

Profiling the BOP

Teleuse@BOP3: A six-country study of Teleuse at the *bottom of the pyramid*

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LIRNEasia@5



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IDRC
International Development
Research Centre



CRDI
Centre de recherches pour le
développement international

DFID Department for
International
Development

BOP a large, valuable, under-tapped market

- Lowest socio-economic groups
 - Roughly living on USD2 per day
 - SEC D + E (LIRNEasia)
- Many consumers consuming little amounts
 - Estimated 3 billion, globally
- Many opportunities for companies (as well as consumers)

Understanding of emerging Asian BOP's use of ICTs (mostly phones) via **Teleuse@BOP** studies

- BOP defined as SEC groups D + E*
- What this means in *emerging Asia*... **579 million****
 - Bangladesh (2008)
 - Pakistan
 - India
 - Sri Lanka
 - Philippines
 - Thailand
- 10,000+ individuals surveyed; 200+ studied in depth via FGDs, mini-ethnographies and home visits

SEC D+E vs. USD2/day comparison

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 USD2 per day (% of population)	84	80	74	43	42	25
Year	2000	2004	2002	2003	2002	2002
Source: World Resources Institute						

9,940 BOP teleusers surveyed

	Bangladesh	Pakistan ^[1]	India	Sri Lanka ^[2]	Philippines ^[3]	Thailand ^[4]	Total
BOP teleusers	2,050	1,814	3,152	924	800	800	9,540
Margin of error @ 95% CL (%)	± 3%	± 2%	± 2%	± 3%	± 4%	± 4%	
Migrant workers	350	300	400	200	200	100	1,550

- Additional 200 (approx.) studied in depth via FGDs, mini-ethnographies and home visits

[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

WHO ARE THE BOP?

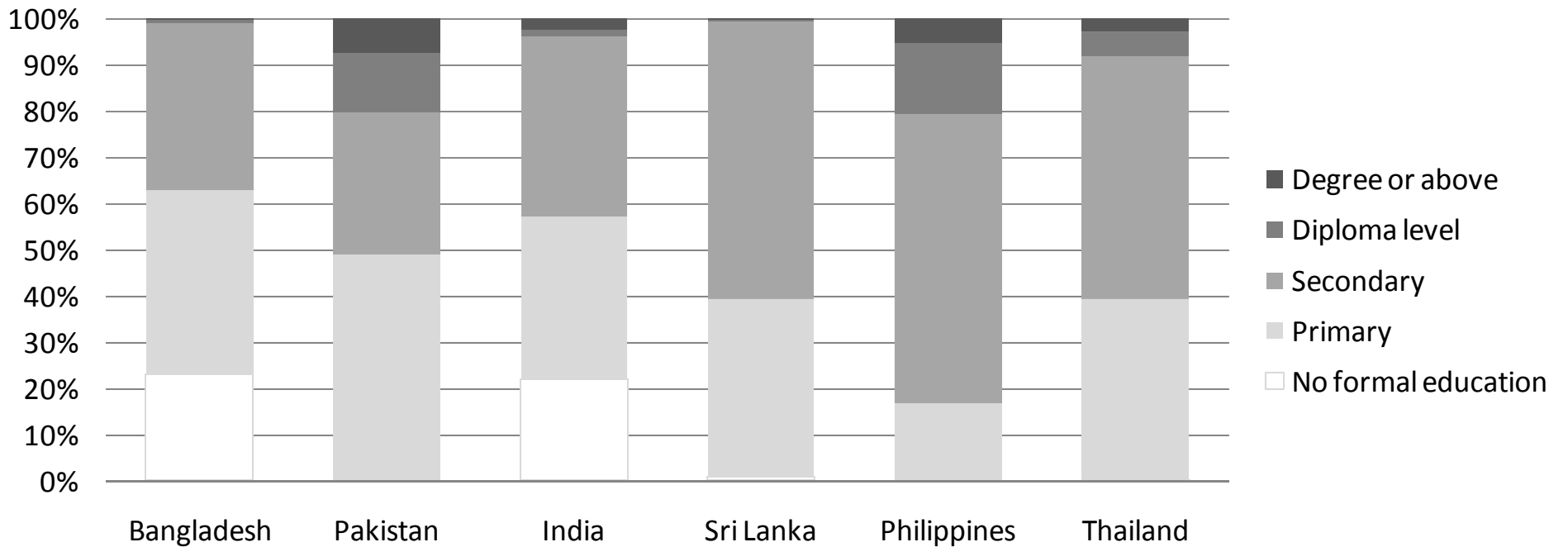
Lower two socio-economic categories (D & E)

	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
Mean household income (USD/day)	117	126	99	151	127	171
Mean personal income (USD/day)	36	37	38	54	45	79

- Earning ~USD1-2 per day
- Primary-secondary education

Educational attainment does not exceed primary or secondary education

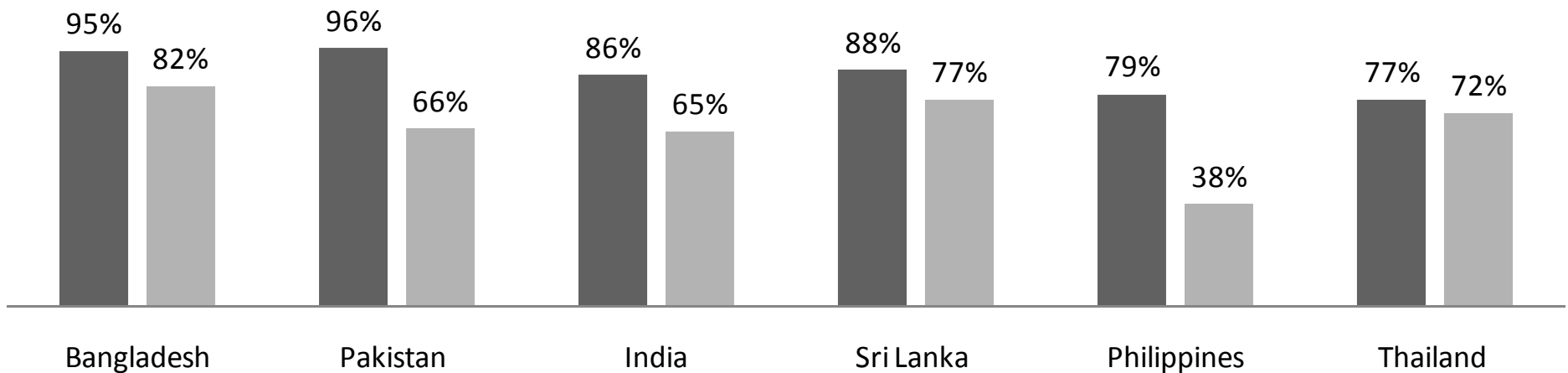
Educational attainment (% of BOP teleusers)



Most have *used* a phone in the last 3 months

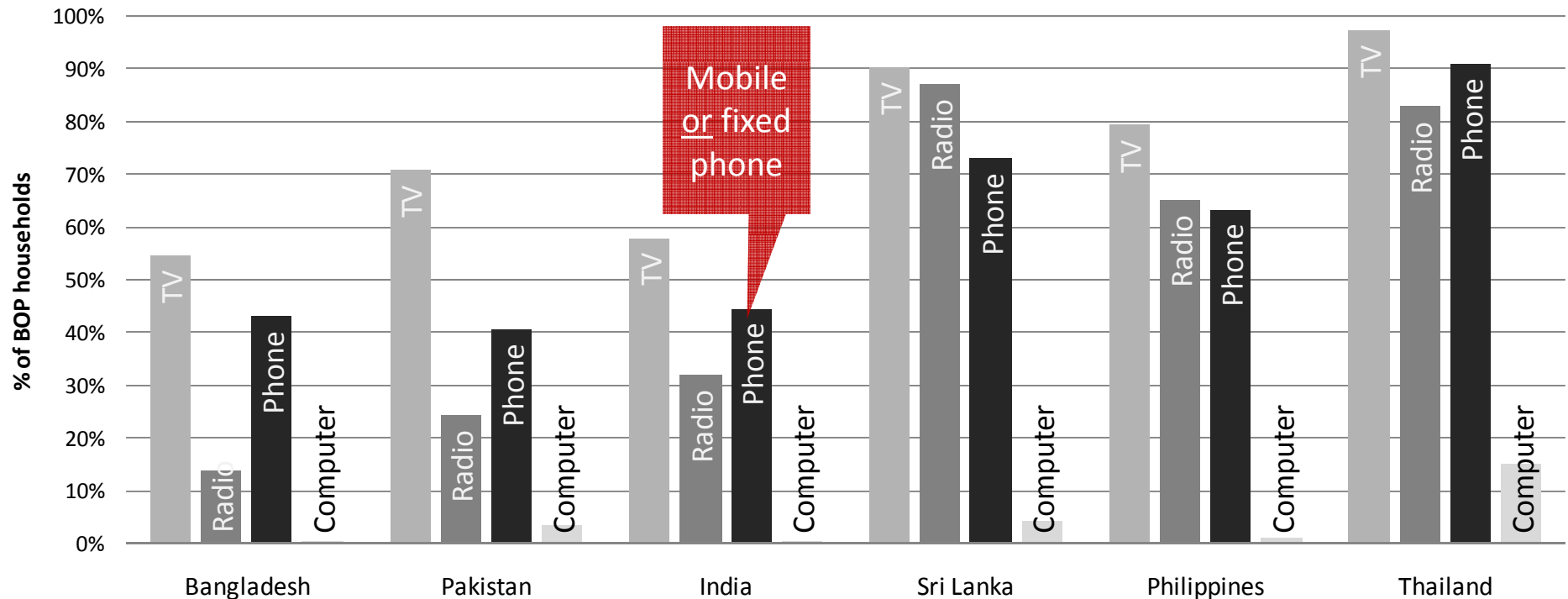
Use of the phone (% of BOP [outer sample])

■ Have used phone in last three months ■ Have used a phone in last week



Many own phones

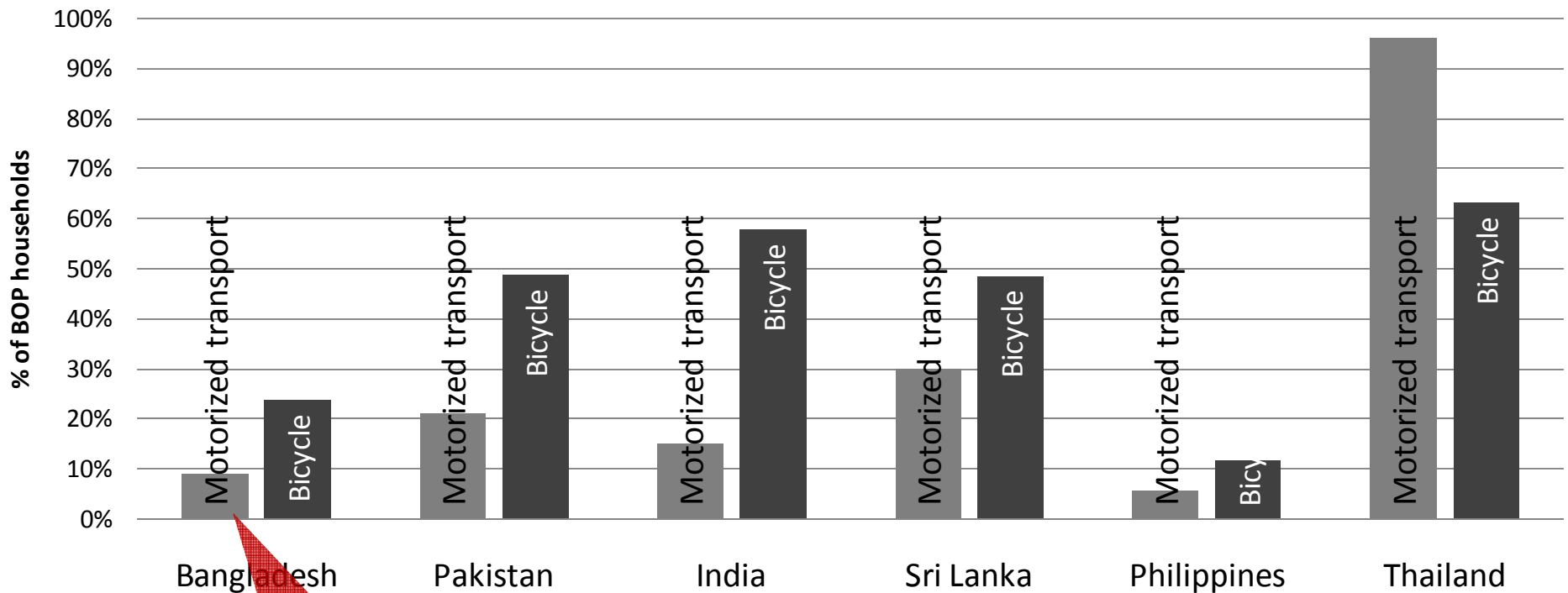
Access to communication technologies within the household (% of BOP teleusers)



- In addition, many have access to other householders' mobiles (esp in South Asia)

Some have access to transport

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



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

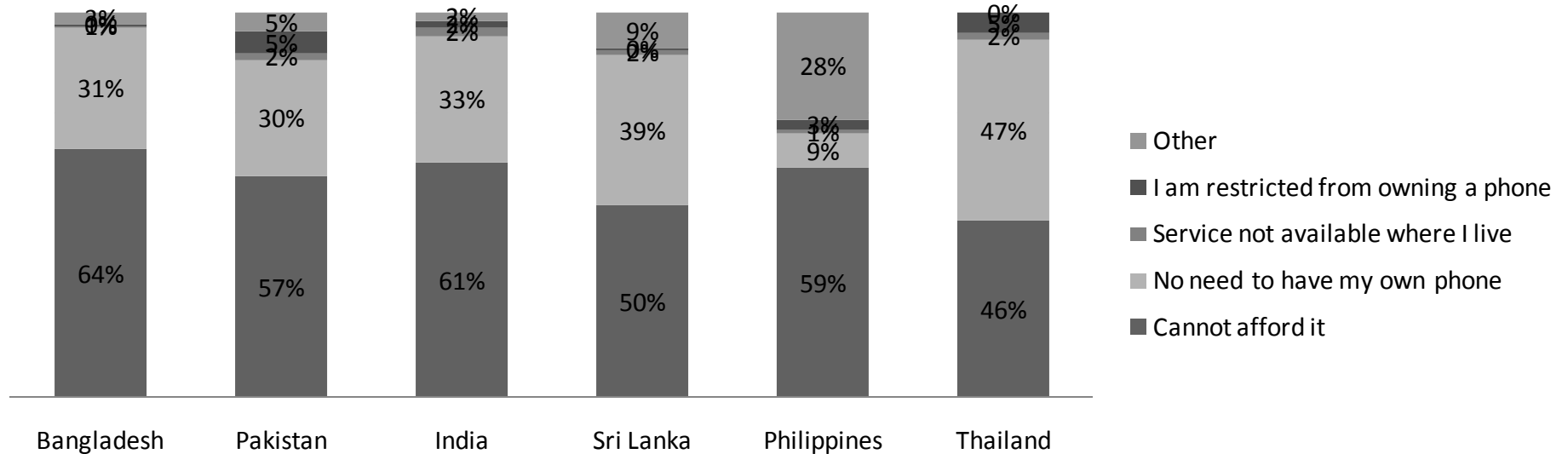
Few have access to bank accounts

	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
Bank account	29	11	35	82	10	65
Credit card	3	2	3	9	1	8

AFFORDABILITY

Main reason for not owning is affordability

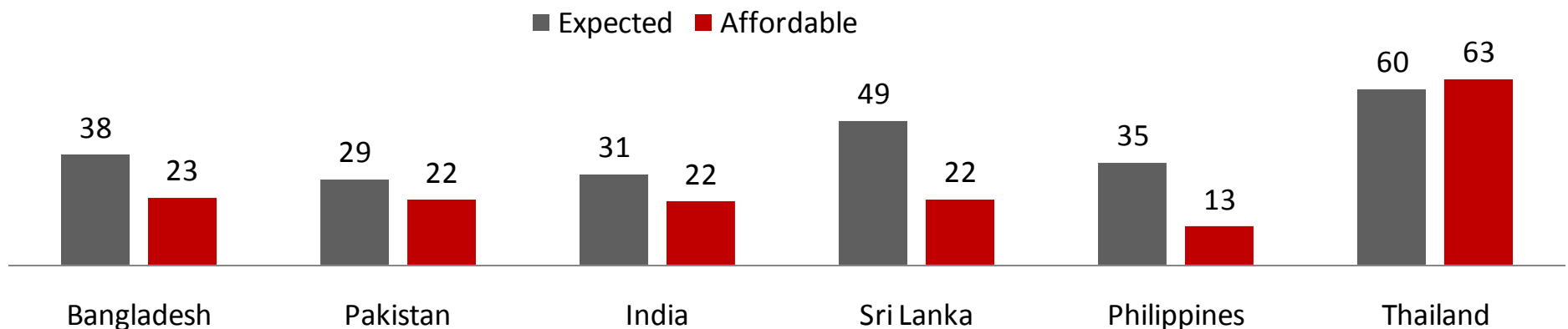
Primary reason for not owning a phone (% of BOP non-owner teleusers)



- As many as 50-60% in BD, PK and IN don't own a phone

Some can only afford **USD13** to get connected

Initial cost of getting connected (USD)



- Some can only afford to spend as little as **USD1.80** per month on mobile usage
- 20-60% say calls are expensive

Minimizing spend: Multiple SIMs

	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%	

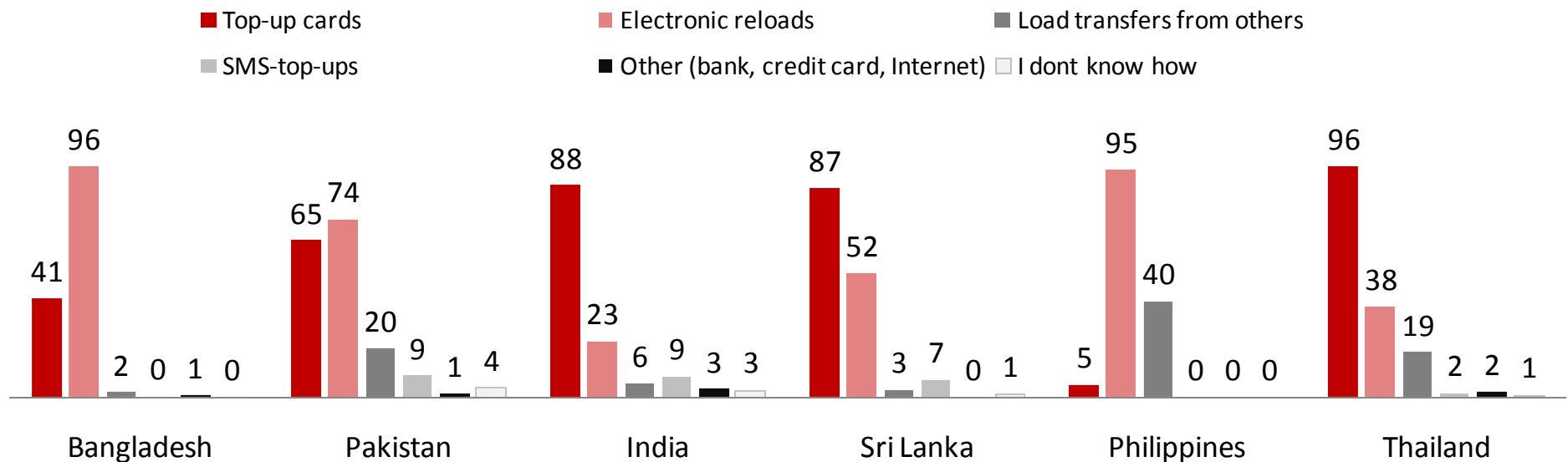
- Key reasons:
 - Minimizing communication expenditure (on-net calling)
 - Poor network coverage on some networks
 - To keep contact lists separate (e.g., boyfriends/girlfriends, etc)

Owners spend little, but often

Micro-top-ups on prepaid

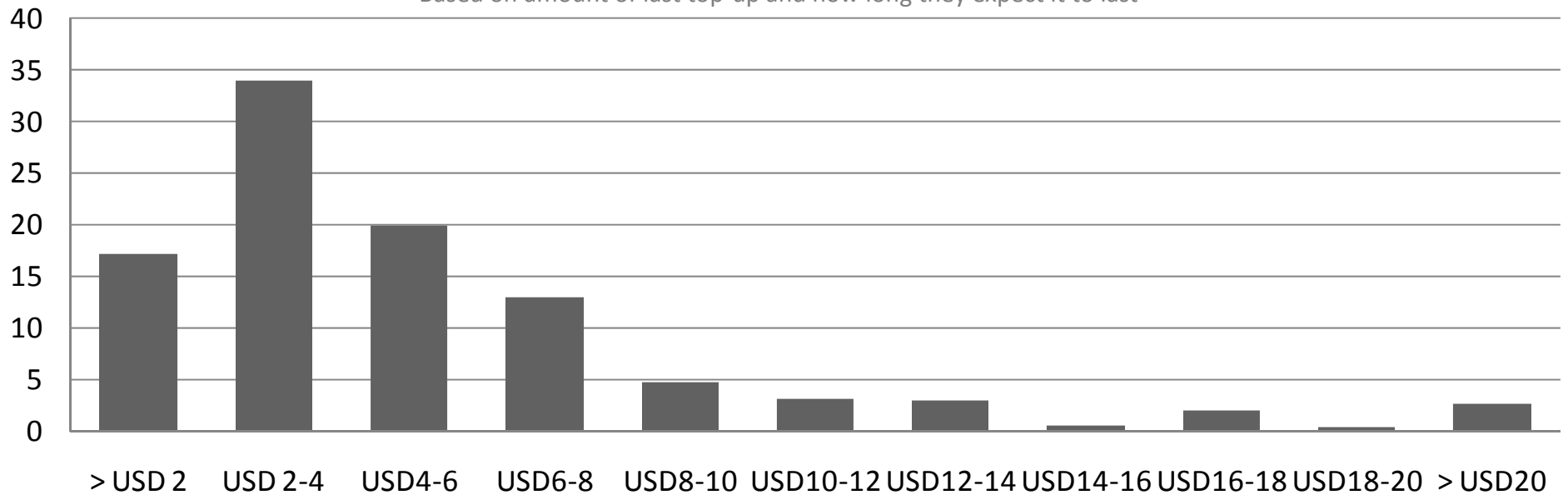
	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
Last top-up (USD)	0.50	0.87	1.71	1.26	0.65	2.49
No. of days expected to last	4	7	13	12	2	11

Top-up method (% of BOP prepaid mobile owners)



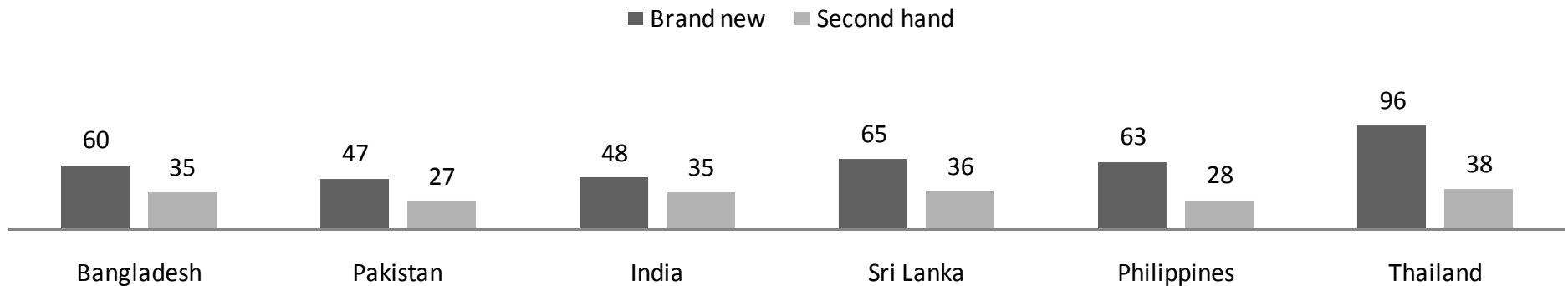
Long tail in monthly mobile expenditure (India)

India: monthly prepaid expenditure (USD)
Based on amount of last top-up and how long they expect it to last



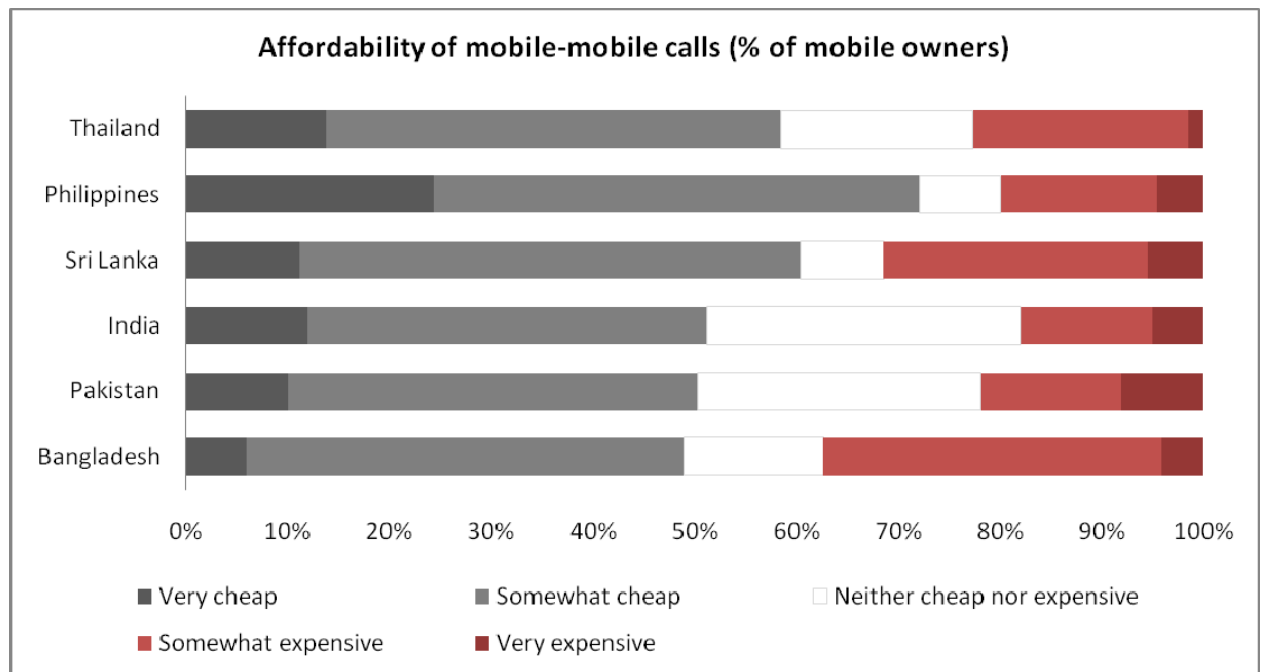
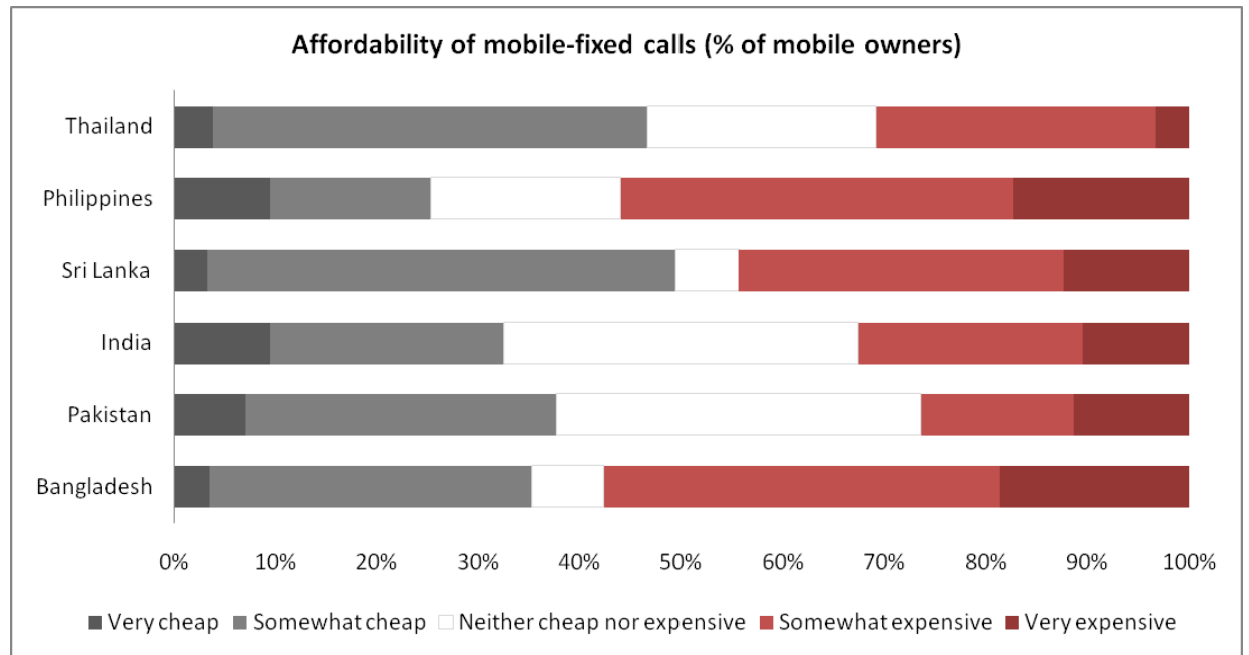
Savings made on second hand handsets

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



- Second hand handsets used by 46% in PK; 37% in PH

Significant numbers say calls are expensive

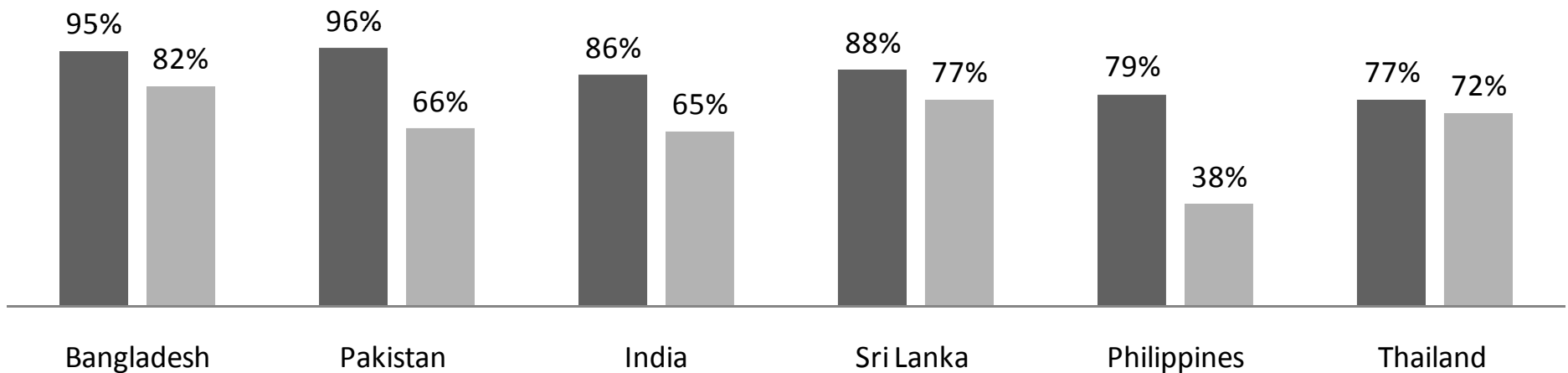


DEMAND

Most have *used* a phone in the last 3 months

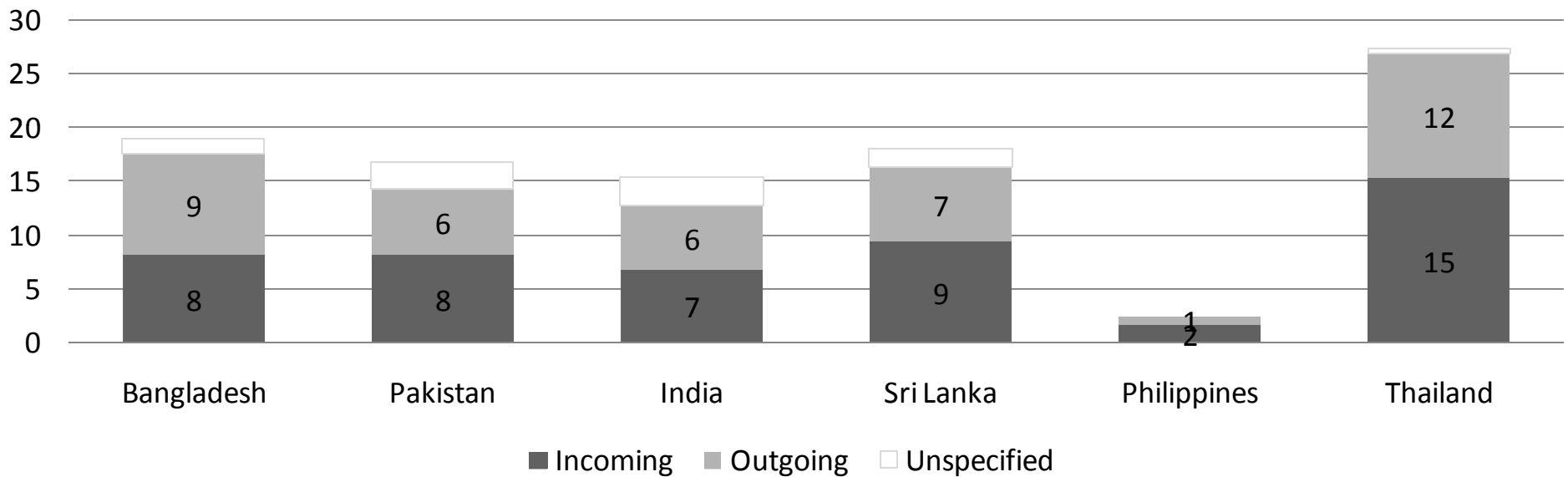
Use of the phone (% of BOP [outer sample])

■ Have used phone in last three months ■ Have used a phone in last week



~1 call per day (outgoing)

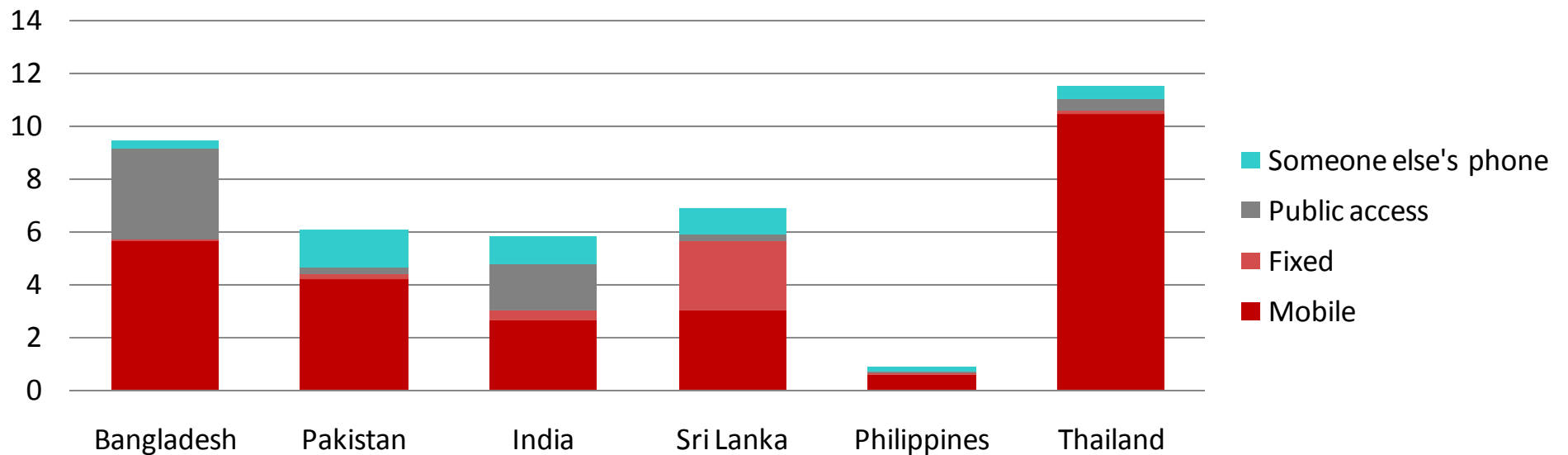
Average number of calls per week



Calls mostly made from own mobiles

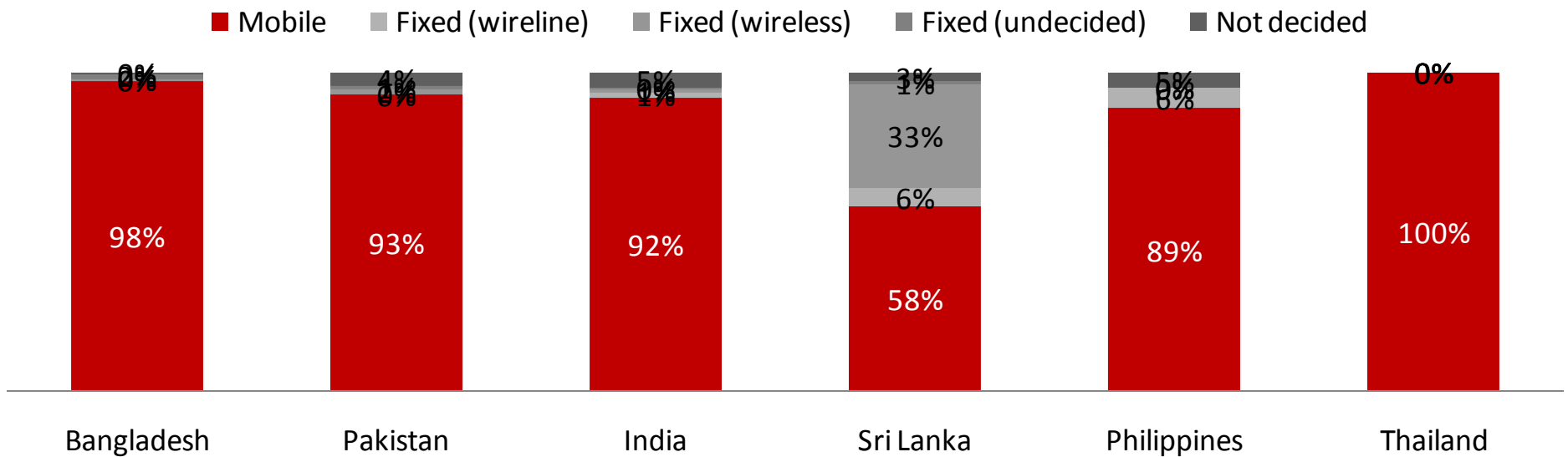
Which phone calls were made from (ave. no. of calls)

Source: Diary data



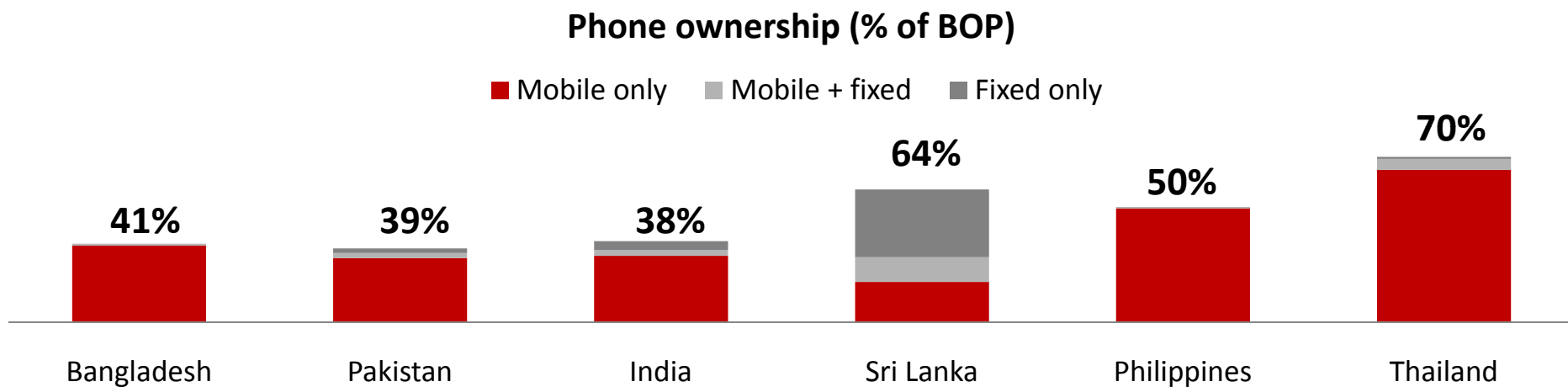
Many non-owners planned to get connected within 1 year from survey; mostly to mobile

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



- Many would like to get mobiles with coloured screens, cameras, radios and torches
 - Some demand for SMS and MMS capabilities, Internet and Bluetooth in PH and TH

Most own a mobile



What the BOP does with mobile phones: Currently not much beyond voice and text

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%

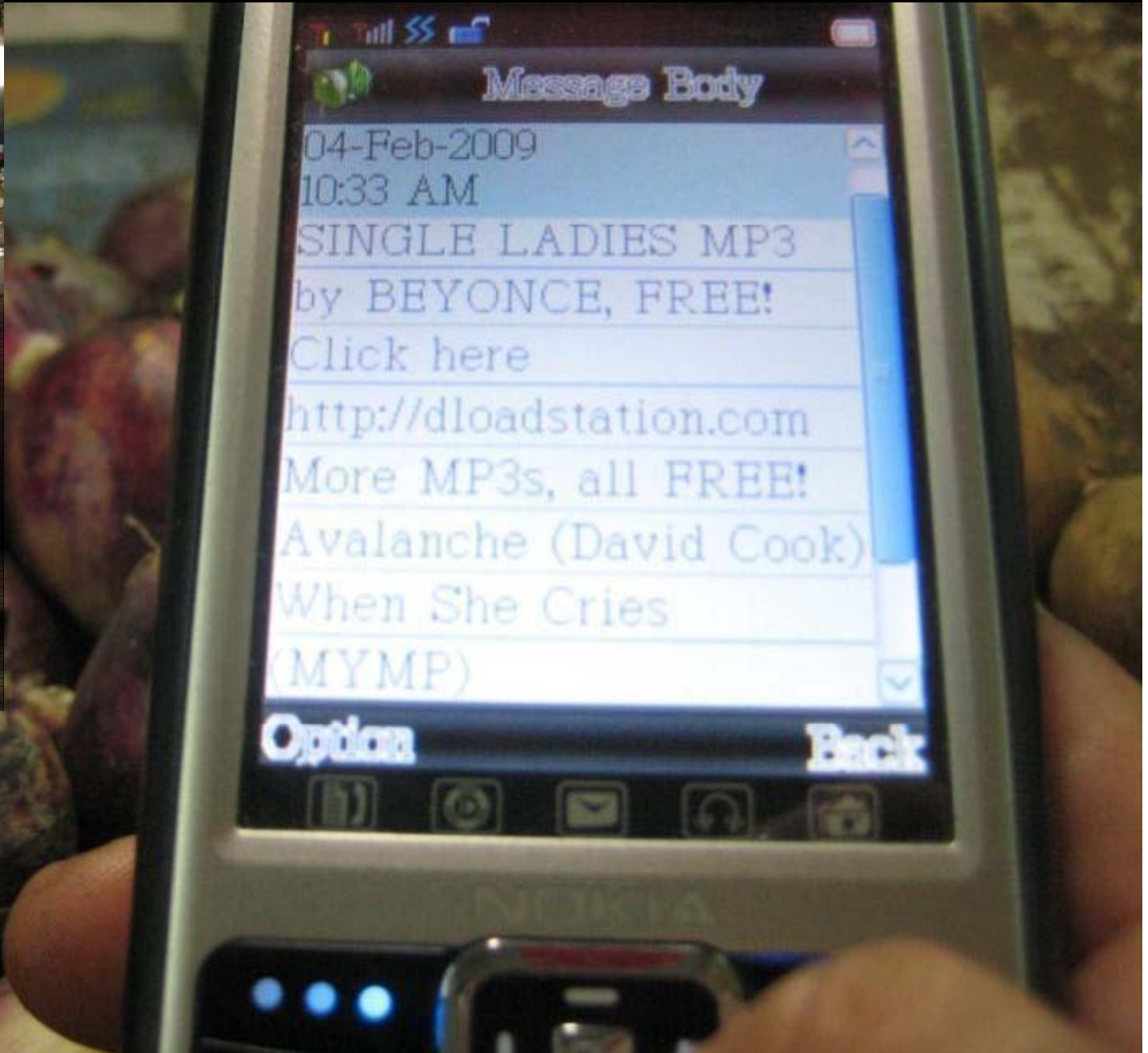
Usage often in conjunction with PC/Internet...

Ronnie | Manila, Philippines

27 years | Shop helper / Barbecue vendor / e load seller



- Ronnie downloads ringtones as well as has ring-back tones on her phone which expire in 24 hours. So she activates them frequently.
- She also downloads these from the Internet at a cybercafe too.



Mobile2.0 services: Small amount of usage in higher penetration countries

- Awareness among BOP is poor in BD, PK and IN
- Those who use services, use in small amounts.....

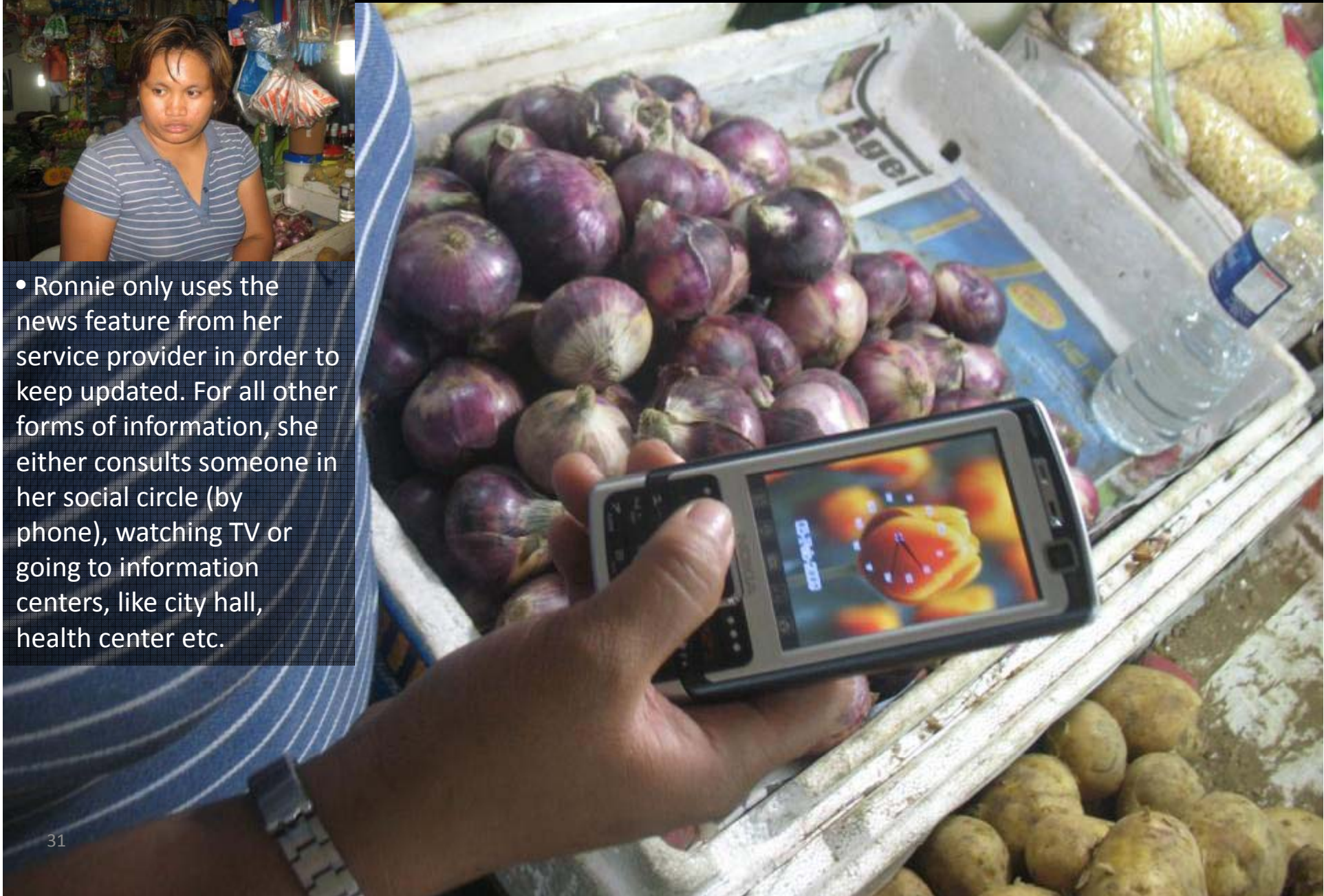
	BD		PK		IN		LK		PH		TH	
	Regularly	Not regularly	Regularly	Not regularly	Regularly	Not regularly	Regularly	Not regularly	Regularly	Not regularly	Regularly	Not regularly
Banking and financial services					1%		2%		1%		3%	
Payment services							3%	2%	3%	1%	4%	
Government services							2%		2%			
Health 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%					

Among BOP teleusers who are aware of services

Ronnie | Manila, Philippines

27 years | Shop helper / Barbecue vendor / e load seller

- Ronnie only uses the news feature from her service provider in order to keep updated. For all other forms of information, she either consults someone in her social circle (by phone), watching TV or going to information centers, like city hall, health center etc.



POTENTIAL FOR MOBILE2.0 SERVICES?

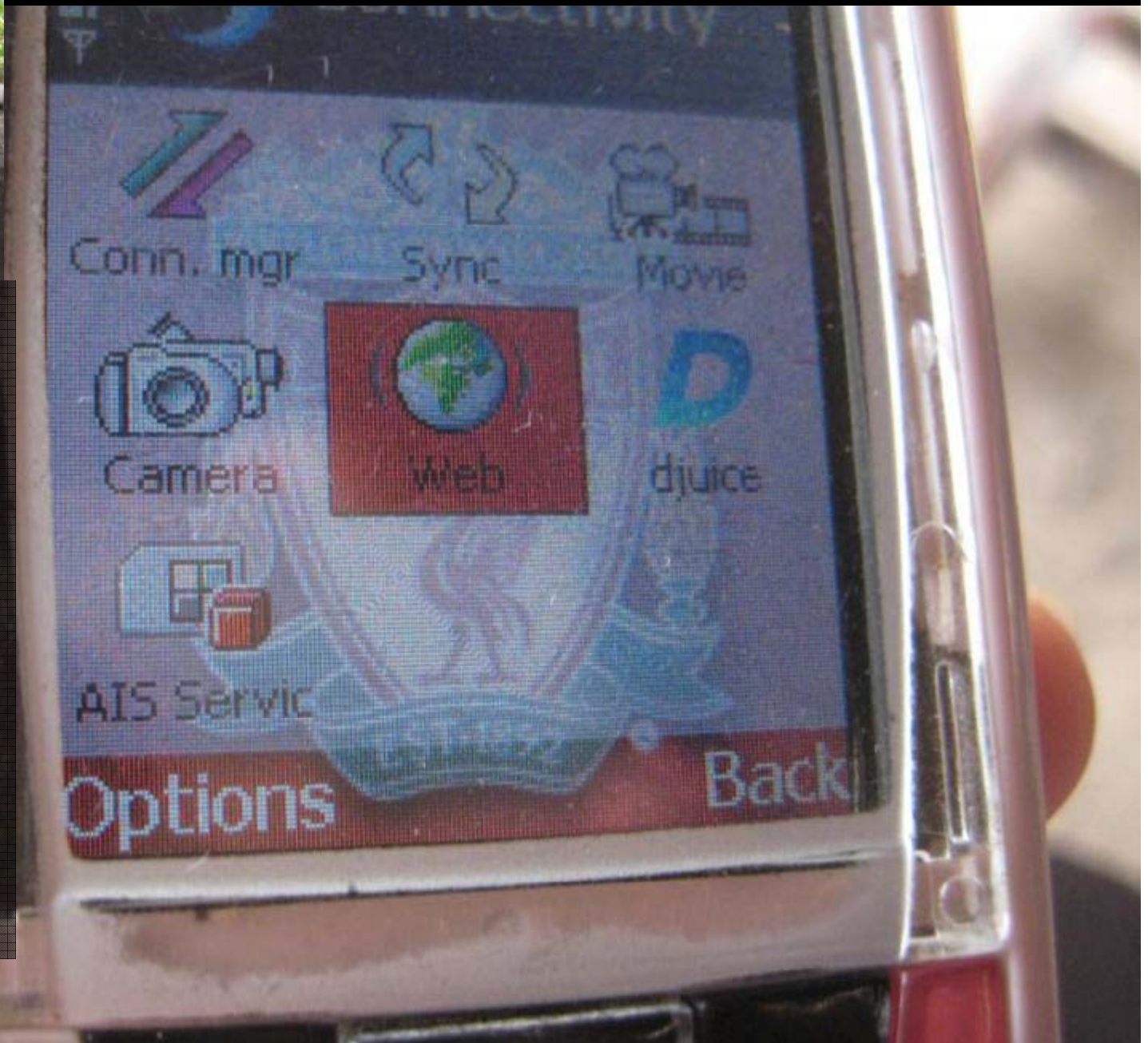
Why don't they use these services?

- Don't know how
- Not applicable to me
- Too expensive, when they're available free via other modes...

Dinn | Automobile mechanic
15 years | Jae Hom, Thailand

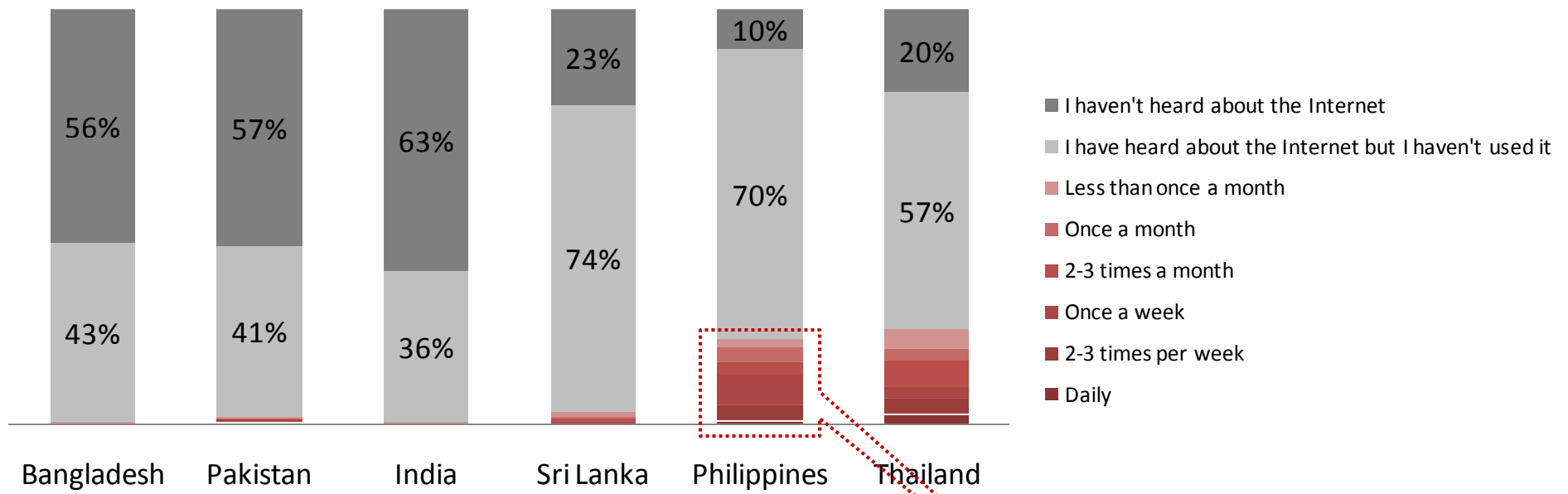


- Previously subscribed to sports news on his mobile, until he felt that the service was not worth spending on, since the same information is available for free on the TV and Internet.
- Tried using the Internet on his mobile, but he lost all his credit (THB50) in less than 5 minutes. He no longer uses it on his mobile. Instead, he goes to a cyber café and downloads ringtones, wallpapers and themes for his mobile and uploads his mobile photos to his Hi5 page. A two hour visit only costs him THB20.



Potential: In light of poor Internet awareness and usage...

Internet use (% of BOP teleusers)



	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
Use the Internet	0.6%	2.2%	0.8%	3.2%	20.7%	23.0%

Prerequisites for "more-than-voice" **mobile** are in place:

- Familiarity with the technology
 - Access and use
 - Easy access via mobiles or CDMA 'fixed' phones is most appropriate
- Ownership
 - Only 40+% in the Indo-Gangetic Plain (world's largest concentration of poor people) own a phone
 - Sophisticated handsets can aid uptake
- Potential for use of "more-than-voice"
 - SMS is the most popular more-than-voice application
 - Willingness to try new services
 - Payment systems in place: e-reloads as "gateway" to advanced applications

- Demand exists, services need to be developed to cater to them; policy barriers need to be brought down...

Zayed | Shopkeeper

21 years | Sonargaon, Bangladesh

- Once facilitated money “transfer” through mobile for the village “maulavi” who was away in Dhaka; the maulavi sent BDT1,000 in load to Zayed’s mobile; once the load was received, Zayed then paid the same in cash to the maulavi’s family in the village
- Transactions of up to BDT5,000 (USD70) can be made, however this is dependent upon the shopkeeper having cash available to give the intended recipient in one go
- Commissions can be as high as 20%; the shopkeeper also makes commission on reselling the load



CONCLUSIONS

- BOP as individuals have low spending power
- However, demand for services exists (current and future), even in small amounts
- Add this together → large market
- Market potential for Mobile2.0 services (in light of poor “conventional” Internet access)
 - Prerequisites in place
 - Some barriers exist

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search term: BOP

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