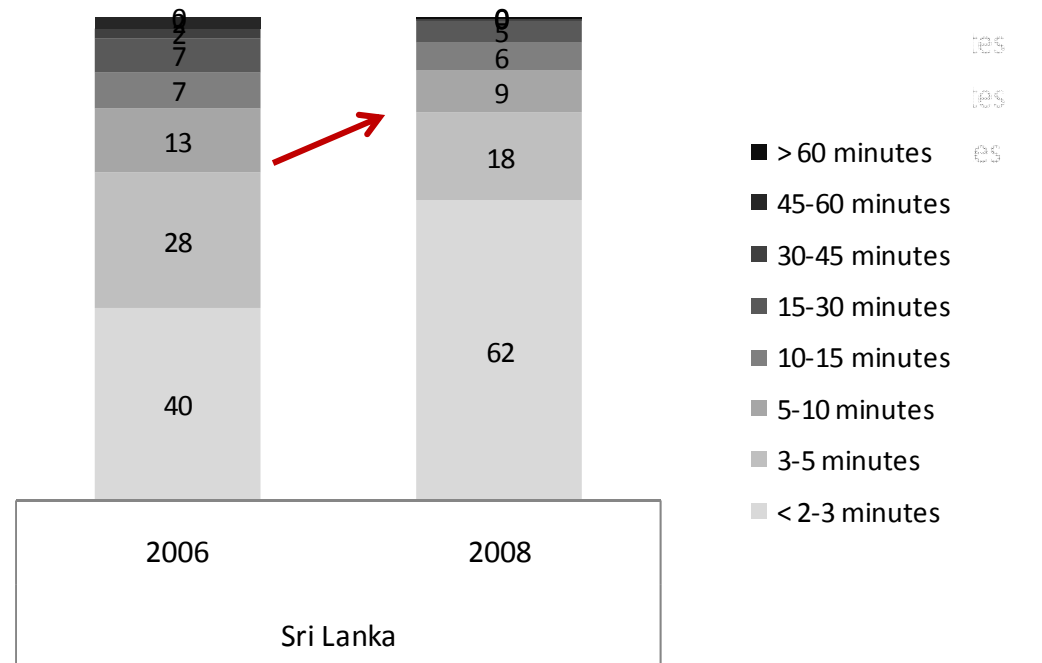
- Fixed phones also used more by older users in Sri Lanka

# 80% can get to a phone in under 5 minutes...up from 68% in 2006

Time to reach the nearest phone (% of BOP non-owner teleusers)



Time to reach nearest phone (% of BOP non-owner users)



Most non-owners walk to the nearest phone

Among BOP non-owner teleusers

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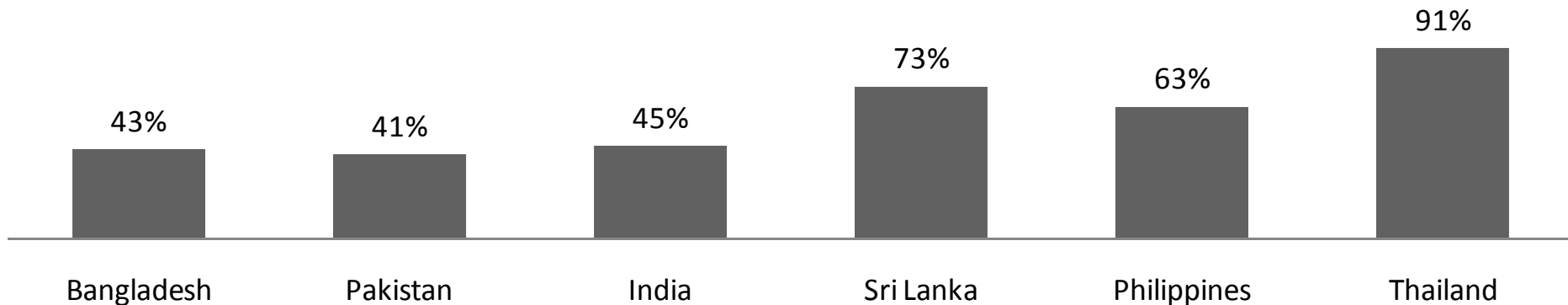
BENEFITS?

THE UNCONNECTED...

# Sri Lankan BOP phone ownership (mobile + fixed) at household level higher than Philippines

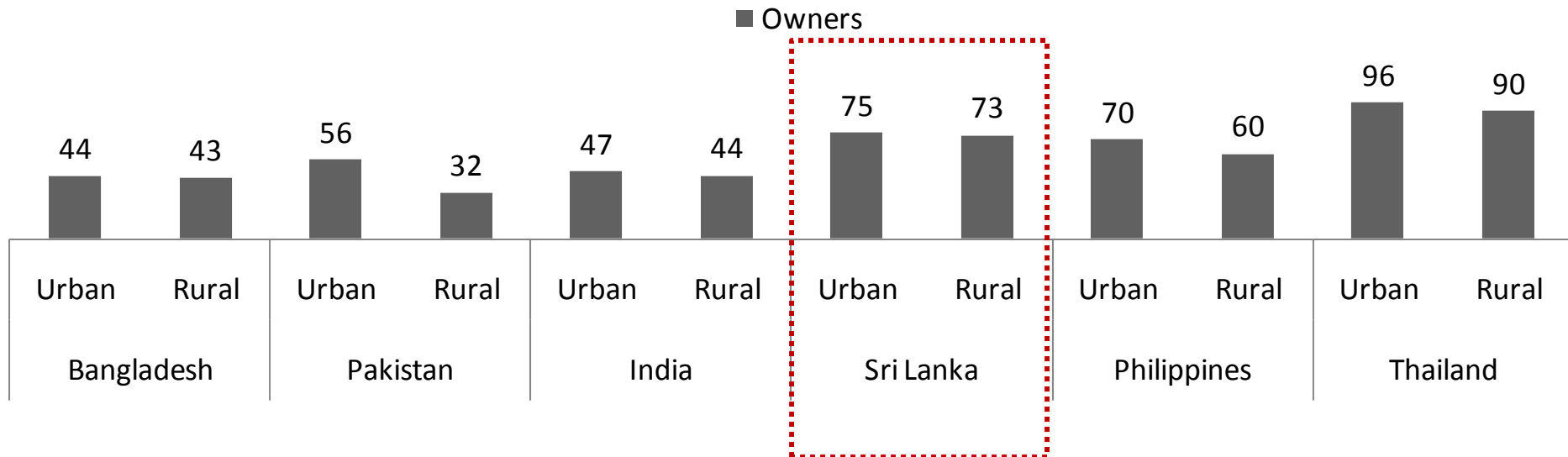
Total phone ownership (% of BOP teleusers)

■ owners



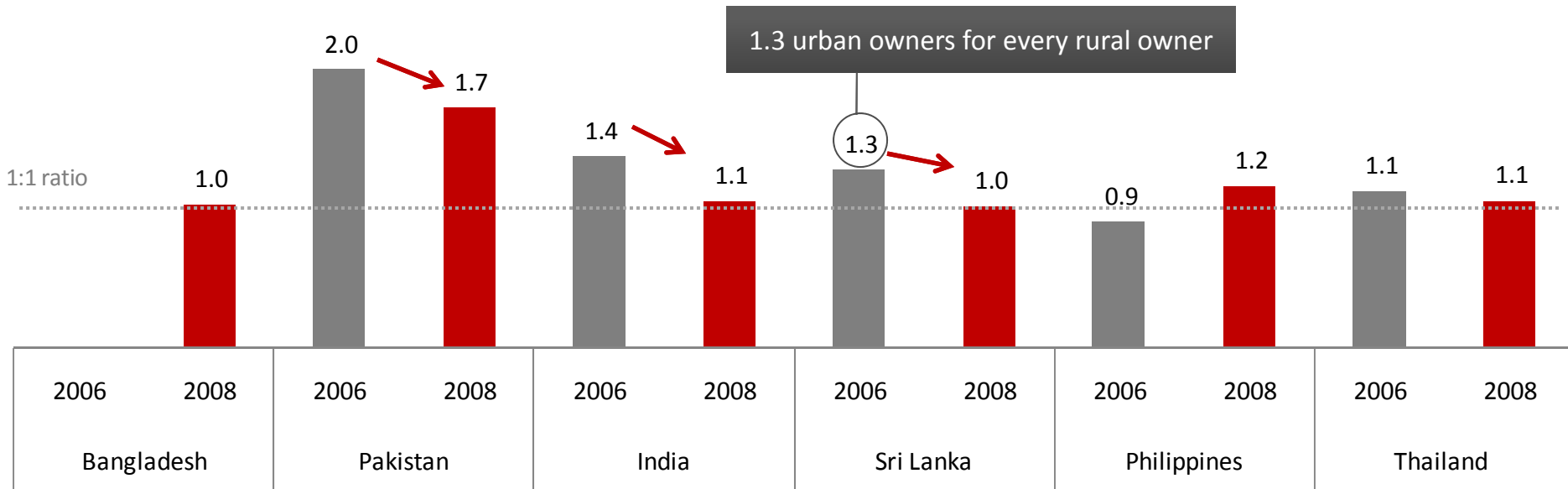
# No difference between rural and urban phone ownership

Phone ownership - fixed or mobile (% of BOP teleusers)



# Urban-rural divide in total BOP phone ownership **declining**

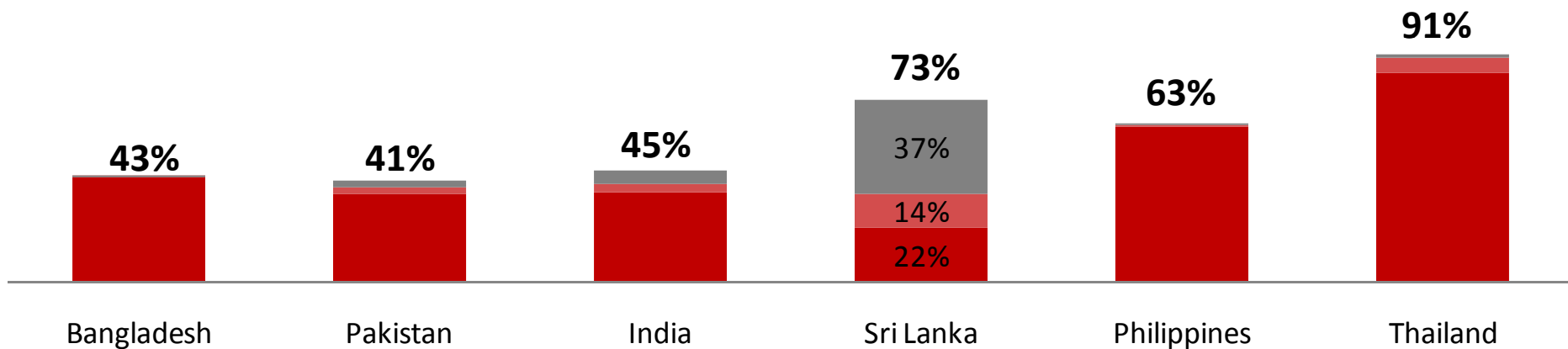
Urban-rural divide in phone ownership (urban:rural)



# Sri Lanka has a significant share of fixed phones; other countries are +90% mobile

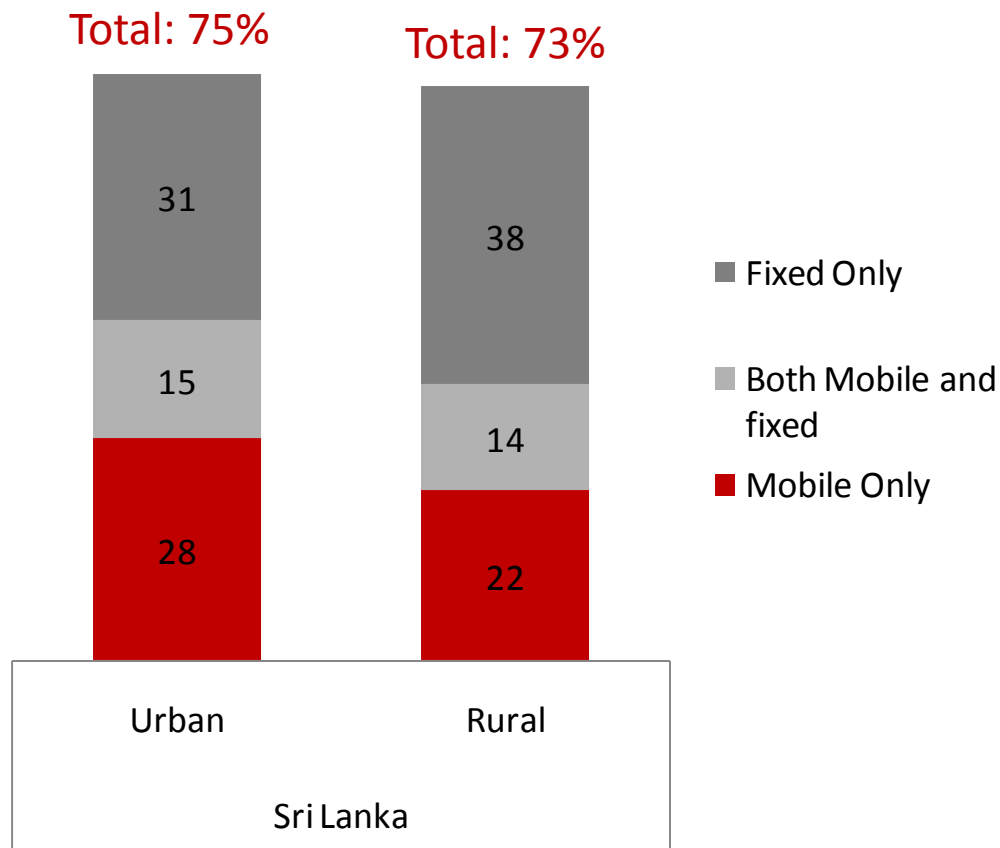
Phone ownership (% of BOP teleusers)

■ Mobile only ■ Mobile + fixed ■ Fixed only



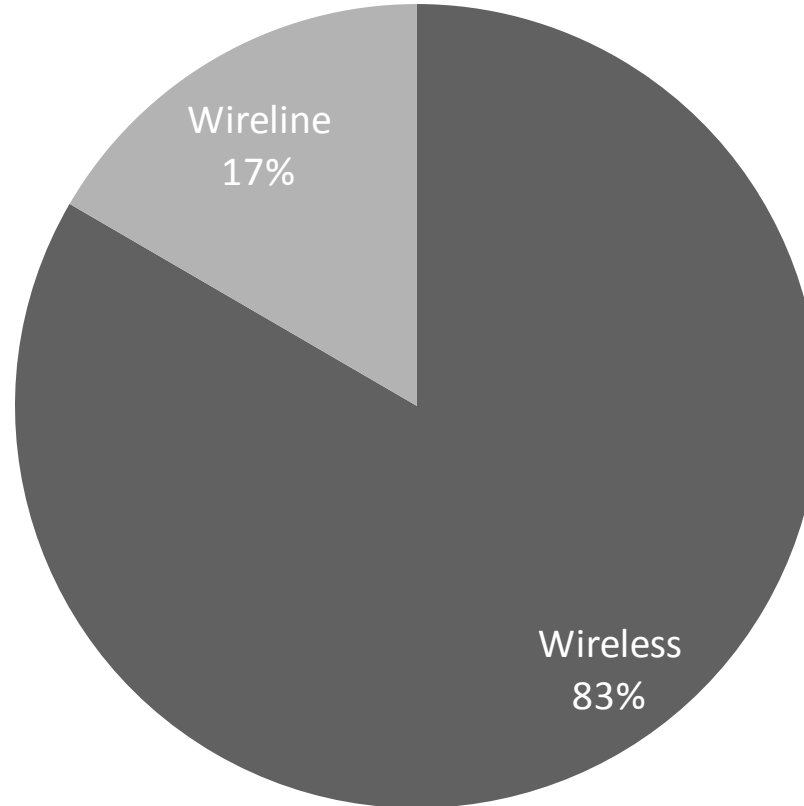
# Type of phone: Not very different in urban and rural BOPs in Sri Lanka

Type of phone owned (% of BOP teleusers)

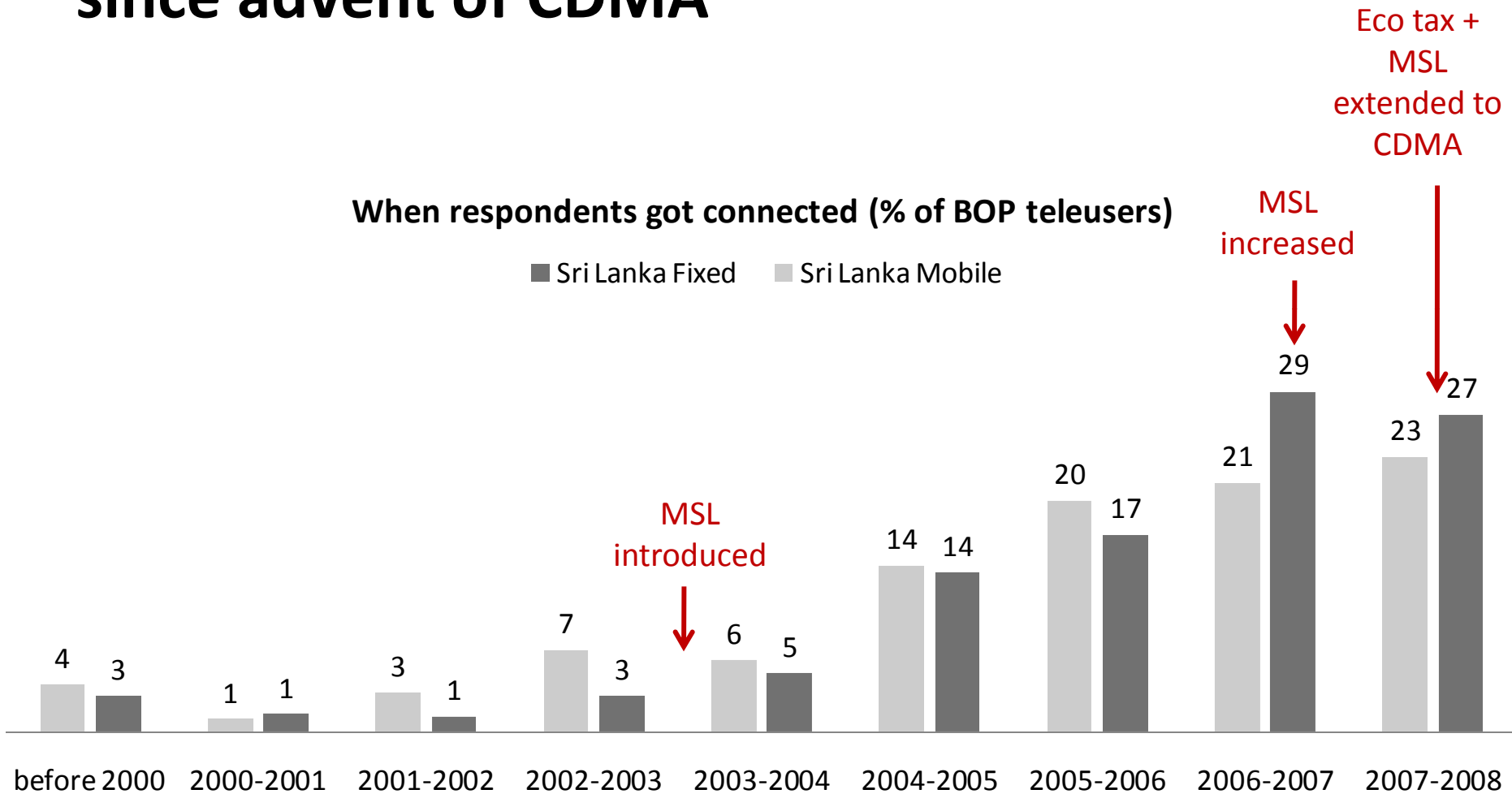


# 83% of fixed phones at LK BOP are wireless

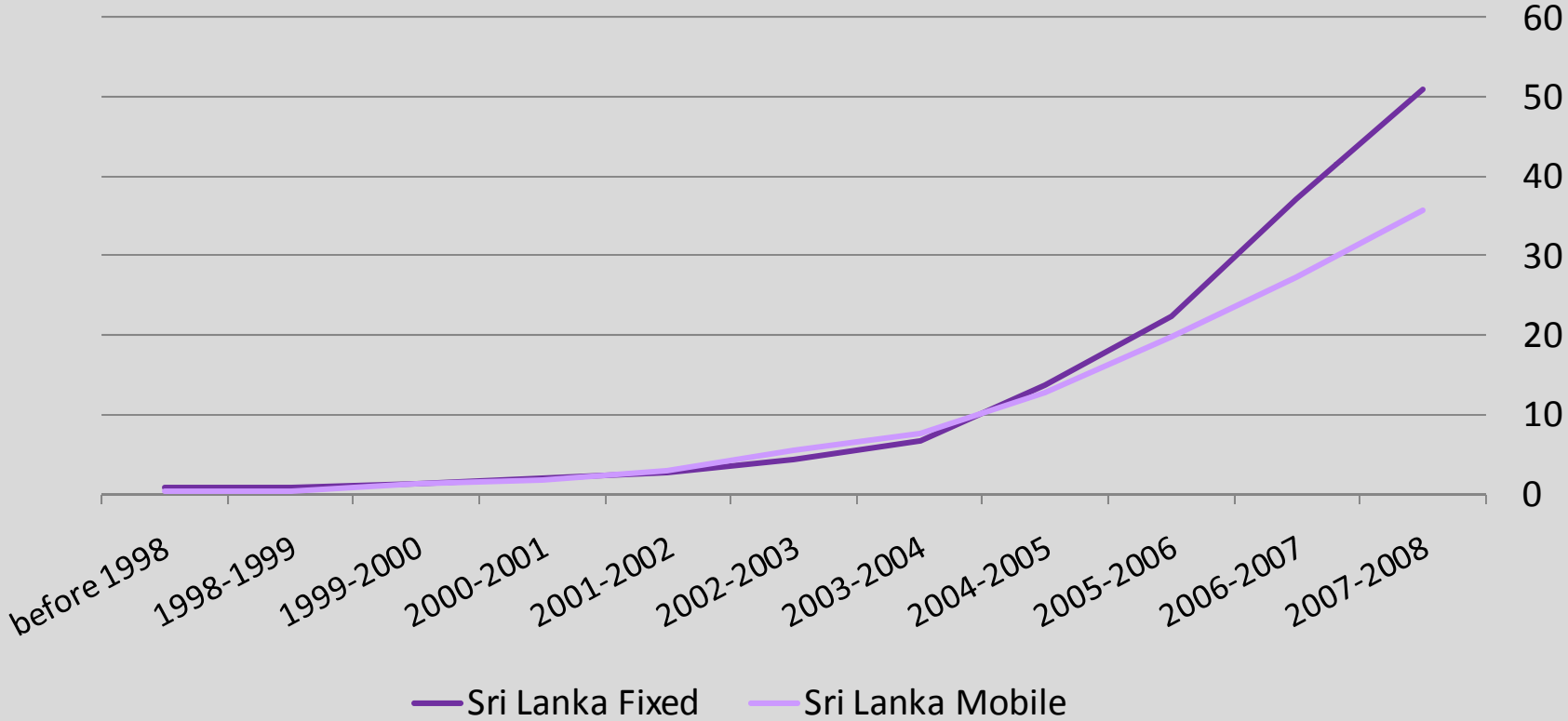
Type of fixed phone (% of BOP fixed phones owners)



# More BOP households connected by "fixed", since advent of CDMA

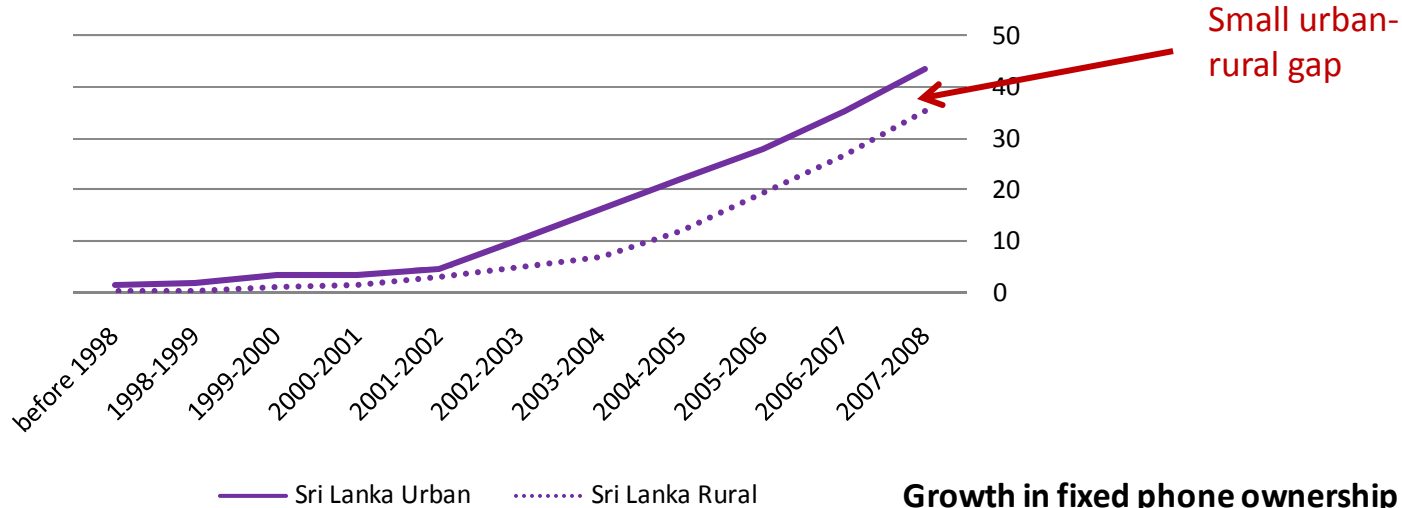


# Growth in mobile and fixed phone ownership (% of BOP teleusers)

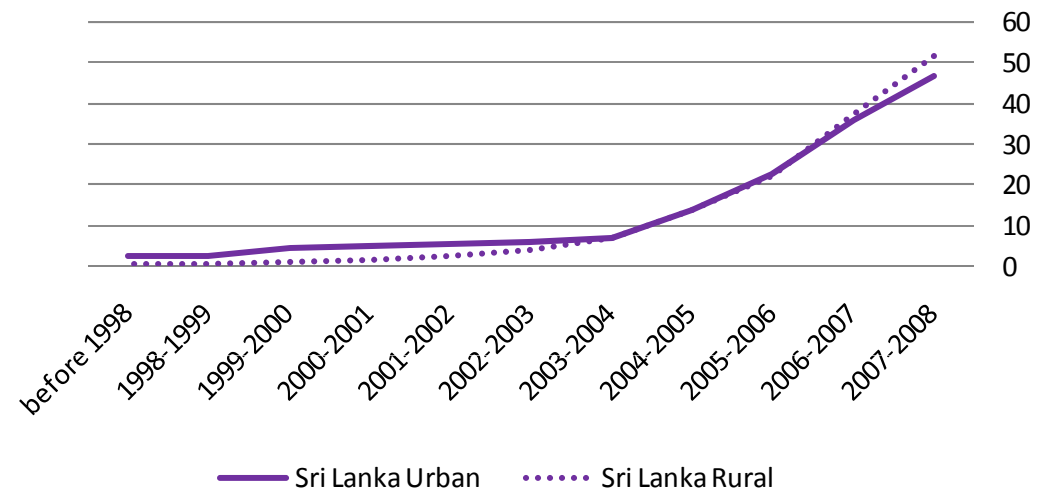


# Rural mobile has grown slower than urban; not the case in fixed

Growth in mobile phone ownership (% of BOP teleusers)



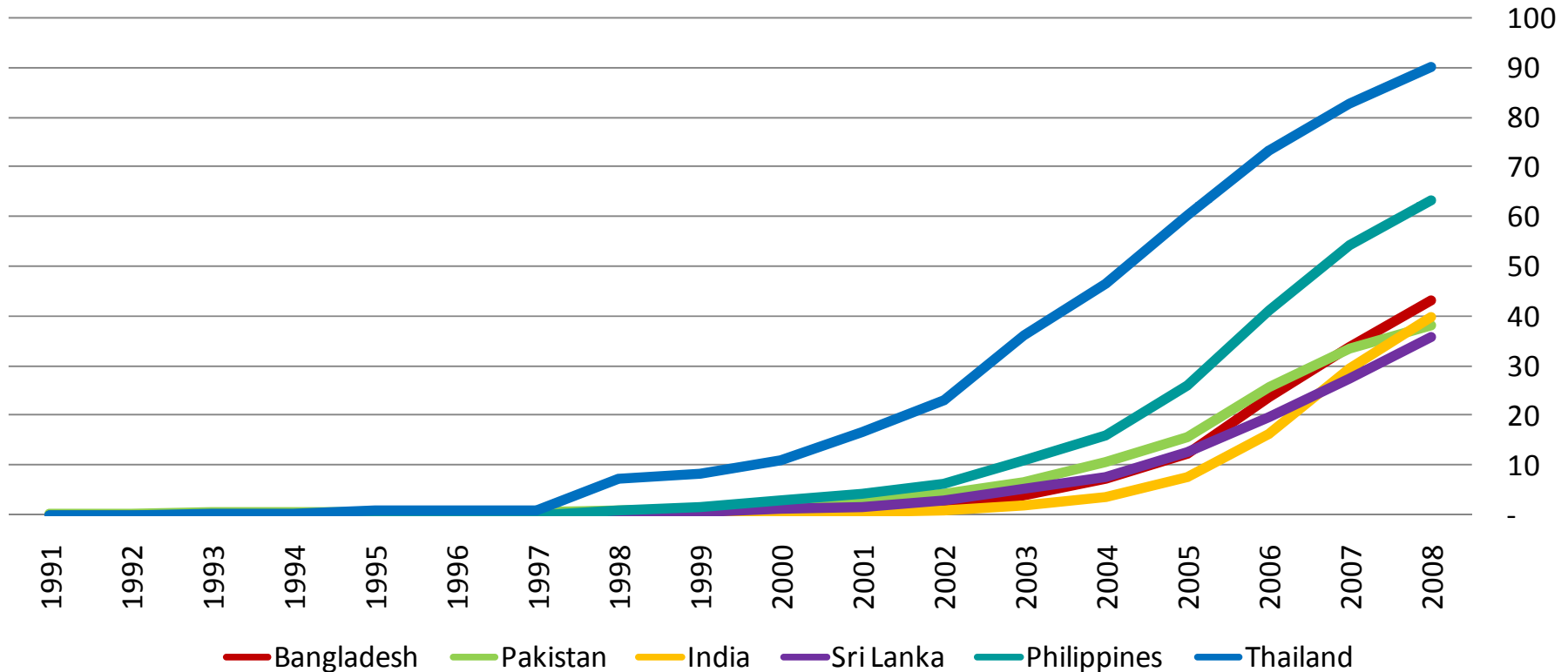
Growth in fixed phone ownership (% of BOP teleusers)



# When did the BOP get connected to **mobile**?

## Overview

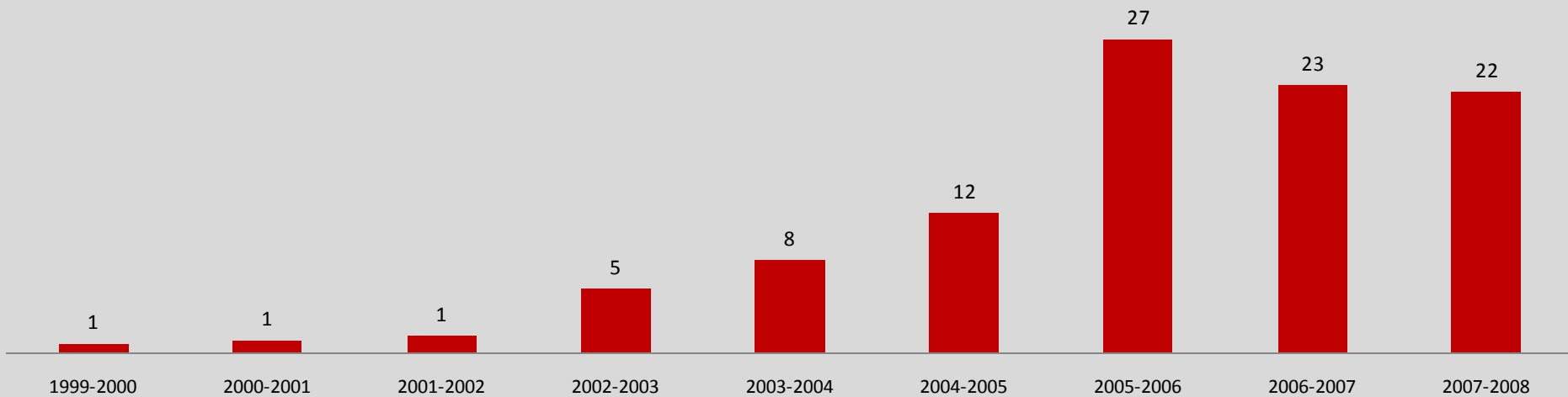
Growth in mobile ownership (% of BOP teleusers)



# Bangladesh

**Bangladesh** (% of BOP mobile owners)

■ Bangladesh



# Pakistan

**Pakistan**(% of BOP mobile owners)

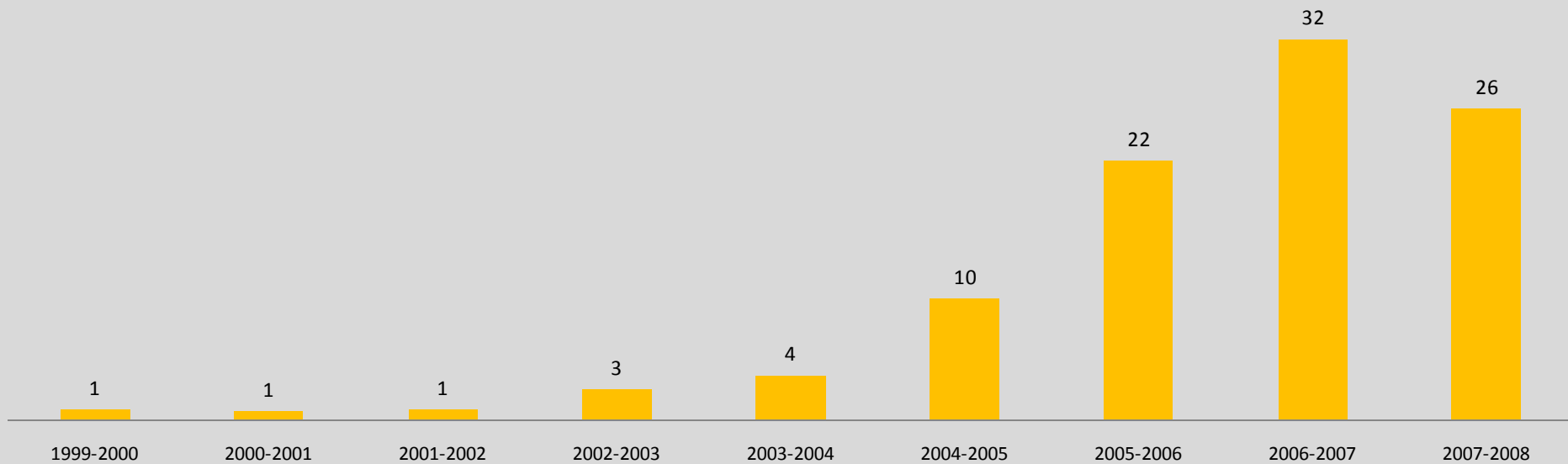
■ Pakistan



# India

## India (% of BOP mobile owners)

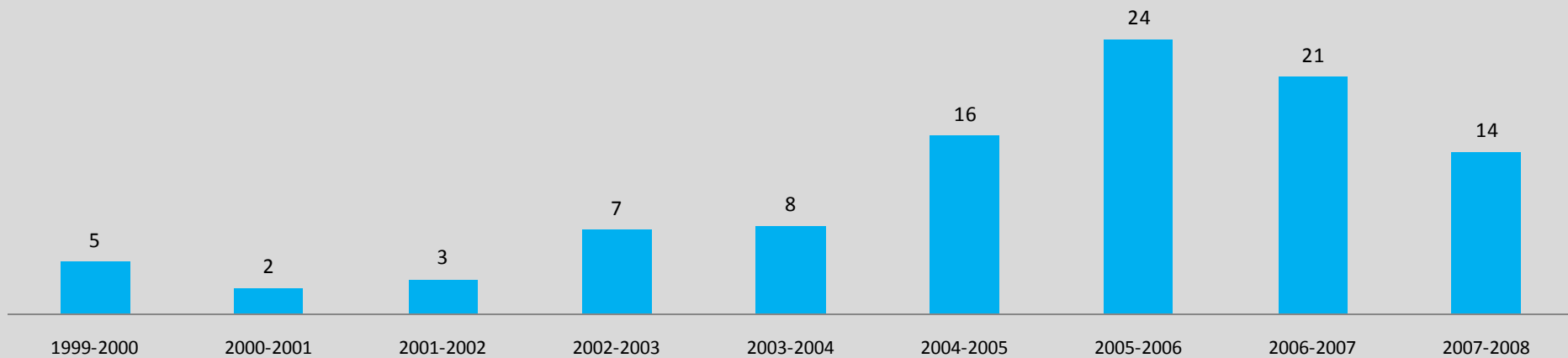
■ India



# Philippines

## Philippines (% of BOP mobile owners)

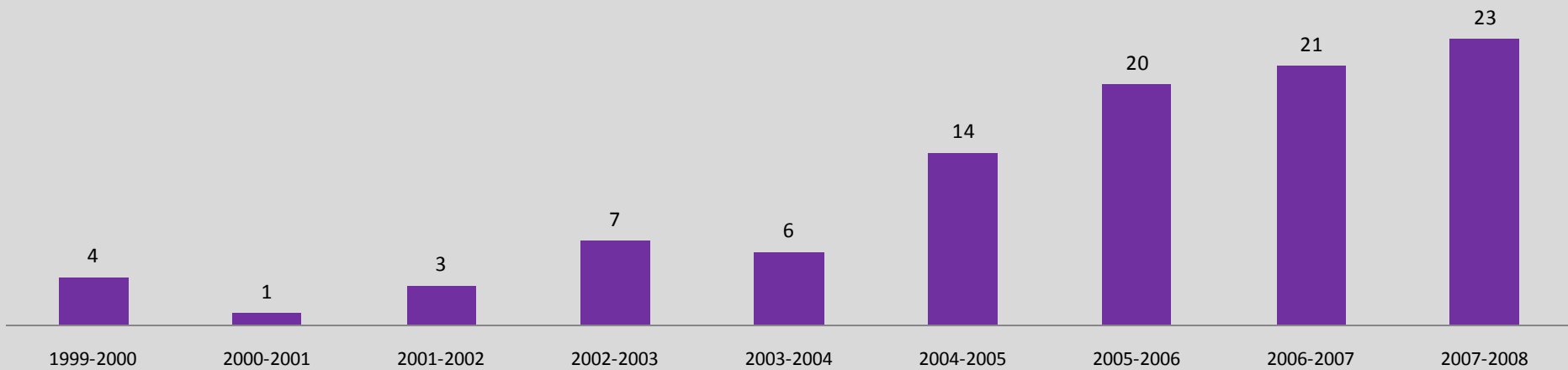
■ Philippines



# Sri Lanka

Sri Lanka (% of BOP mobile owners)

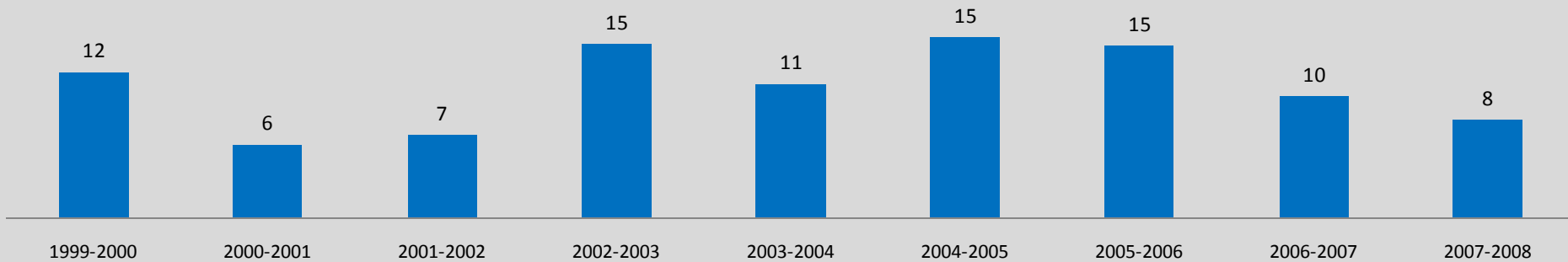
■ Sri Lanka



# Thailand

Thailand (% of BOP mobile owners)

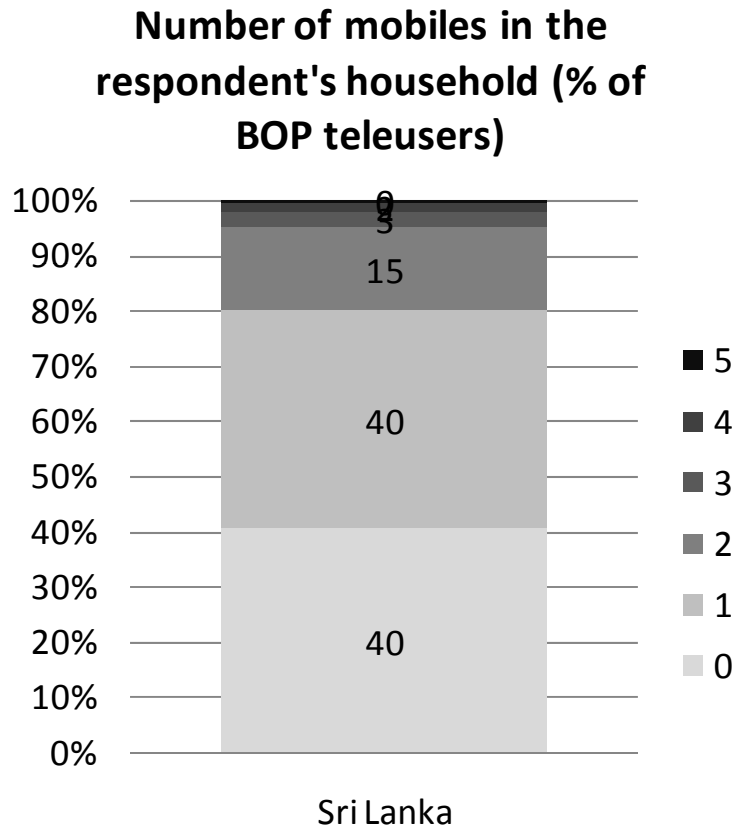
■ Thailand



# 16% of BOP mobile owners have more than one (active) SIM, up from 9% in 2006

	Bangladesh		Pakistan		India		Sri Lanka		Philippines		Thailand	
	2008	2006	2008	2006	2008	2006	2008	2006	2008	2006	2008	
More than 1 SIM	10%	12%	23%	5%	9%	9%	16%	9%	19%	1%	13%	

# 20% of Sri Lankan BOP teleusers have more than 1 mobile in their households



(including respondent's mobile)

# Probability of mobile adoption associated with: demographics, household amenities, usage and network effects

## LOGIT model for mobile adoption:

```

Logistic regression                               Number of obs   =       1991
                                                    LR chi2(17)     =       824.54
                                                    Prob > chi2     =       0.0000
Log likelihood = -926.30552                       Pseudo R2      =       0.3080
    
```

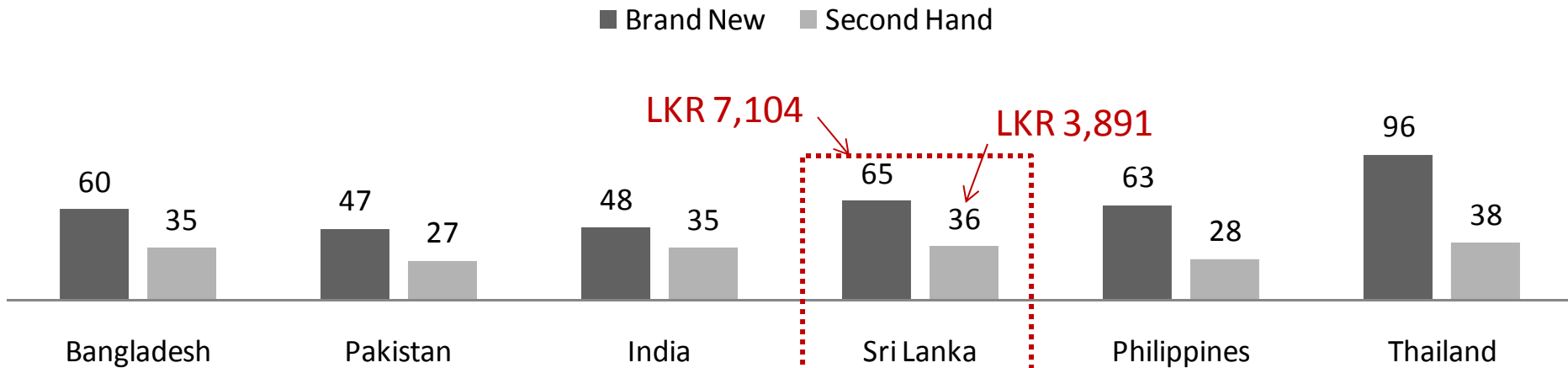
mobileowne~p	Odds Ratio	Std. Err.	z	P> z	[95% Conf. Interval]
lnyp	1.519097	.1410704	4.50	0.000	1.266307 1.822351
female	.4680568	.0691721	-5.14	0.000	.3503509 .625308
primaryedu	1.306247	.29284	1.19	0.233	.8417817 2.026989
secondaryedu	1.852081	.4121814	2.77	0.006	1.19736 2.864806
tertiaryedu	3.673386	1.214677	3.93	0.000	1.921322 7.023167
walktimeto~1	.9990342	.0007337	-1.32	0.188	.9975971 1.000473
age2	.9997762	.0000707	-3.17	0.002	.9996377 .9999147
contacts	4.043233	.8365527	6.75	0.000	2.69534 6.065184
pakistan	.5392478	.0959228	-3.47	0.001	.3805173 .7641918
srilanka	.7082766	.1451743	-1.68	0.092	.4739511 1.058455
thailand	3.745535	1.078381	4.59	0.000	2.130314 6.58543
accesstoel~y	1.136095	.2153935	0.67	0.501	.7834917 1.647384
fixedphone~s	.2970311	.0546232	-6.60	0.000	.207142 .4259274
tvinhouseh~d	2.073017	.3171827	4.76	0.000	1.535905 2.797959
radioinhou~d	1.057112	.1408271	0.42	0.677	.8141881 1.372514
noofcalls	1.073553	.0070951	10.74	0.000	1.059737 1.08755
nomobilepe~e	12.29072	5.179292	5.95	0.000	5.38124 28.07194

# Probability of mobile adoption associated with demographics, household amenities, usage and network effects

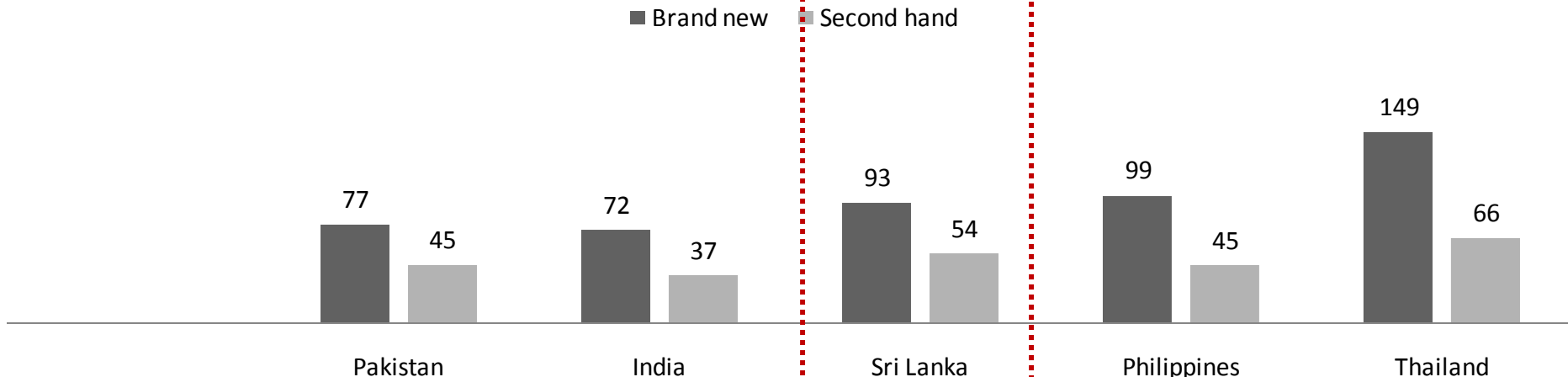
Significant variables	Impact
Personal Income	Higher the ln(personal income) higher the likelihood of having a mobile
Gender	Males => Higher likelihood of having a mobile
Education	Higher the education => Higher likelihood of having a mobile
Walk time to nearest town	Higher the walk time => Lower the likelihood of having a mobile
Age	Higher the Age squared => Lower the likelihood of having a mobile
% of top five contacts having mobile phones	Higher the % => Higher likelihood of having a mobile
Occupation	Insignificant
Urban / rural	Insignificant
Perceived benefits of telecom access	Insignificant
Access to electricity	Access to electricity => Higher likelihood of having a mobile
Fixed phone in the household	=> Higher likelihood of having a mobile
TV in household	=> Higher likelihood of having a mobile
Number of calls (incoming+outgoing) per week	Higher the # => Higher likelihood of having a mobile
% of household members with mobile phones	Higher the % => Higher likelihood of having a mobile

# Second hand handsets bought for around half the price of brand new handsets

Mean price paid by mobile owners for their handset (USD)



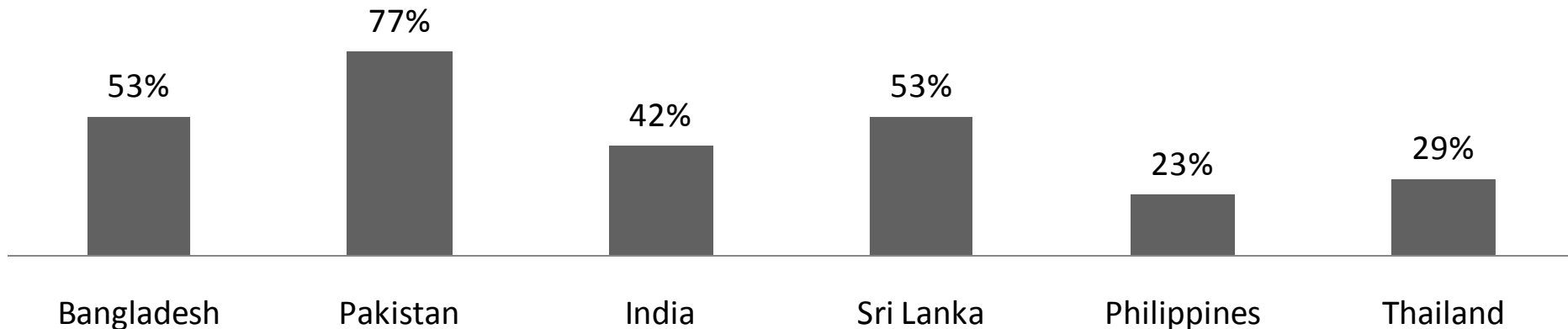
Mean price paid by mobile owners for their handset (USD) (2006)



Among BOP mobile owners

# Just 53% are aware of the tax component on their phone use

Are aware of the tax component on their phone charges (% of BOP phone owners)

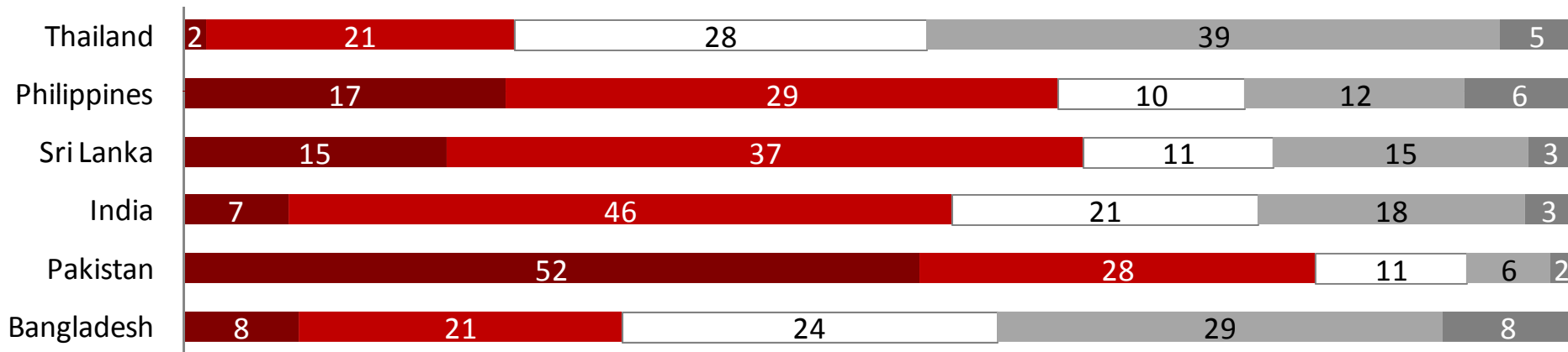


- Lower awareness among fixed owners (45%)

# 15% of those who are aware say it's "very expensive"

How reasonable the level of tax is(% of those who are aware)

■ Very expensive  
 ■ Somewhat expensive  
  Neither reasonable nor expensive  
  Somewhat reasonable  
  Very reasonable



- Three times as many feel tax is too high vis-à-vis those who feel tax is reasonable

Bangladesh

Pakistan

India

Sri Lanka  
(from 1 January 2009)

Philippines

Thailand

15%

21% (prepaid);  
33% (postpaid)

12%

27%

12%

7%

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# What the BOP does with mobile phones

Among BOP mobile owners

	B'desh	Pakistan	India	S' Lanka	Ph'pines	T'land
	% of BOP mobile owners					
Taking phone calls	100%	100%	99%	100%	89%	100%
Receiving phone calls	100%	100%	98%	100%	99%	100%
Sending/receiving 'missed calls'	94%	84%	84%	73%	86%	39%
Sending/receiving SMS (text messages)	32%	47%	33%	52%	100%	53%
Sending/receiving MMS (picture messages)	1%	4%	4%	6%	13%	4%
Sending/receiving emails	0%	0%	1%	0%	0%	1%
Browsing the Internet	0%	1%	1%	2%	0%	2%
Taking photos /video clips	4%	2%	1%	8%	4%	18%
To play games (individual)	13%	18%	7%	21%	14%	17%
To play games (interactive)	1%	1%	1%	1%	3%	1%
To listen to the radio	0%	7%	3%	12%	5%	22%
To listen to music (files which you have downloaded or been sent by others, not radio)	4%	5%	3%	7%	3%	22%
To share content that you have created (E.g. ringtones, wallpapers, pictures, games and video clips)	1%	2%	2%	6%	5%	3%
To send or receive or download or upload other content (E.g., ringtones, wallpapers, pictures, games and video clips)	0%	2%	3%	8%	10%	9%
As an organizer (keep appointments, reminders, alarm and clock)	1%	7%	8%	4%	9%	14%
To check my bill / credit balance	11%	40%	25%	50%	3%	39%

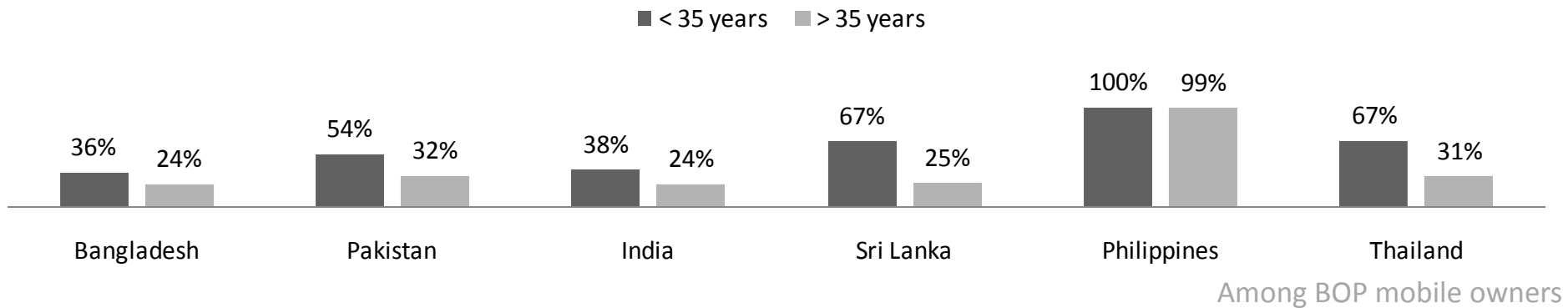
# What the BOP does with "fixed" phones

Among BOP fixed phone owners

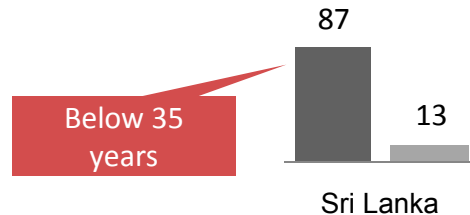
	Sri Lanka
Taking calls	99
Receiving calls	100
Sending/receiving missed calls	47
Sending/receiving SMS	26
To check the bill and the credit balance	35
Send/receive emails	
Browse the internet	
Send/receive faxes	

# SMS popular among youth

SMS use on mobile (% of BOP mobile owners)



: SMS use on fixed phones (% of BOP fixed phone owners)

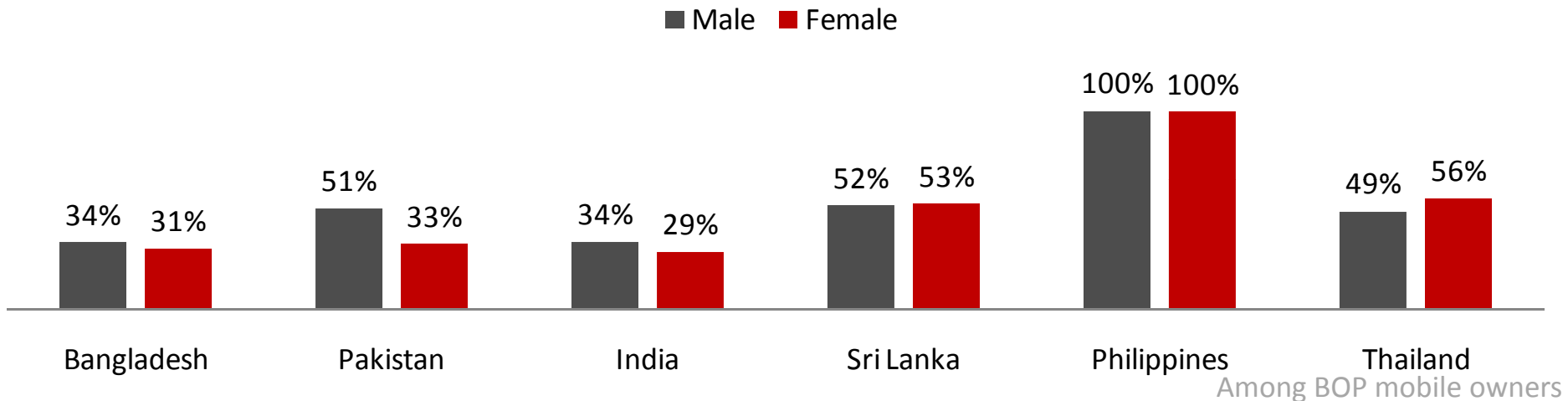


Among BOP fixed phone owners

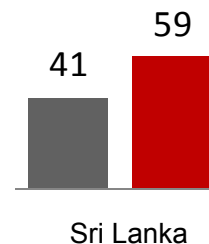
- Similar pattern seen with regards to missed calls

# SMS more popular among males in Pakistan and India (literacy?); but no difference in Sri Lanka

## SMS use on mobile (% of BOP mobile owners)



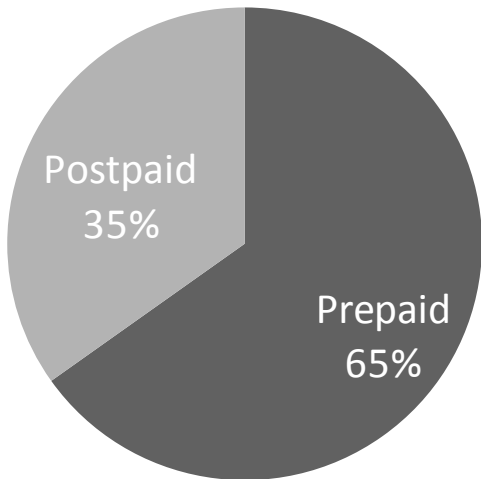
## SMS use on fixed phones (% of BOP fixed phone owners)



Among BOP fixed phone owners

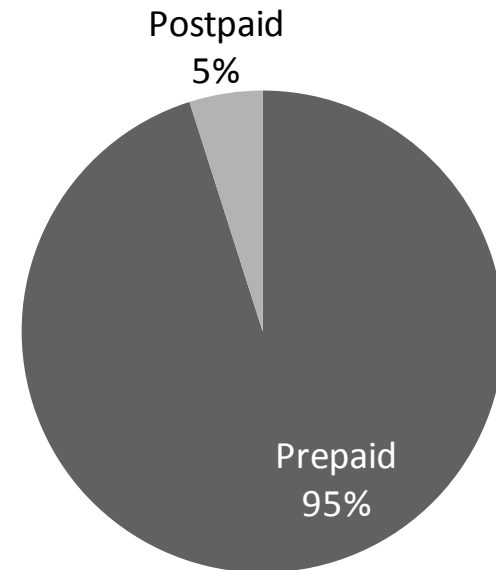
# Prepaid phones are popular at BOP in Sri Lanka

Type of fixed wireless package (% of fixed wireless phone owners)



Among BOP fixed wireless phone owners

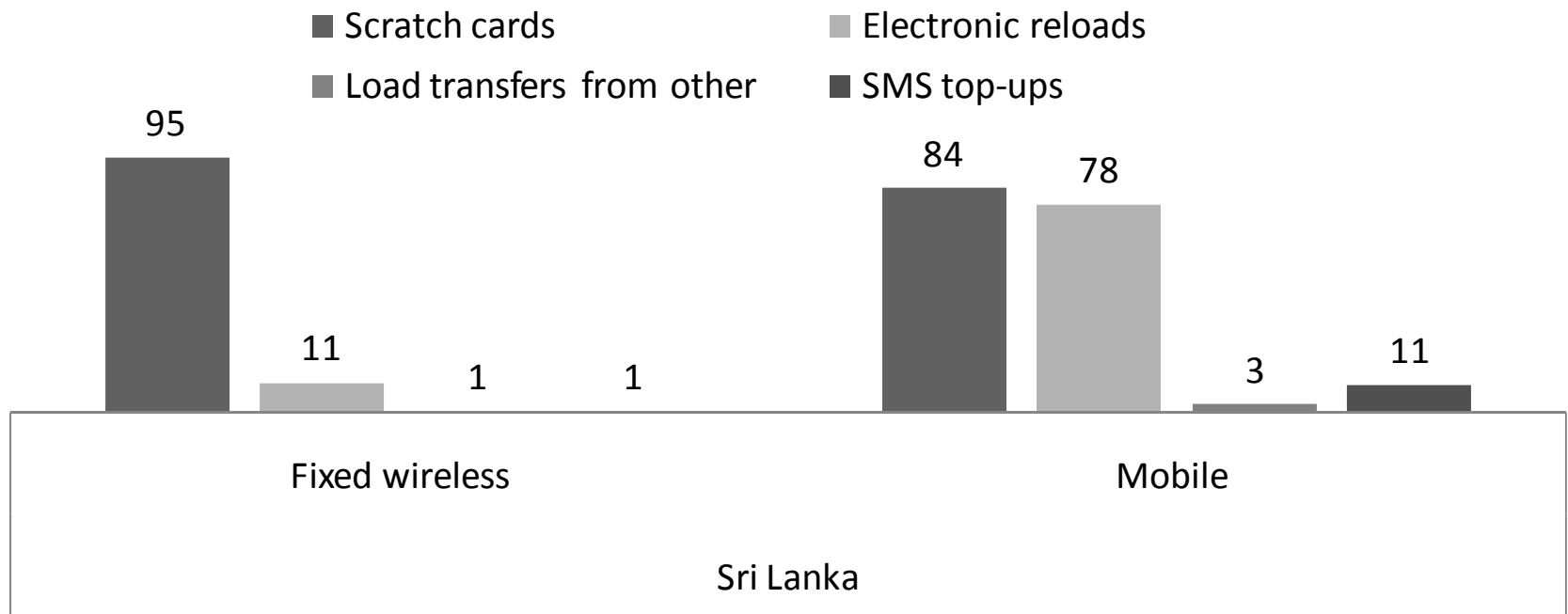
Type of mobile package (% of BOP mobile owners)



Among BOP mobile phone owners

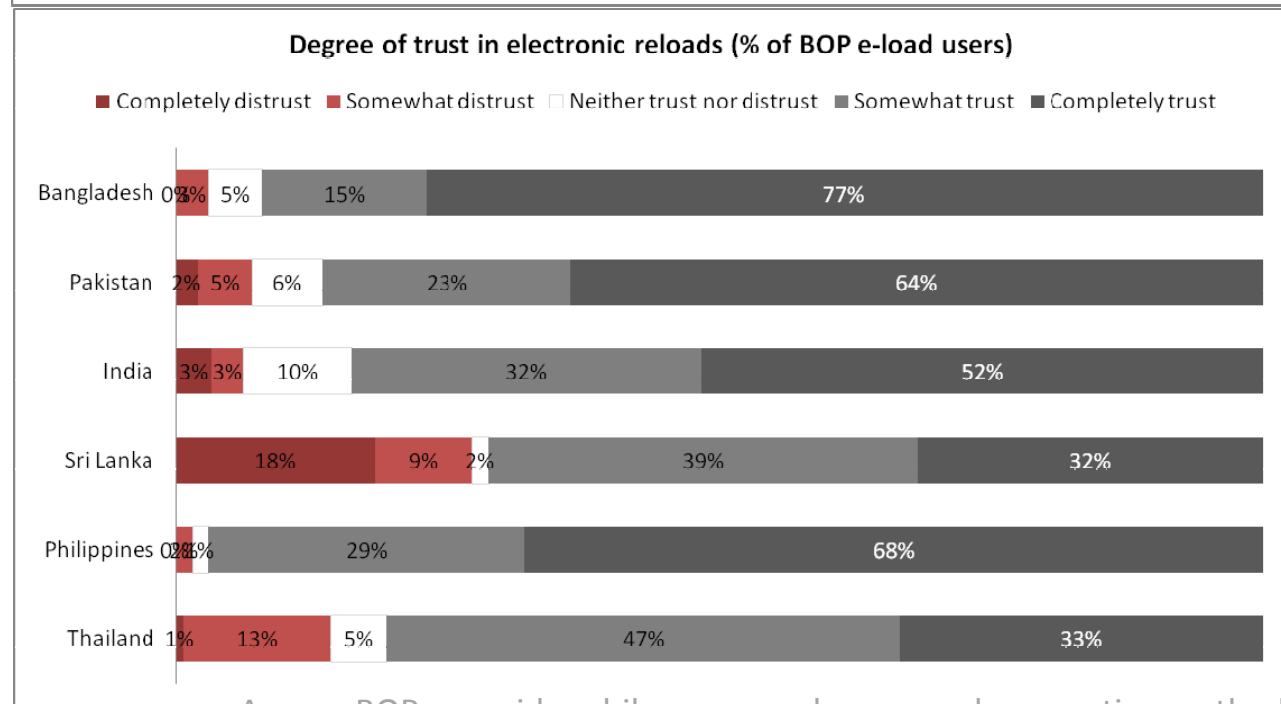
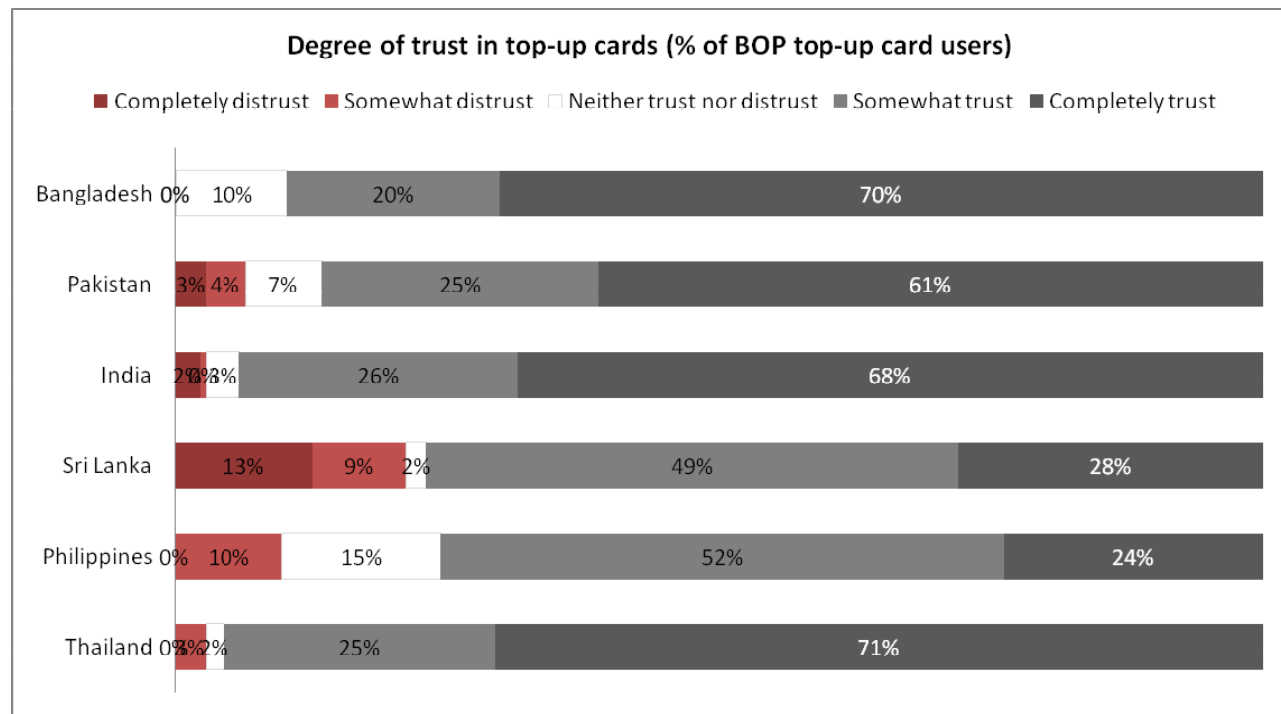
# Top-up method

Topping-up method (% of prepaid fixed and mobile phone owners)



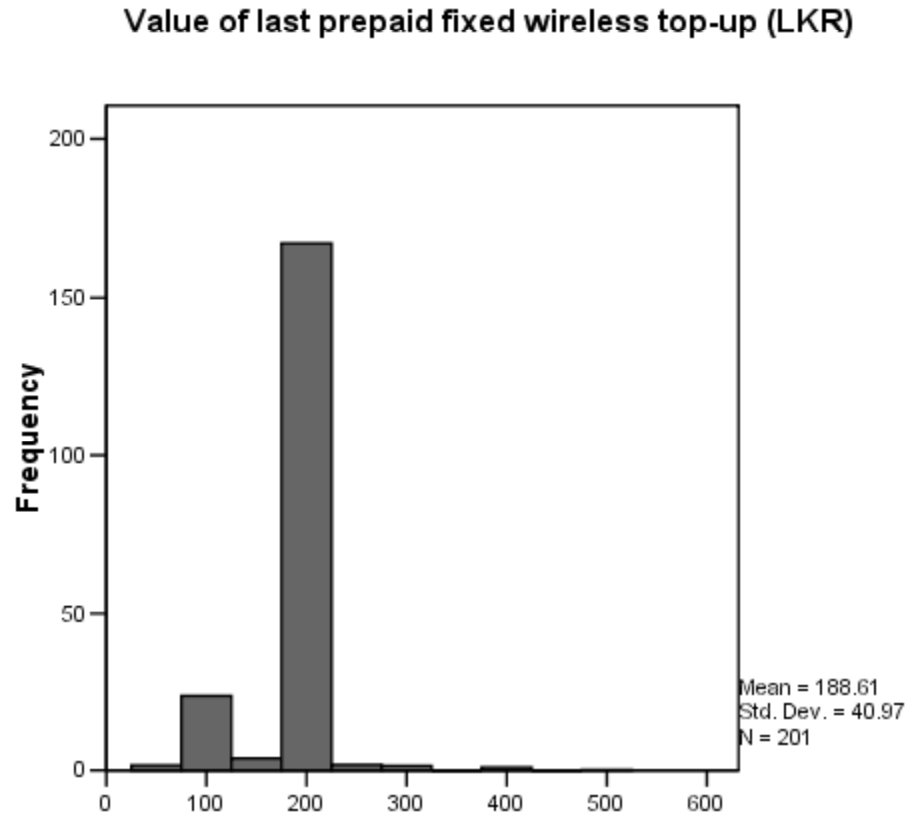
# Sri Lankan BOP lacks trusts in top-up methods

- 13% of Sri Lankan top-up card users “completely distrust” this method
- 18% of Sri Lankan electronic reload users “completely distrust” this method

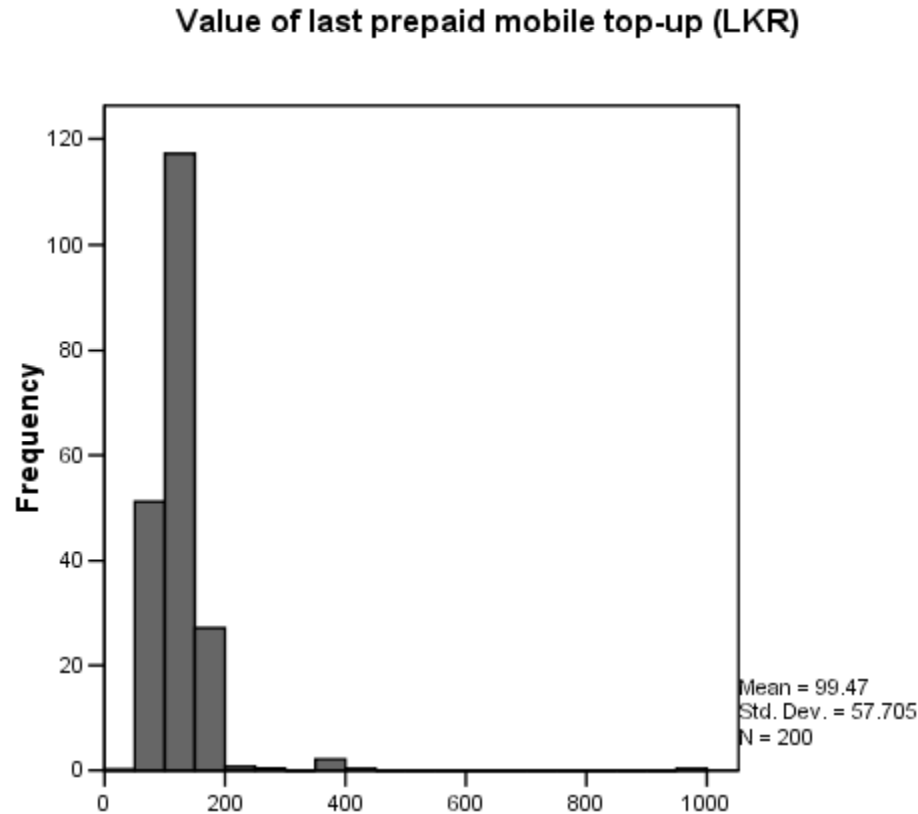


Among BOP prepaid mobile owners who use each respective method

# Fixed wireless prepaid owners mostly top up for LKR200

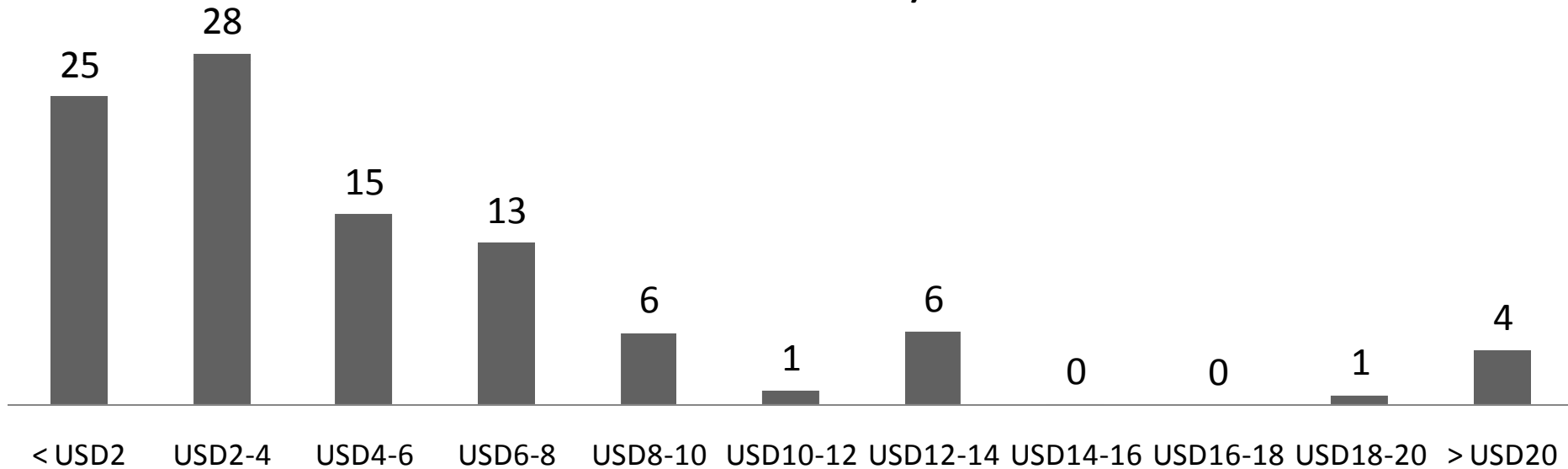


# Mobile prepaid owners mostly top up for LKR100



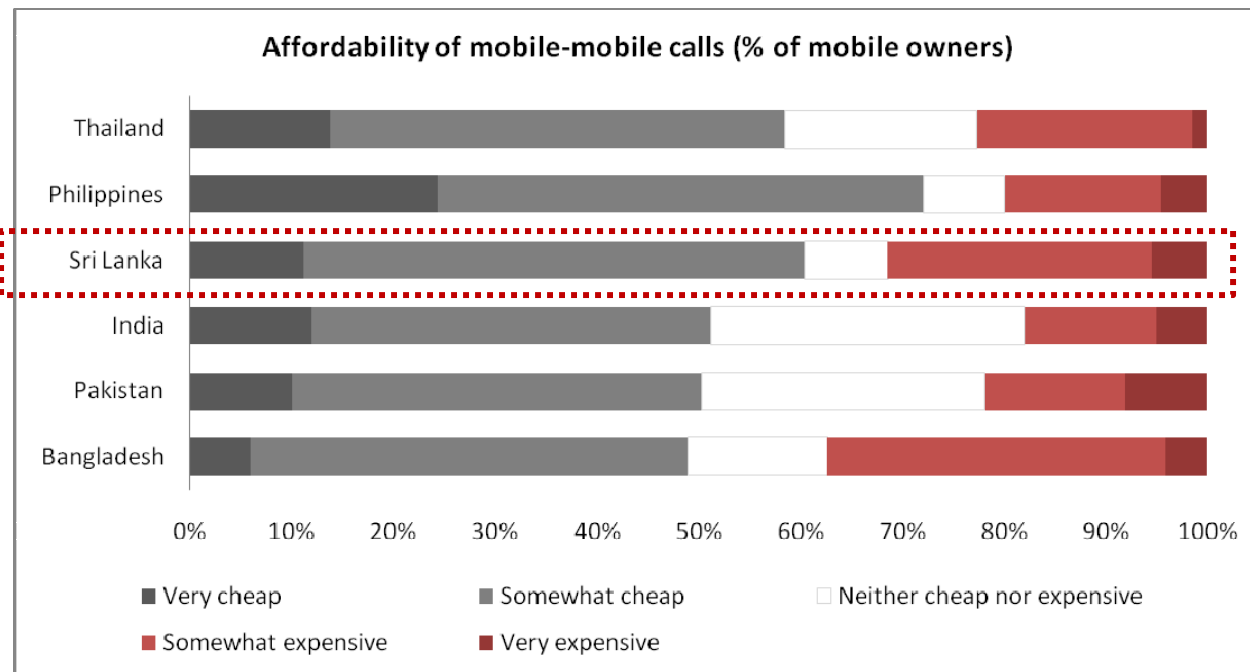
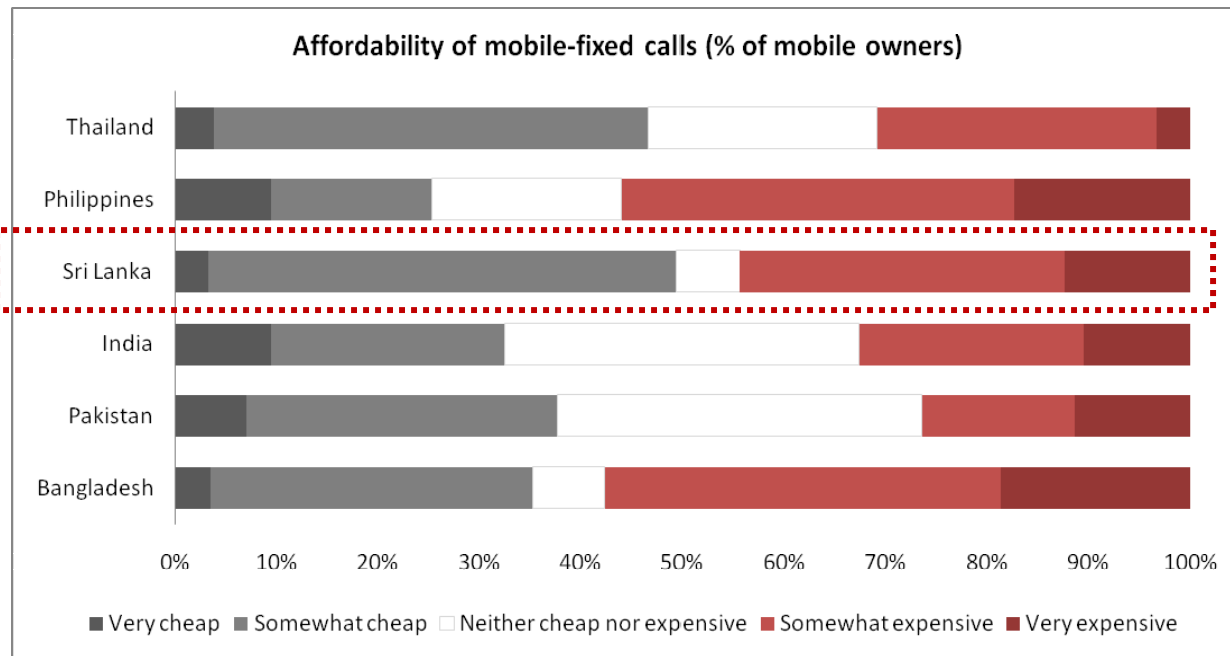
# Mean monthly prepaid mobile expenditure USD5.85 (s.d. 5.87); **but: most Sri Lankan BOP mobile owners spend USD2-4 monthly**

Distribution of monthly expenditure on prepaid mobile (% of BOP prepaid mobile owners)

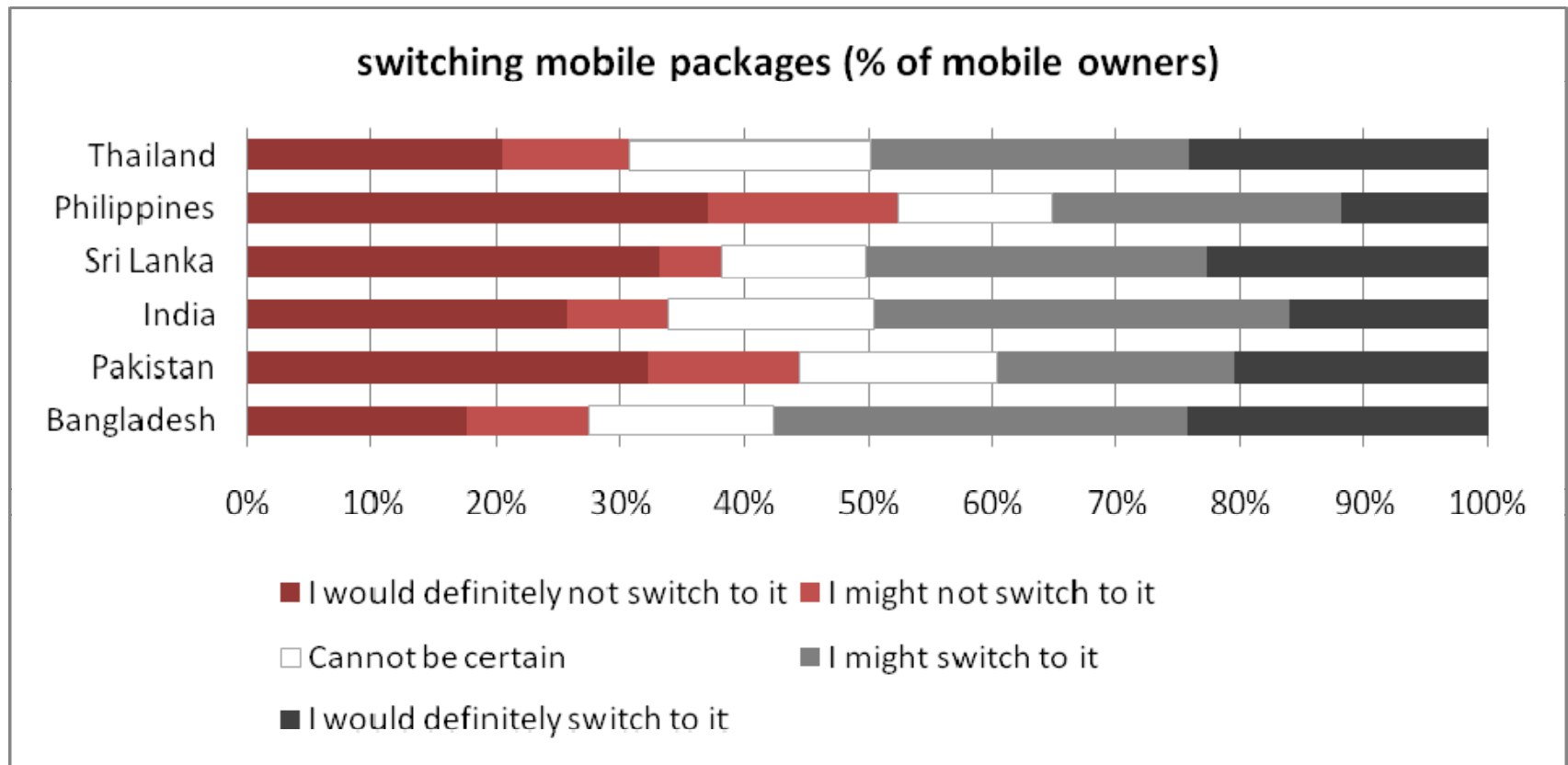


Based on amount of last top-up and how long they expect it to last

# Mobile-fixed calls perceived to be more expensive than mobile-mobile



# 33% of BOP mobile owners in Sri Lanka would *definitely not* consider switching to a cheaper package



- 46% of those unwilling to switch state that it is important to keep the number at present
  - Given MNP + cheaper package, 68% of mobile BOP owners will switch

# Agenda

**WHO ARE THE BOP?**

**BOP TELECOM EXPANSION**

ACCESS

OWNERSHIP

**MARKET POTENTIAL**

WHAT THOSE AT BOP DO WITH THEIR MOBILES?

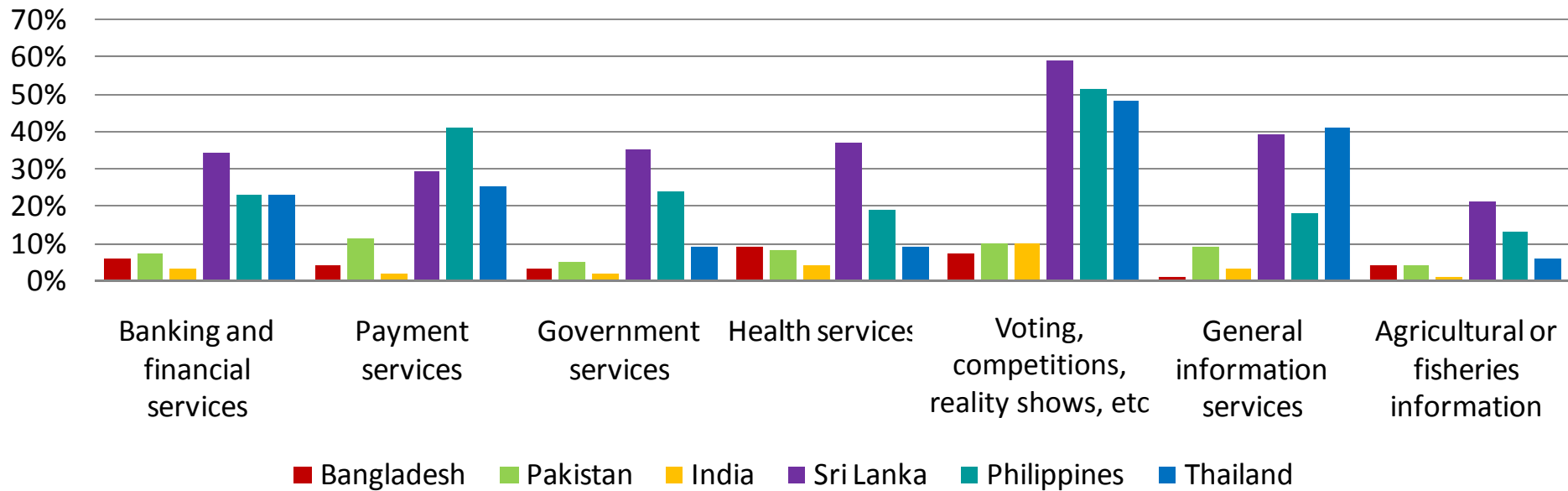
POTENTIAL FOR MOBILE 2.0?

BENEFITS?

THE UNCONNECTED...

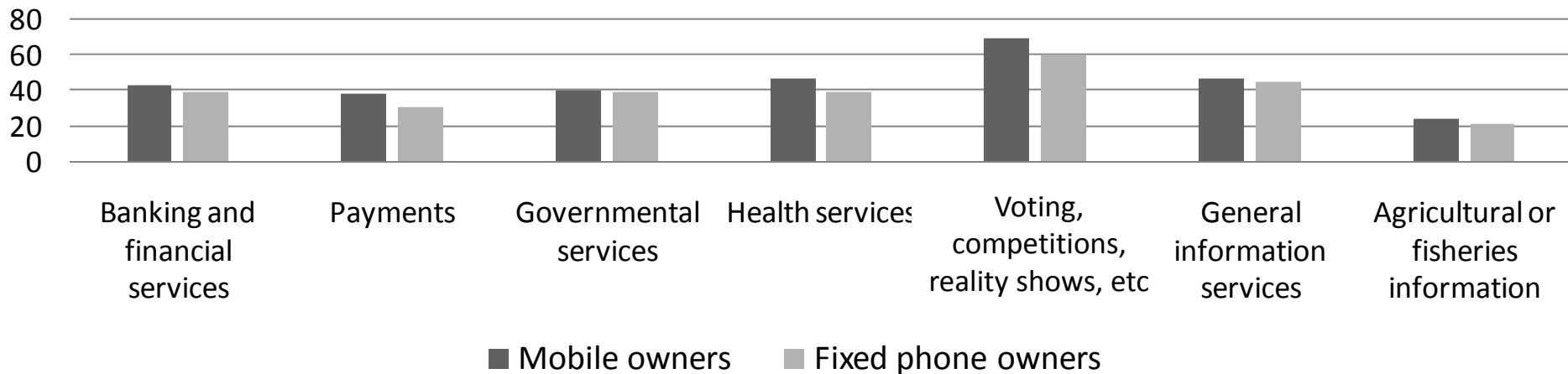
# Awareness among Sri Lankan BOP on par with/higher than Southeast Asia

Awareness of services available on phones and computers (% of BOP teleusers)



# Awareness slightly higher among **mobile owners** in Sri Lankan BOP

Awareness of services available through phones or computers (% of BOP mobile and fixed phone owners)



# Some (limited) use of services at BOP (e channeling ahead of superstar??)

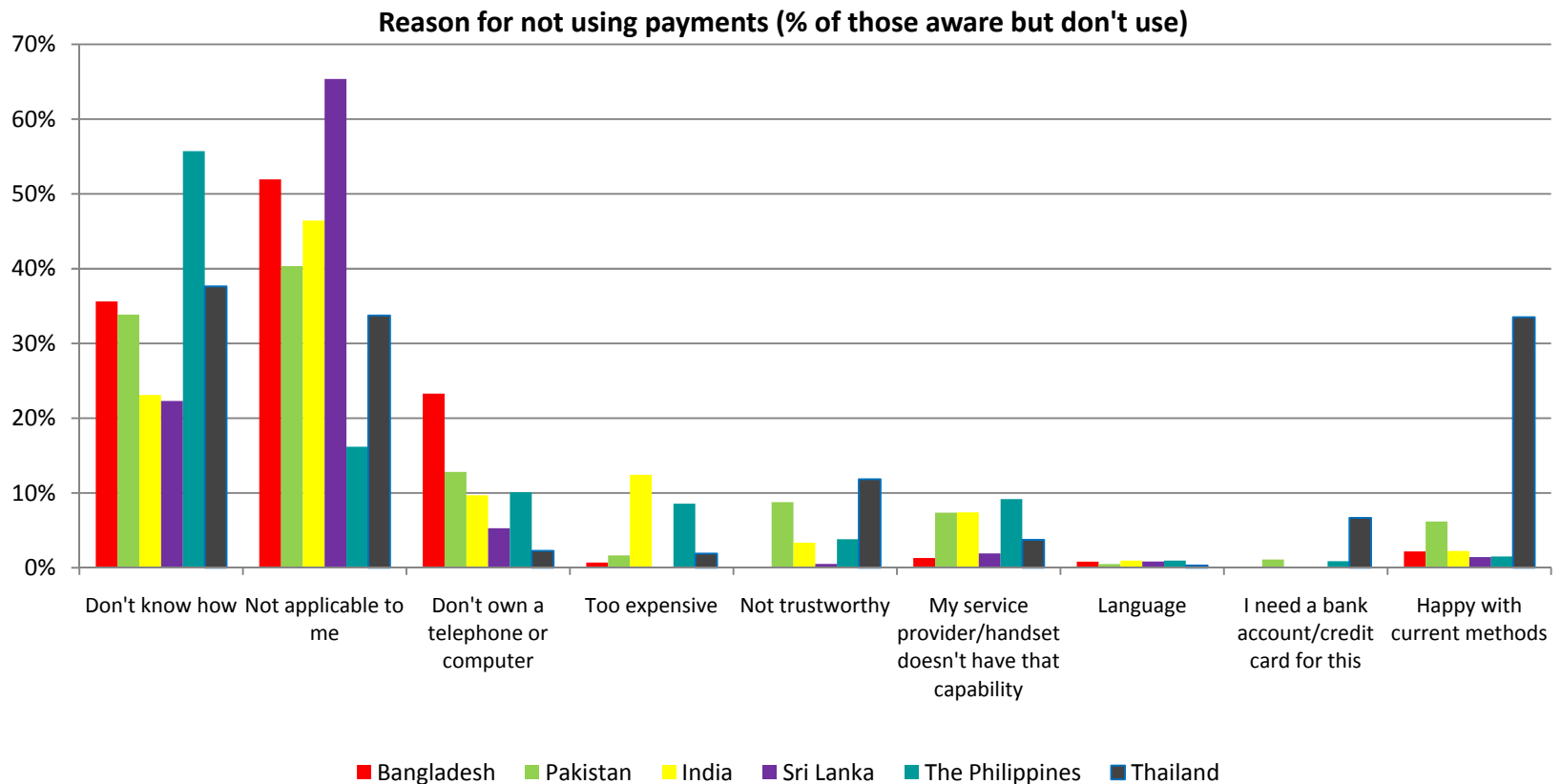
	Sri Lanka (% of BOP teleusers who are aware of such services)	
	Use regularly	Use, but not regularly
Banking and financial services		5.9%
Payment services	0.1%	11.8%
Government services	0.7%	7.1%
Health services	0.4%	21.6%
Voting, competitions, reality shows, etc	0.9%	8.1%
General information services	0.1%	7.6%
Agricultural or fisheries information		3.1%

# Sri Lankan BOP a little more advanced than other countries

(% of BOP teleusers who are aware of such services)

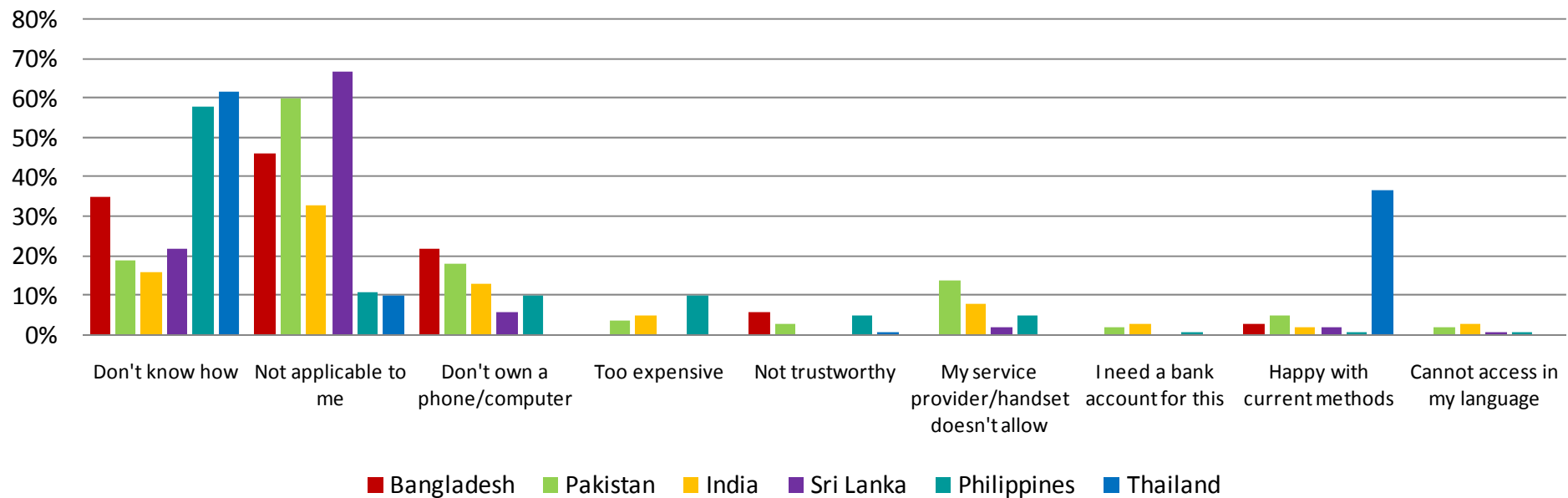
	BD		PK		IN		LK		PH		TH	
	Regularly	regularly	Not	Regularly	regularly	Not	Regularly	regularly	Not	Regularly	regularly	Not
Banking and financial services							1%	2%		1%		3%
Payment services								3%	2%	3%	1%	4%
Government services								2%		2%		
Health services		1%					1%	8%		1%		2%
Voting, competitions, reality shows, etc					1%	1%	1%	5%		7%	1%	8%
General information services		1%		1%				3%		2%	5%	11%
Agricultural or fisheries information								1%				

# Payments: Most who are aware don't know how or don't feel the need to use it



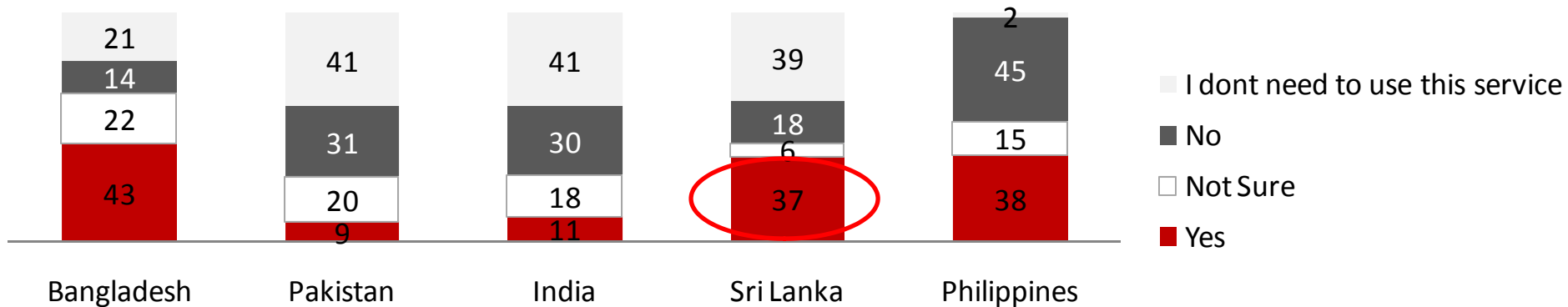
# Government services: Most who are aware don't know how or don't feel the need to use it

Reason for not using government services (% of those who are aware but don't use)

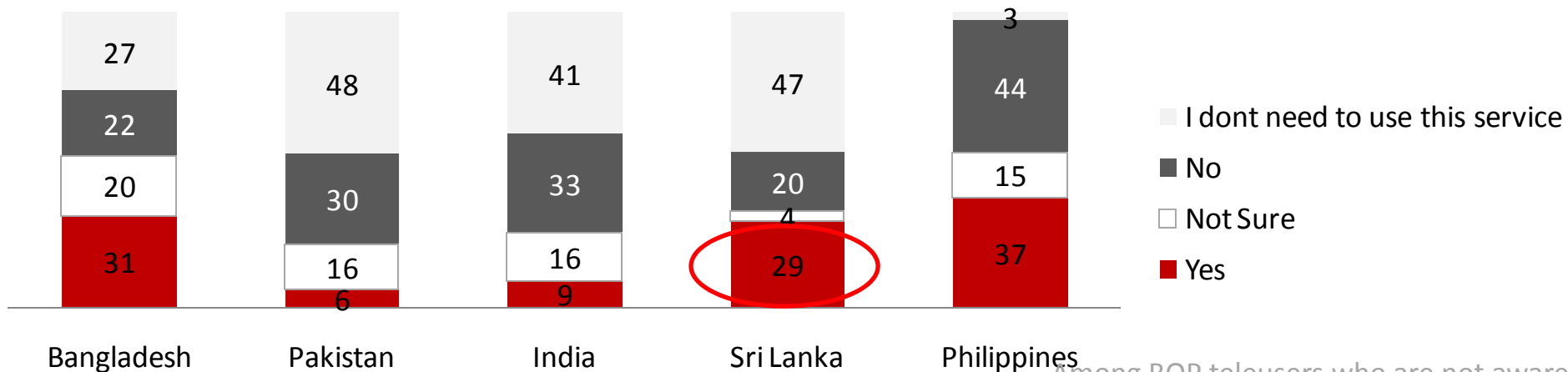


# Who among the aware are willing to use money transfer services and govt services via a mobile?

Willingness to try **sending or receiving money** (% of BOP teleusers who are currently unaware of such services)



Willingness to try **accessing government services** (% of BOP teleusers who are currently unaware of such services)



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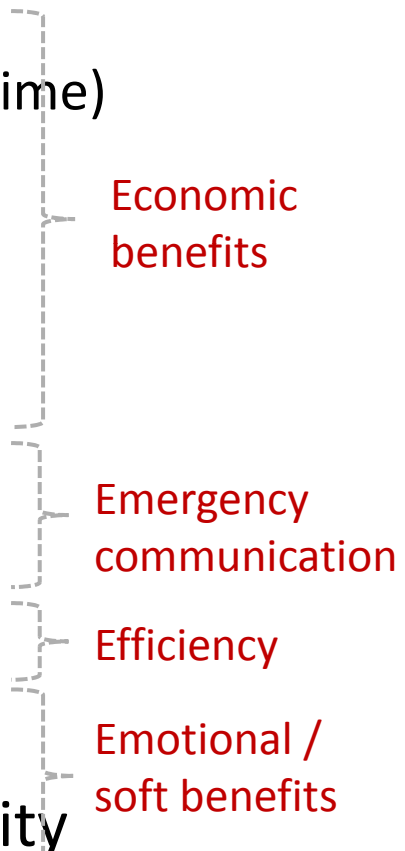
WHAT THOSE AT BOP DO WITH THEIR MOBILES?

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THE UNCONNECTED...

# Survey asked about perceived benefits of telecom access: *how has telecom access improved ...*

- Your ability to:
    - make more money (generally, and via sale of talk time)
    - find out about employment/work opportunities
    - access price or market information
    - save money
    - save on travel cost
    - act in an emergency
    - contact others in an emergency
  - The efficiency of your day to day work
  - Your relationships with family and friends
  - Your social status/ recognition in the community
- 
- Economic benefits
- Emergency communication
- Efficiency
- Emotional / soft benefits

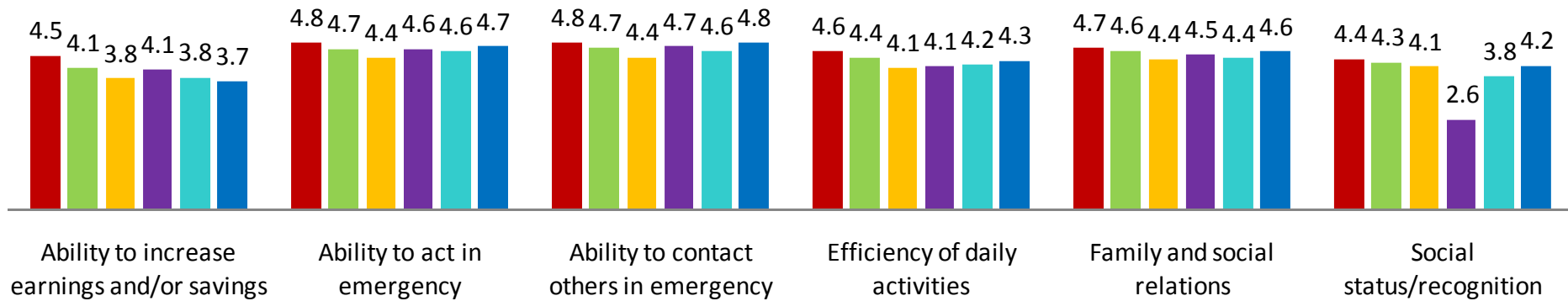
**Five-point scale: 1=worsened → 5=improved**

# Largest benefits perceived in emergency communication and relationship maintenance

1=worsened 2 = slightly worsened 3=no change 4=slightly improved 5=improved

## Perceived benefits of telecom access: General

■ Bangladesh ■ Pakistan ■ India ■ Sri Lanka ■ Philippines ■ Thailand

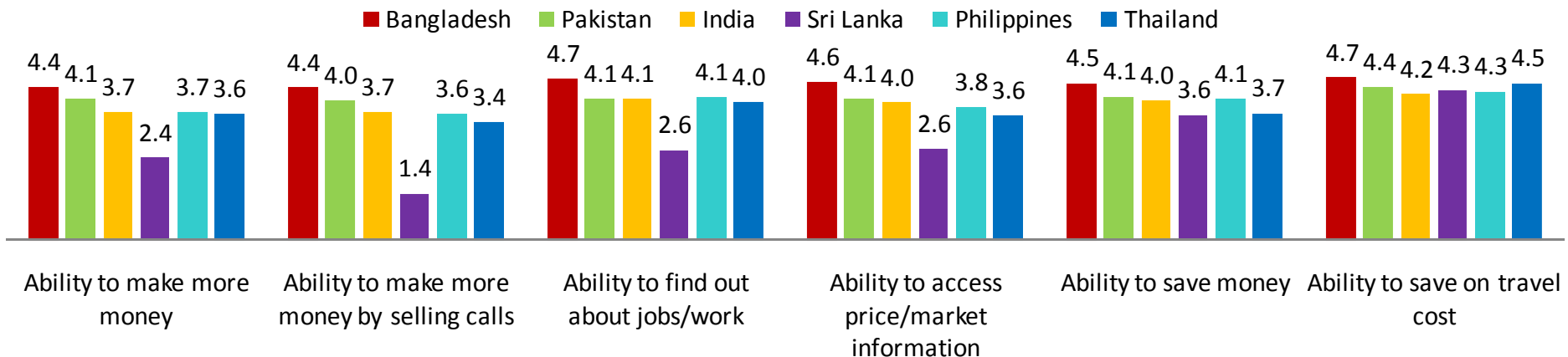


- Smallest benefit on economic factors
- Sri Lankans have an odd position on social status

# Some Sri Lankan BOP teleusers say having a phone *worsened* financial aspects of their lives

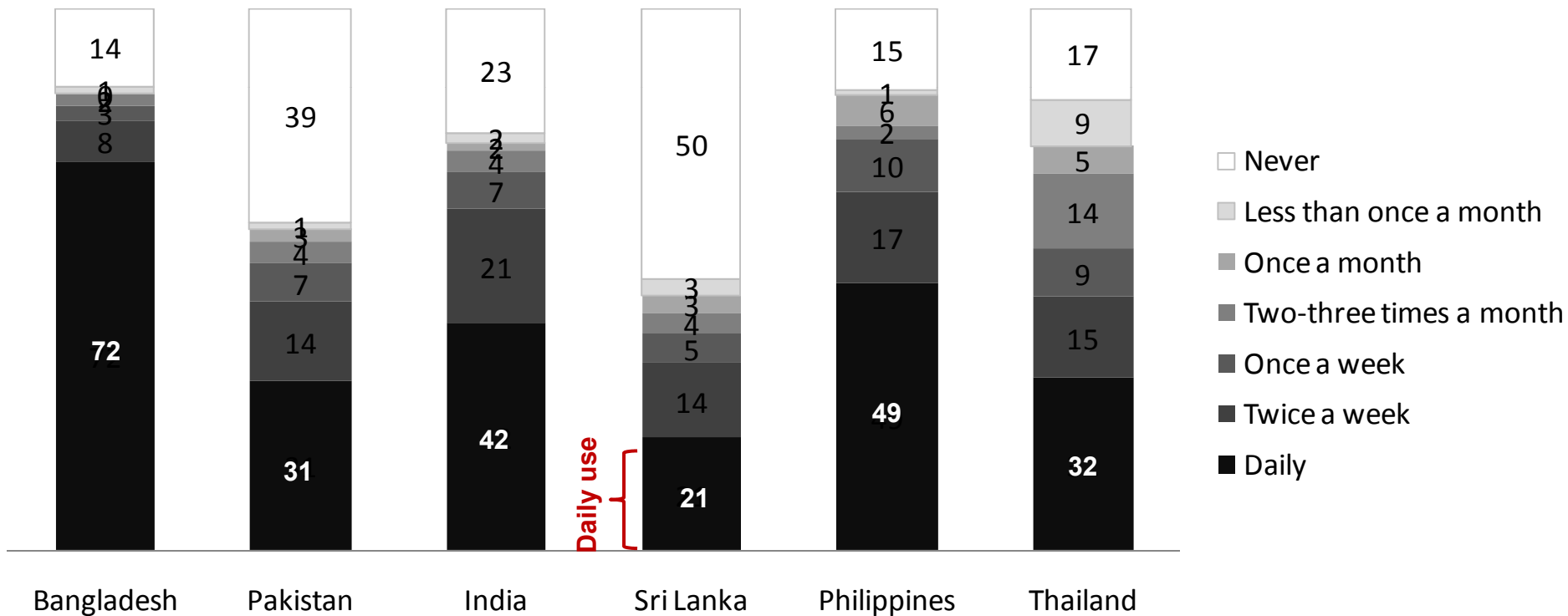
1=worsened 2 = slightly worsened 3=no change 4=slightly improved 5=improved

## Perceived benefits of telecom access: Livelihood-related



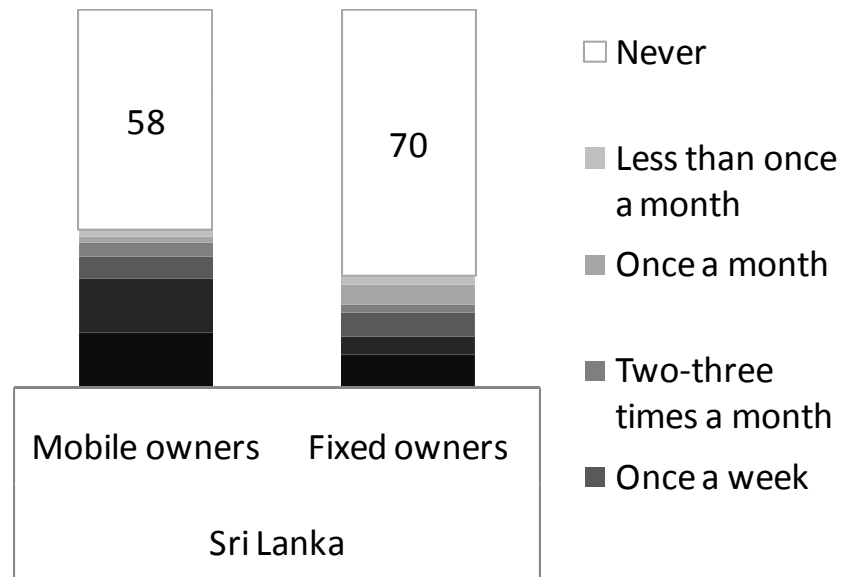
# Just 50% of Sri Lankan mobile owners at BOP use their mobile for business, financial or work-related purposes; more everywhere else

Use of the phone for financial, business or work-related purposes (% of BOP mobile owners)



# Even less use among fixed phone owners

Frequency of use of the phone for financial, business or work-related purposes (% of BOP phone owners)

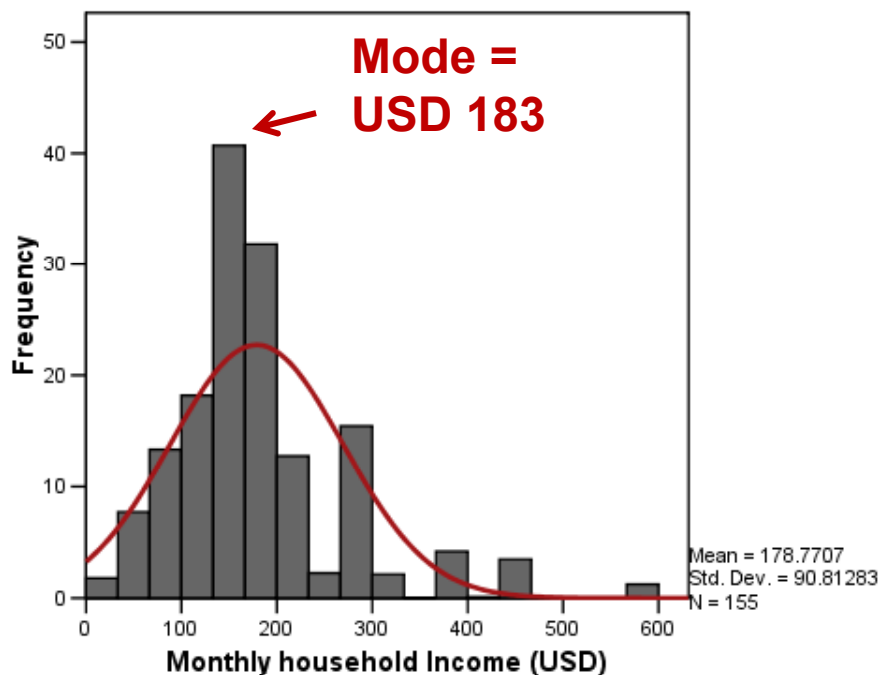


# Those who use their mobile for financial/business/work-related purposes earn a little more than those that don't

Use for business

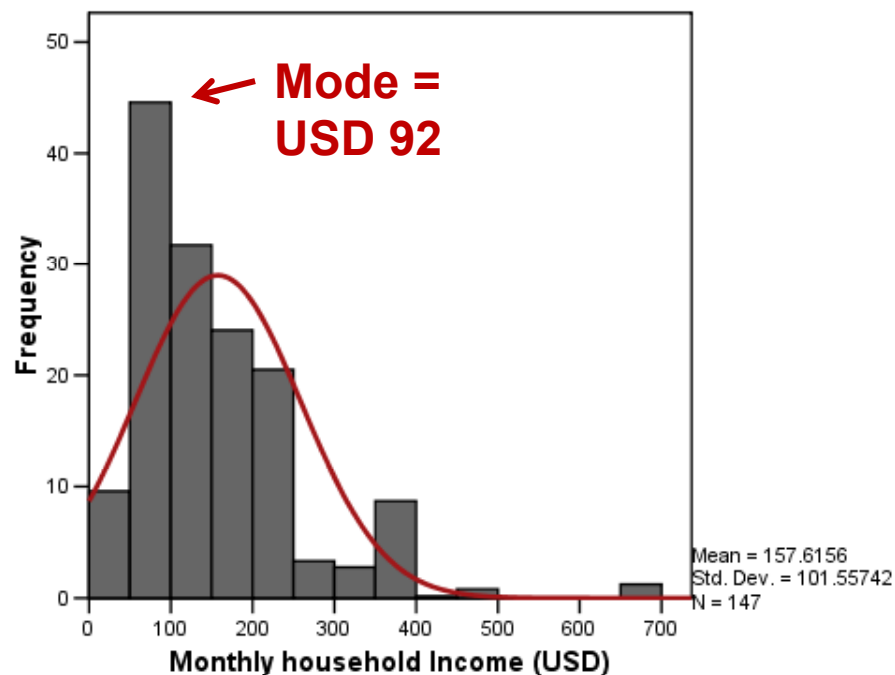
Don't use for business

Monthly household income of mobile owners that use their mobile for financial, business or work-related purposes (USD)



Cases weighted by Weighting Factor

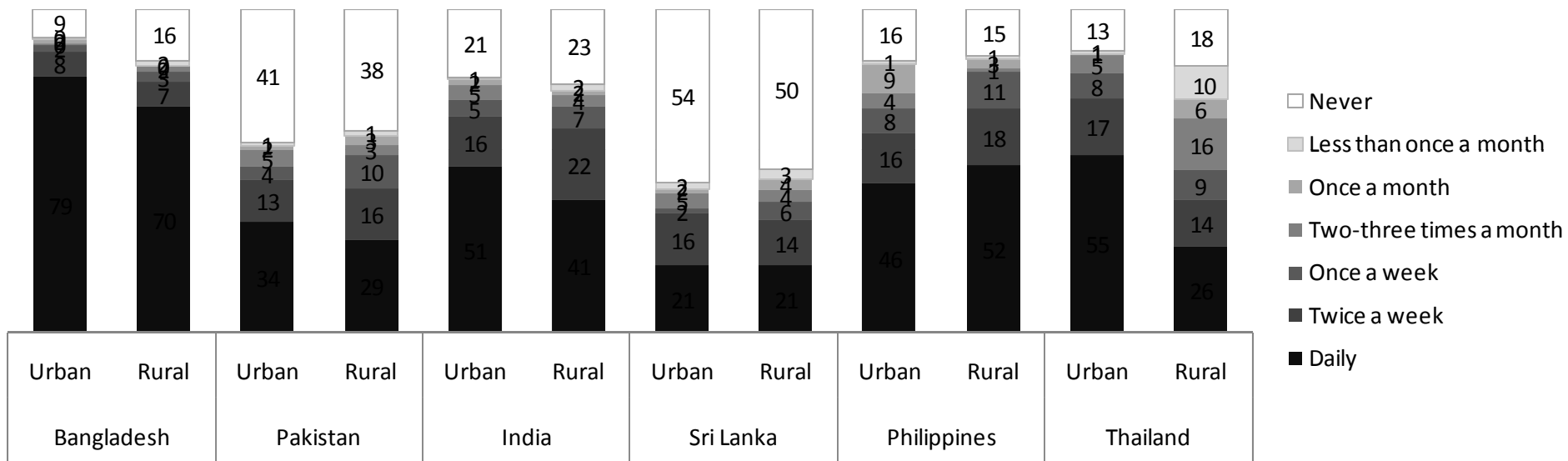
Monthly household income of mobile owners who use their mobile for financial, business or work-related purposes (USD)



Cases weighted by Weighting Factor

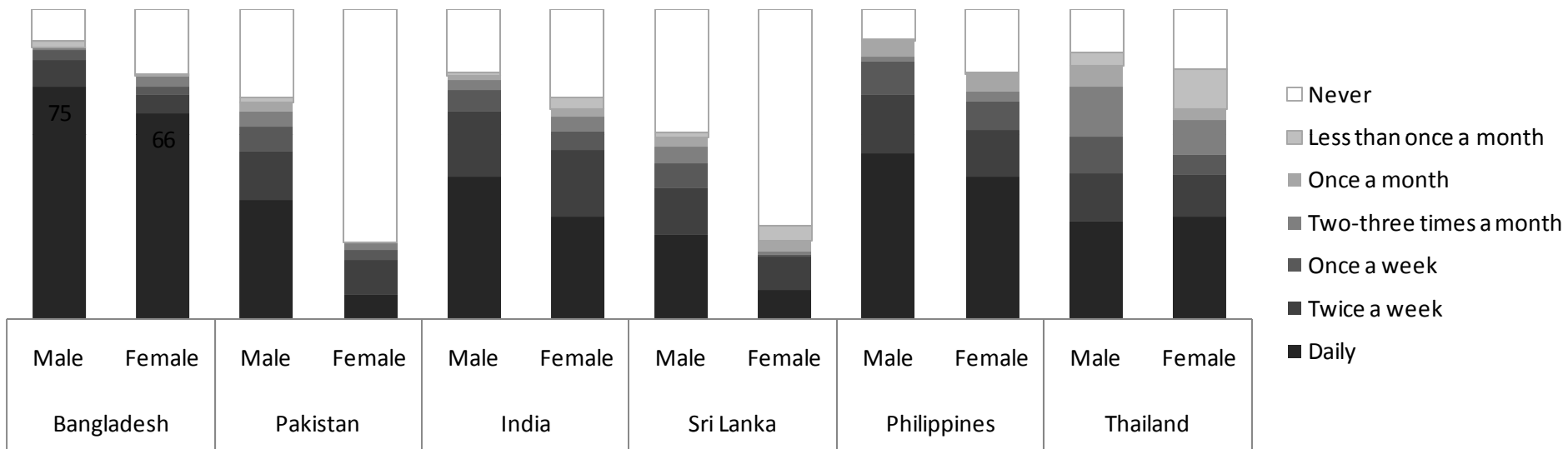
# Little difference between urban and rural Sri Lanka

Use of the phone for business, financial or work puposes (% of BOP mobile phone owners)



# Who is more entrepreneurial?

Use of the phone for business, financial or work puposes (% of BOP mobile phone owners)



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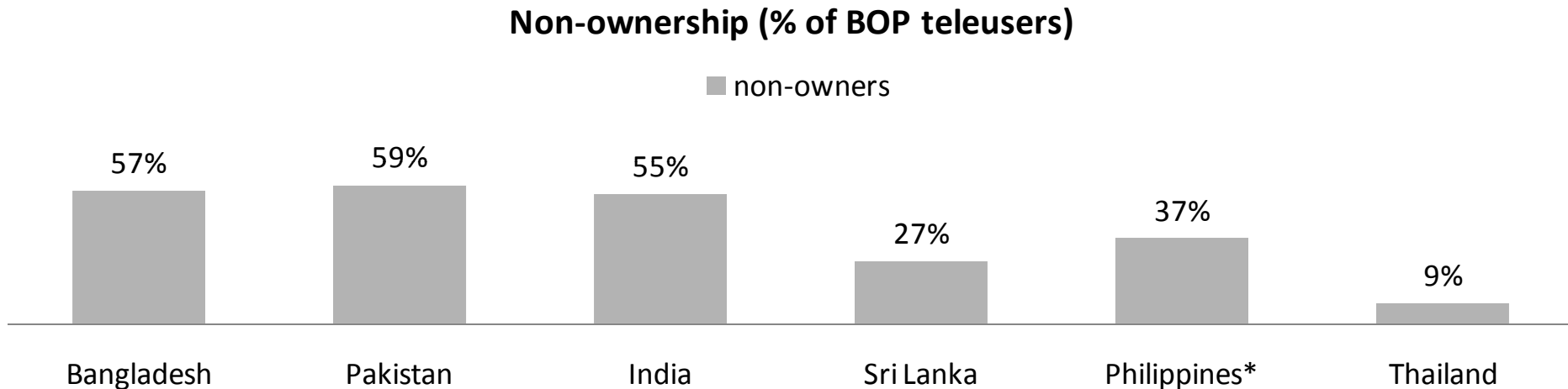
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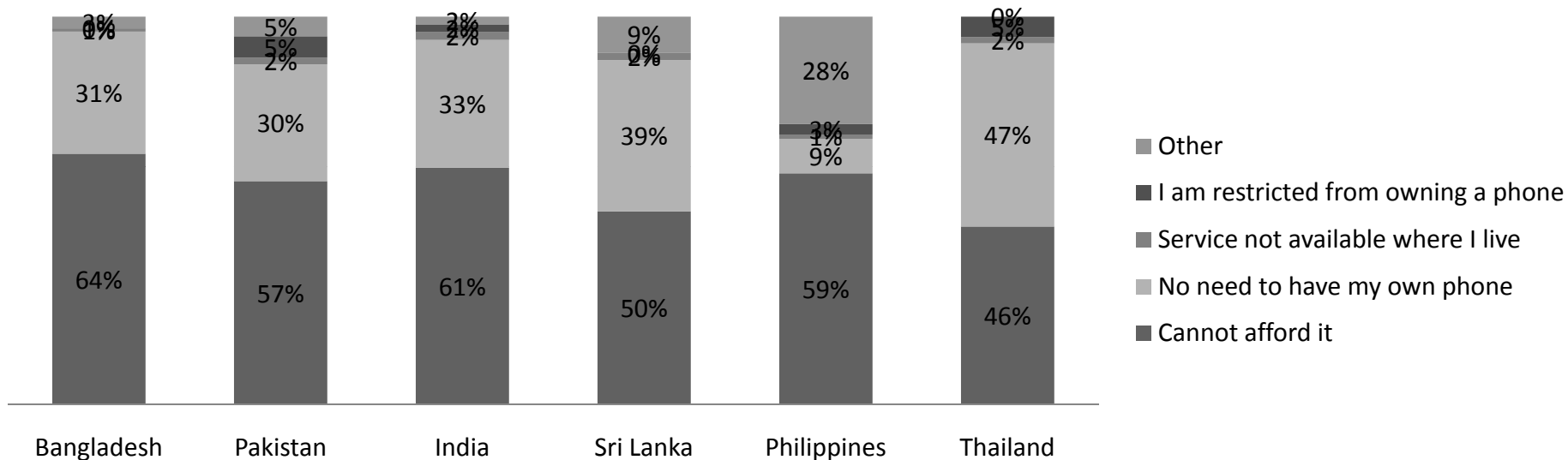
# Just 27% of Sri Lankan BOP teleusing households don't own a phone



- 76% of these non-owners can reach a phone in under 5 minutes

# Main reasons for not owning are affordability and the lack of a need

Primary reason for not owning a phone (% of BOP non-owner teleusers)

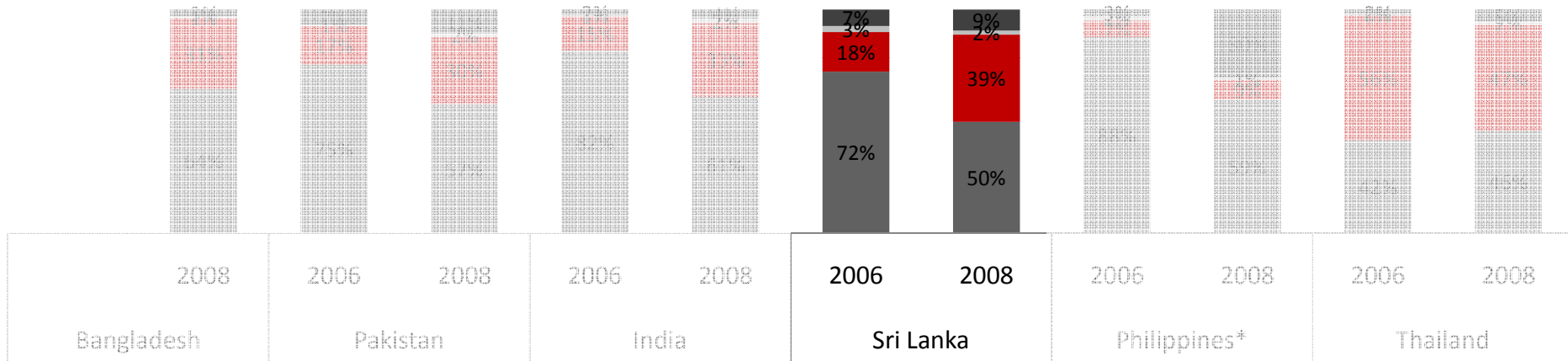


- Just 2% say that service is not available where they live

# Larger share of non-owners say they don't need a phone in 2008, compared to 2006

Key reason for not owning a phone (% of BOP non-owners)

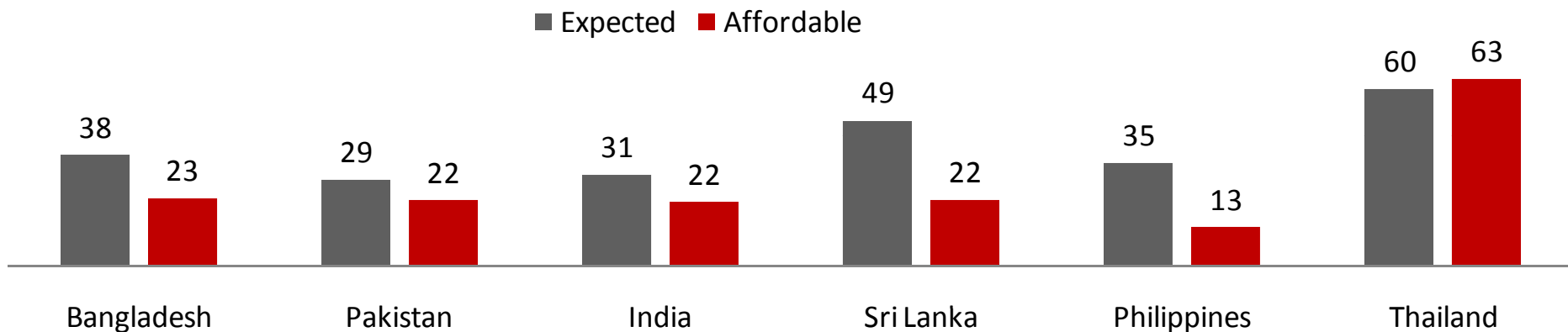
■ Cannot afford it   
 ■ No need to have my own phone   
 ■ Service not available where I live   
 ■ Other



- Approaching top of the “S” curve?

# Sri Lankan BOP can afford **USD22** to get connected, but think that it will actually cost them **USD44**

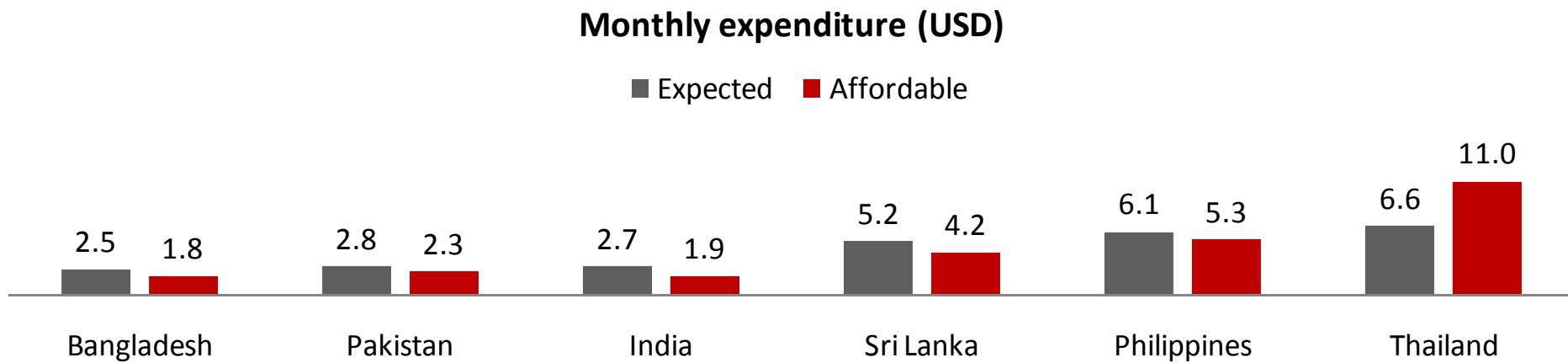
Initial cost of getting connected (USD)



## REALITY:

- Fixed: USD25-50
- Mobile: USD38-41 (USD2-5 for SIM + USD36 for second hand phone)

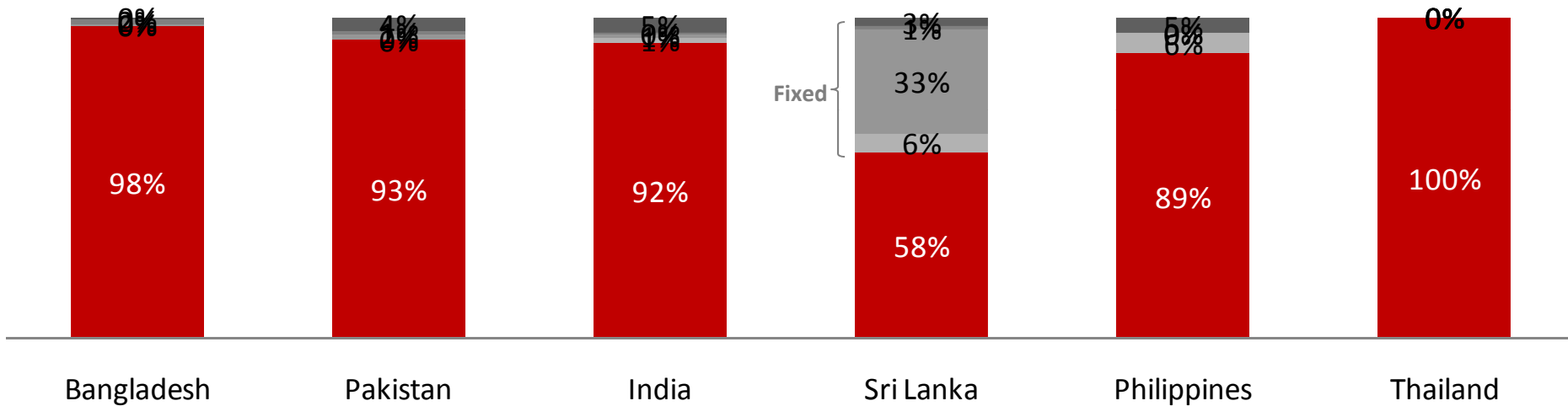
**Once connected they can afford to spend USD4.20 per month on communication costs, while think it will actually cost them USD5.20**



# 41% of the current unconnected BOP in Sri Lanka plan to get connected; 39% of them plan to get fixed phones

Type of phone planning to buy (% of potential BOP owners)

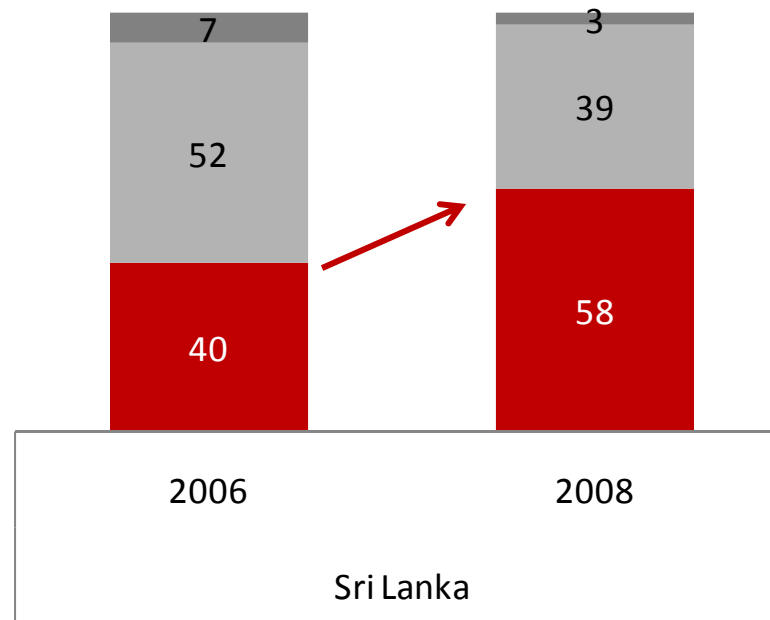
■ Mobile 
 ■ Fixed (wireline) 
 ■ Fixed (wireless) 
 ■ Fixed (undecided) 
 ■ Not decided



# Preference for mobiles has increased since 2006

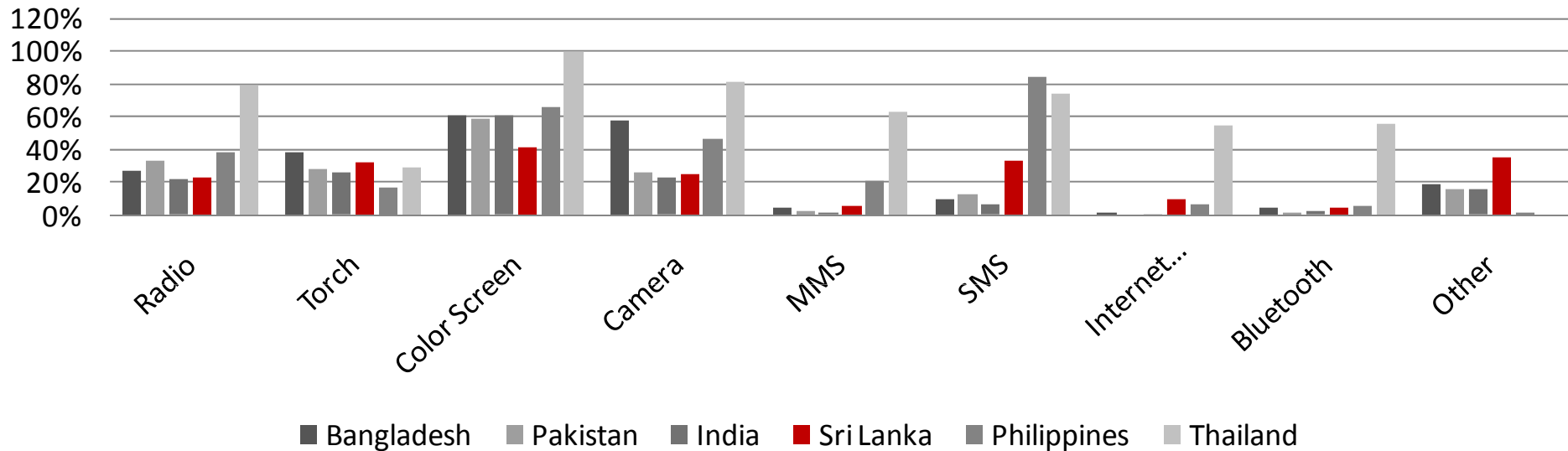
Type of phone planning to buy (% of potential owners)

■ Mobile ■ Fixed phone ■ Not decided



# Color screen, torch, SMS, radio and camera are the most sought after phone features

Desired phone features (% of potential owners)



# Takeaways

- Sri Lanka doing well on access
  - Urban BOP and rural BOP are not that different
- Fixed (wireless) market is growing at Sri Lankan BOP, but expected to slow down
  - These phones are used in similar ways to mobile (SMS, missed calling, etc)
- Tariffs perceived to be affordable; taxes too high
- Given cheaper package + MNP, two thirds of BOP mobile owners may switch
- Significant Mobile2.0 awareness
  - Conversion into trial and regular use
- Little entrepreneurial use of the phone at the LK BOP
  - Role for marketing?
- Cost expectations of getting connected vs. affordability vs. reality still out of line

[www.lirneasia.net](http://www.lirneasia.net)

**search term: BOP**

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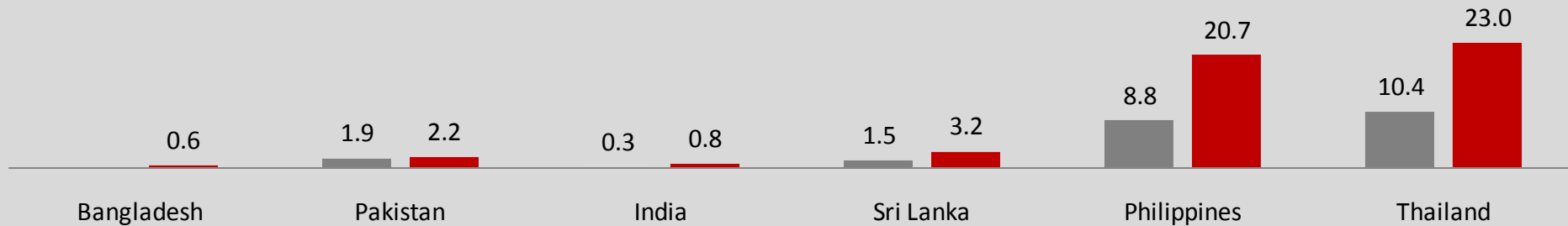
BENEFITS?

THE UNCONNECTED...

# Internet use still poor

Internet use (% of BOP teleusers)

■ 2006 ■ 2008



- 23% of Sri Lankan BOP teleusers haven't heard of the Internet

# Awareness improved since 2006 (except PK), but still poor

Haven't heard about the Internet (% of BOP teleusers)

■ 2006 ■ 2008

