CellBazaar: Enabling mCommerce in Bangladesh

POLICY BRIEF

eCommerce has been seen as a way of reducing friction in the marketplace. However, it is heavily dependent on physical infrastructure and other support services: a privilege that is often not a reality among the bottom of the pyramid (BOP). The rapid proliferation of mobile phones throughout developing markets along with increasingly affordable services creates opportunity to take the benefits of such applications even to those at the BOP. This policy brief takes the case of CellBazaar, a successful mobile-based electronic marketplace in Bangladesh, providing mCommerce to those at the BOP, among others.

KEY RECOMMENDATIONS

mPayments

Where mobile ownership is high and access to banking facilities at the BOP is low, the ideal method to complete mCommerce transactions is through mobile payments (mPayments). The establishment of clear policy frameworks and guidelines for mPayments is needed in order to enable operators to provide such services.

Delivery

Virtual trade depends on cost-effective and reliable delivery methods for success. Policies and action are required to revamp and reposition postal services, with innovations to support an mCommerce environment.

Trust

Trust is crucial for any commercial transaction, even more so where transactions take place in a virtual environment. Policies are required to offer some kind of safeguards, should there be a breach in trust by either party whilst engaging in virtual trade.

ELECTRONIC MARKETPLACE FRAMEWORK

eCommerce allows larger volumes of transactions to take place than would otherwise be possible in the conventional marketplace, and effectively expands markets while opening up opportunities for new ones. There are many eCommerce applications available; the most common perhaps being electronic marketplaces (eMarketplaces) - Amazon and eBay, for example, are being used heavily in developed economies. These allow for the complete transaction (from search to dispute resolution [see Figure 1]) to take place online. However, due to limitations in Internet access, as well as in options for secure payment and delivery, such applications cannot easily be expanded to - or even replicated - in developing markets, especially to those at the BOP.

CellBazaar offers an example of a successful mobile-based electronic marketplace, perhaps the first of its kind to reach the BOP in a developing market. It is accessible even through the most basic mobile phone, through SMS, WAP

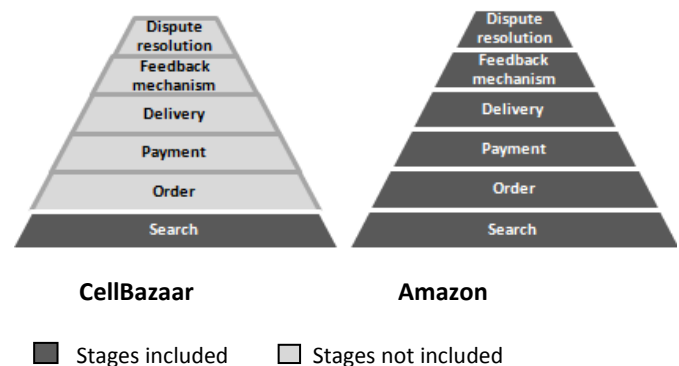or voice (IVR), making access affordable even for the BOP; 41 percent of which owned a mobile phone in 2008[1].

FIGURE 1: COMPARISON - CELLBAZAAR VS. AMAZON

[1] LIRNE*asia* Teleuse@BOP3 survey findings

CASE STUDY: CELLBAZAAR, BANGLADESH

Dubbed the "Craigslist of Bangladesh", it is a mobile application that brings buyers and sellers together in a mobile environment where they can publish and retrieve information on goods or services. It is a real-time collection of classified advertisements that is accessible through a mobile phone connected to Grameenphone's[2] mobile network, or through a computer via the CellBazaar website (www.cellbazaar.com). Advertisements can be posted to the system and browsed on a mobile phone using SMS, WAP, or IVR (voice, for buyers only), and through a computer via the CellBazaar website. At present, 35,396 posts for multiple products in 141 categories are available for viewing, ranging from livestock to education services to agri-produce to electronics (Figure 2). Users pay standard SMS, WAP and voice rates to access the service.
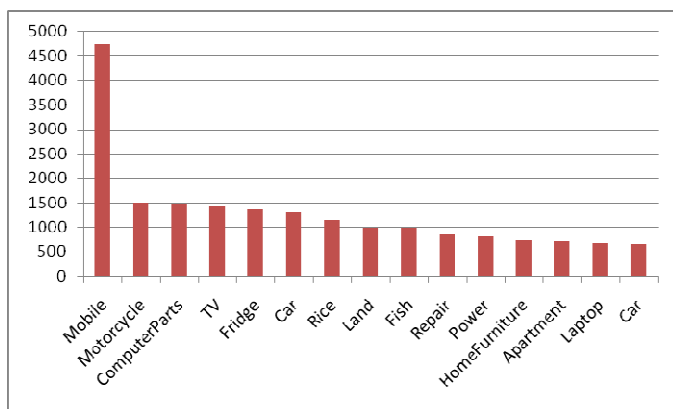

FIGURE 2: TOP 15 CELLBAZAAR POST CATEGORIES (APRIL 2010)

LIMITATIONS

CellBazaar successfully provides over 3.5 million buyers and sellers in Bangladesh masses of market information at their fingertips, unlike similar environments in developing markets. However, CellBazaar is limited to search facilities only. Its effectiveness in providing users with the full potential of mCommerce is restricted by two key factors:

1. A lack of a secure and trusted payment method to complete transactions on the system; and
2. A lack of cost-effective, reliable infrastructure to permit delivery of goods to take place through the system.

In addition, a critical success factor that is required in order to enable transactions to be completed on the system is trust between parties: trust that sellers will deliver goods that fit the description and quality standards previously communicated, and trust that the buyer will make the payment.

In other more sophisticated eMarketplaces trust is ensured by feedback mechanisms; this includes buyer and seller ratings, comment facilities, etc. These enable parties to make informed decisions before engaging in transactions; but, will this be sufficient for BOP users? A lack of policies which offer some kind of safeguards, should there be a breach in trust by either party will deter parties from engaging in transactions in an eMarketplace.

CONCLUSION

The high user base and number of daily posts (1,000 new posts per day) vouch for CellBazaar's success, although limited in functionality. There is vast potential; however, there is also a heavy dependency on the development of other support services that are crucial in the mCommerce value chain.

With the widespread adoption of mobile phones and their increasing affordability, the potential of such applications has been recognised in other developing markets. Manobi in Africa and Tradenet in Sri Lanka, are examples of similar mobile-based eMarketplaces which are being developed. While it is vital to address issues of secure payments, infrastructure and trust, it is also important to ensure that policies implemented are inclusive, designed with the BOP users in mind.

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[2] The largest mobile phone operator in Bangladesh with over 23 million subscribers in 2009.