

Teleuse on a Shoestring

LIRNEasia Media Workshop

Singapore. 28 February 2007



Agenda

- Research methodology & key findings:
 - Harsha de Silva
- The SMS story and others
 - Lorraine Carlos Salazar
- The next billion customers
 - Ayesha Zainudeen



Research Methodology and Key Findings

Harsha de Silva

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- The SMS story and others
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Background

- Emerging markets are 'where the action is'
 - The next billion...
- Want to know what users at the Bottom of the Pyramid want
 - Pilot: Shoestrings 1
 - New and improved: Shoestrings 2

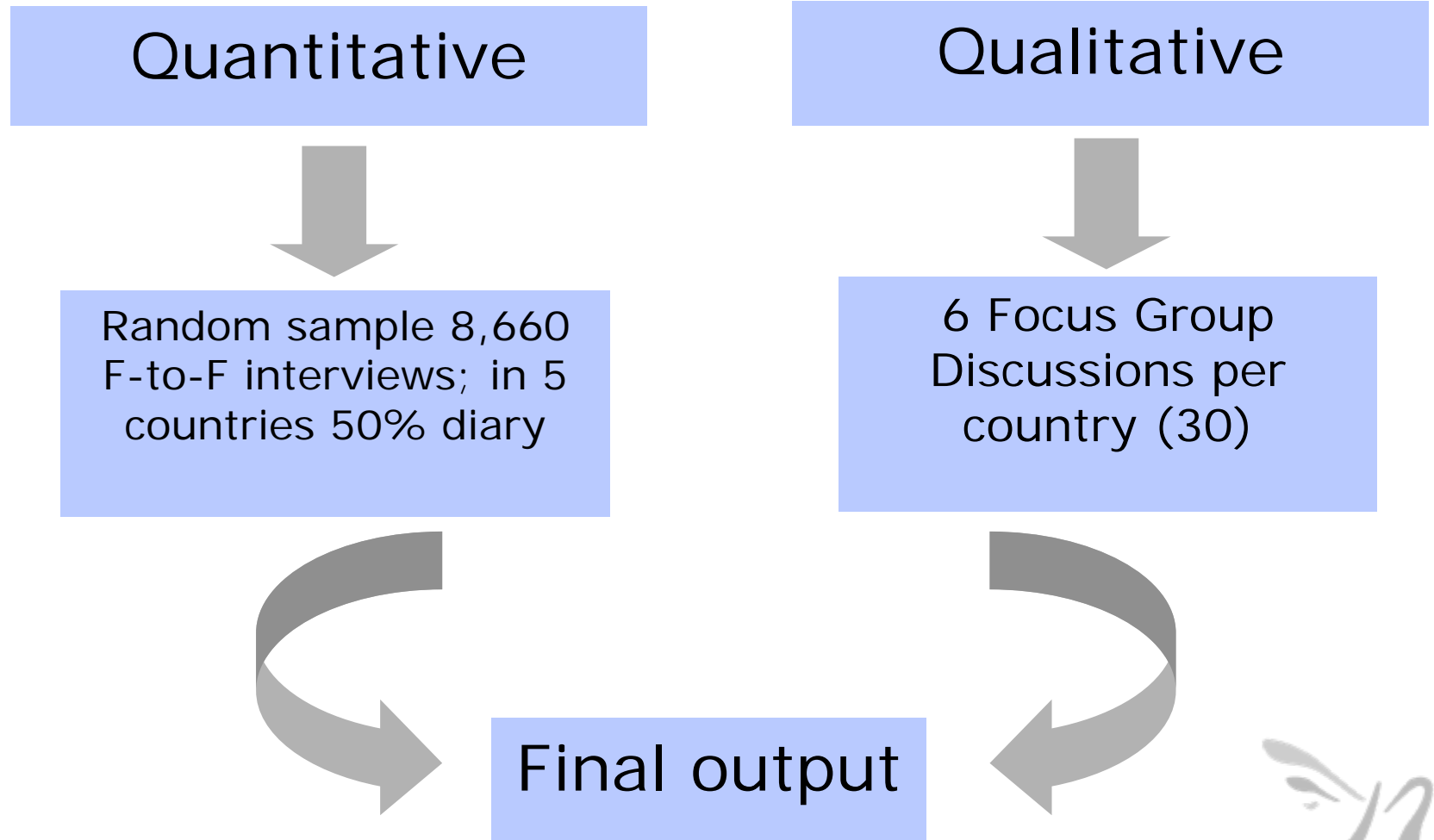


Research objectives

- Understand telecom use at the Bottom of the Pyramid (BOP) in Developing Asia
- Large sample survey in five countries
 - India, Pakistan, Sri Lanka, Philippines & Thailand
- Representative of target population
 - SEC D & E (BOP) between ages 18-60



Methodology



Country profiles

	South Asia			South East Asia	
	Pakistan	India	Sri Lanka	Philippines	Thailand
Population	165 million	1,095 million	19.6 million	89 million	64 million
GNI per capita (2005), USD (Atlas)	690	720	1,160	1,300	2,750
GNI per capita (2005), USD (PPP)	2350	3460	4,520	5,300	8,440
Population below Poverty Line	32% <small>(est. 2001)</small>	25% <small>(est. 2001)</small>	23% <small>(est. 2005)</small>	40% <small>(est. 2001)</small>	10% <small>(est. 2004)</small>
Fixed teledensity (2006)	4.16 <small>(2006 Q4)</small>	4.58 <small>(2006 Q1)</small>	9.50 <small>(2006 Q4)</small>	4.07 <small>(2005 Q4)</small>	10.25 <small>(2005 Q4)</small>
Mobile teledensity (2006)	25.22 <small>(2006 Q4)</small>	8.82 <small>(2006 Q1)</small>	27.1 <small>(2006 Q4)</small>	41.30 <small>(2005 Q4)</small>	46.45 <small>(2005 Q4)</small>
Internet Users	7.5 million	50.6 million	0.3 million	7.8 million	8.4 million

Notes: India on an April – March reporting period ; Pakistan on a July – June reporting period; Other countries follow Jan – Dec (calendar year) reporting periods. Sources: India-COAI, TRAI; Thailand-Company Reports; Pakistan-PTA; Philippines-NTC; Sri Lanka- TRC; 2000 onwards from company reports; World Bank (2006); CIA Fact Book (2005)

Bottom of the Pyramid defined

- Many definitions of poverty, but this study uses **SEC D and E; between ages 18-60**
 - SEC does not take into account income, but it is closely related to income levels

	Pakistan	India	Sri Lanka	Philippines	Thailand
Population (million)	165	1,095	20	89	64
Target population of study (million)	77*	260	4**	41	15

*excluding FANA/FATA – Tribal Areas; **excluding N&E Provinces



Quantitative sample

SAMPLE	South Asia			South East Asia		TOTAL
	Pakistan	India	Sri Lanka	Philippines	Thailand	
TOP (SEC A, B & C)	685	800	250	120	200	2055
BOP (SEC D & E)	1125	3200	800	980	500	6605
Total	1810	4000	1050	1100	700	8660

- ❑ BOP segment is representative of the BOP population
 - Diary respondents also representative of BOP
- ❑ Small (non-representative sample) taken of SEC groups A, B & C



Access at the BOP

Everyone has access, but not ownership

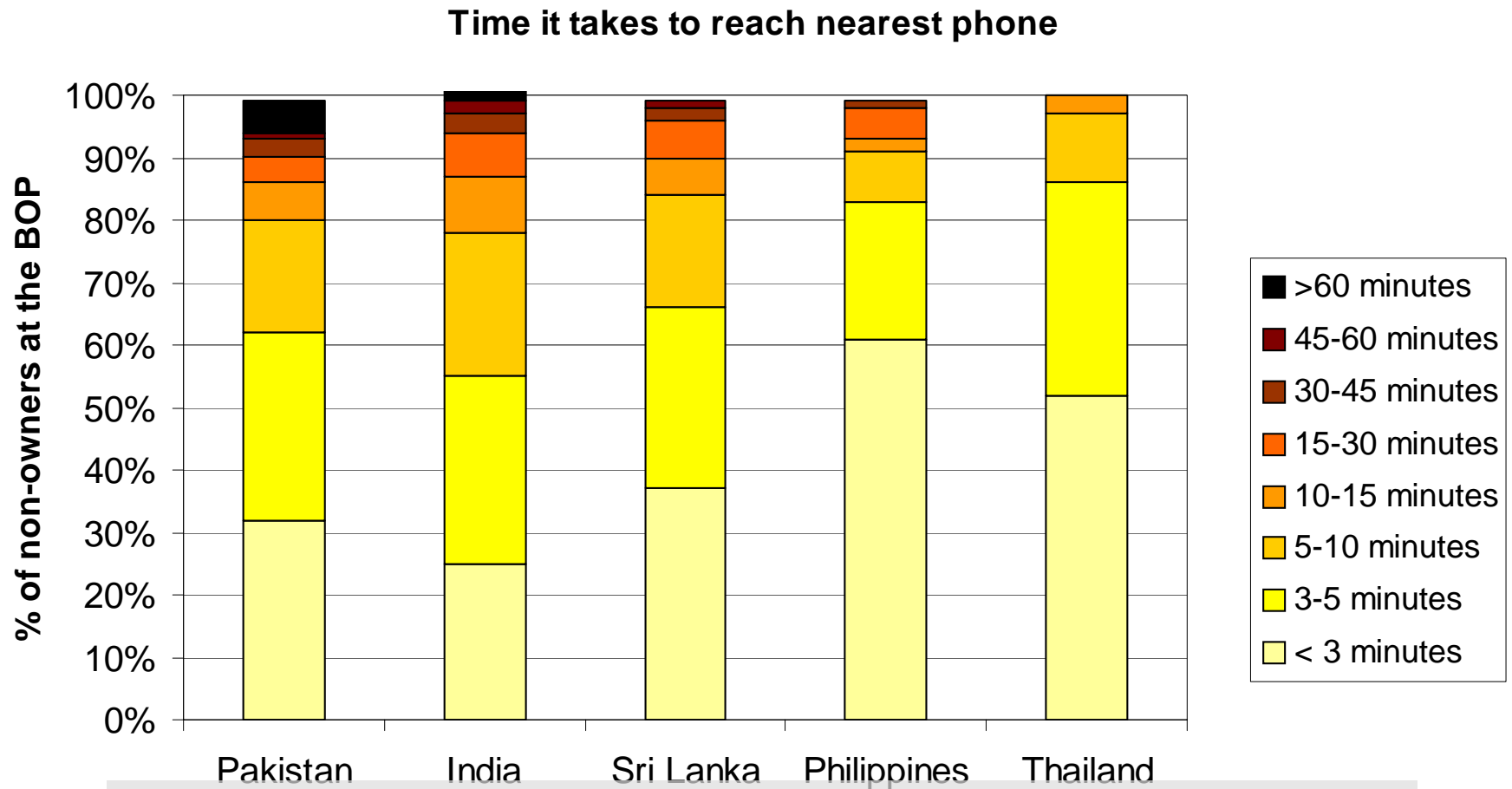
Overall access is very high

- Most have used a phone in the last 3 months

	South Asia			South East Asia	
	Pakistan	India	Sri Lanka	Phils.	Thailand
Accessibility (% of those randomly approached (all SEC groups) who have used a phone in the preceding 3 months)	98%	94%	92%	93%	95%



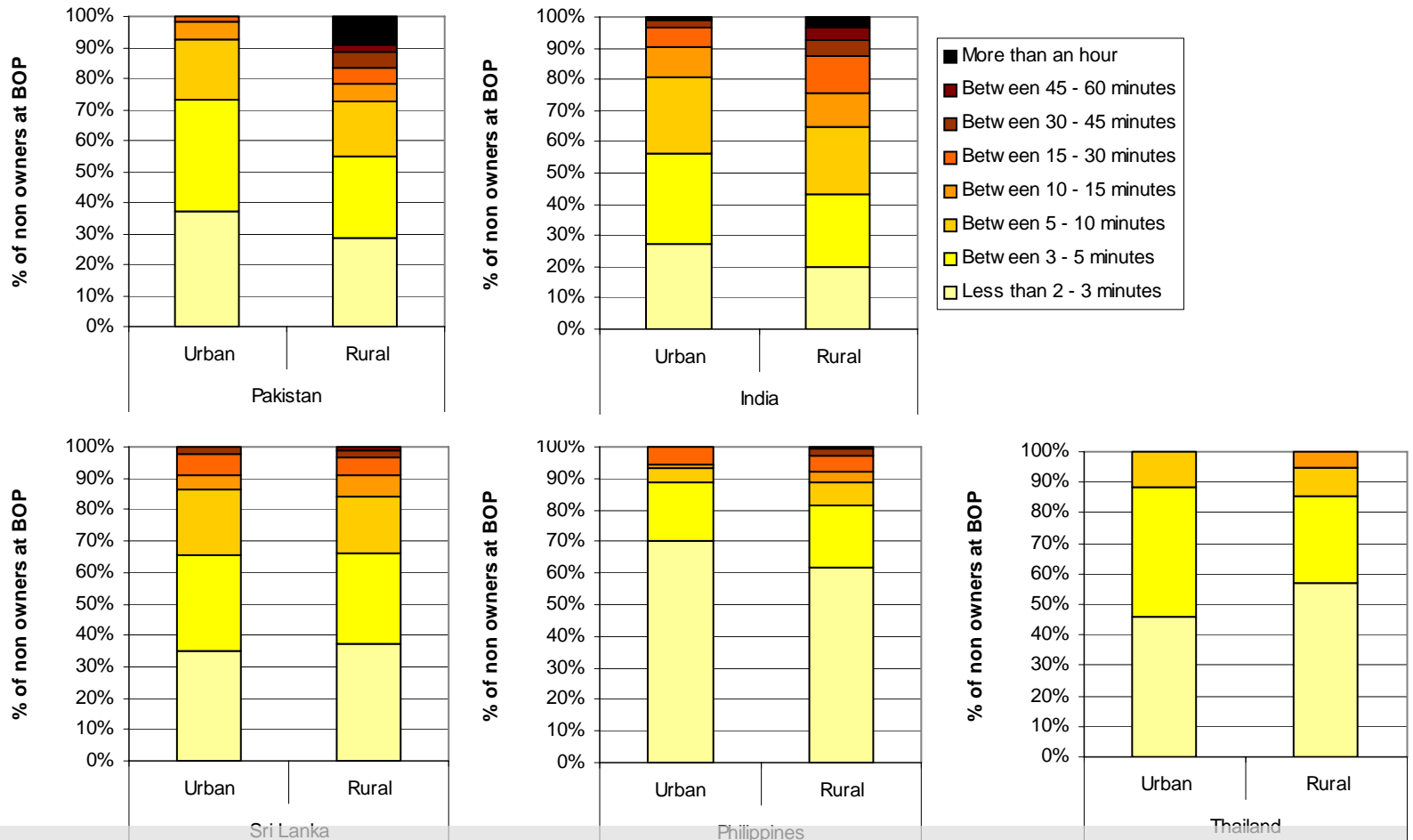
Overall access is very high*



Around 60% at BOP in all countries can get to a phone in less than 5 minutes

Urban-rural differences

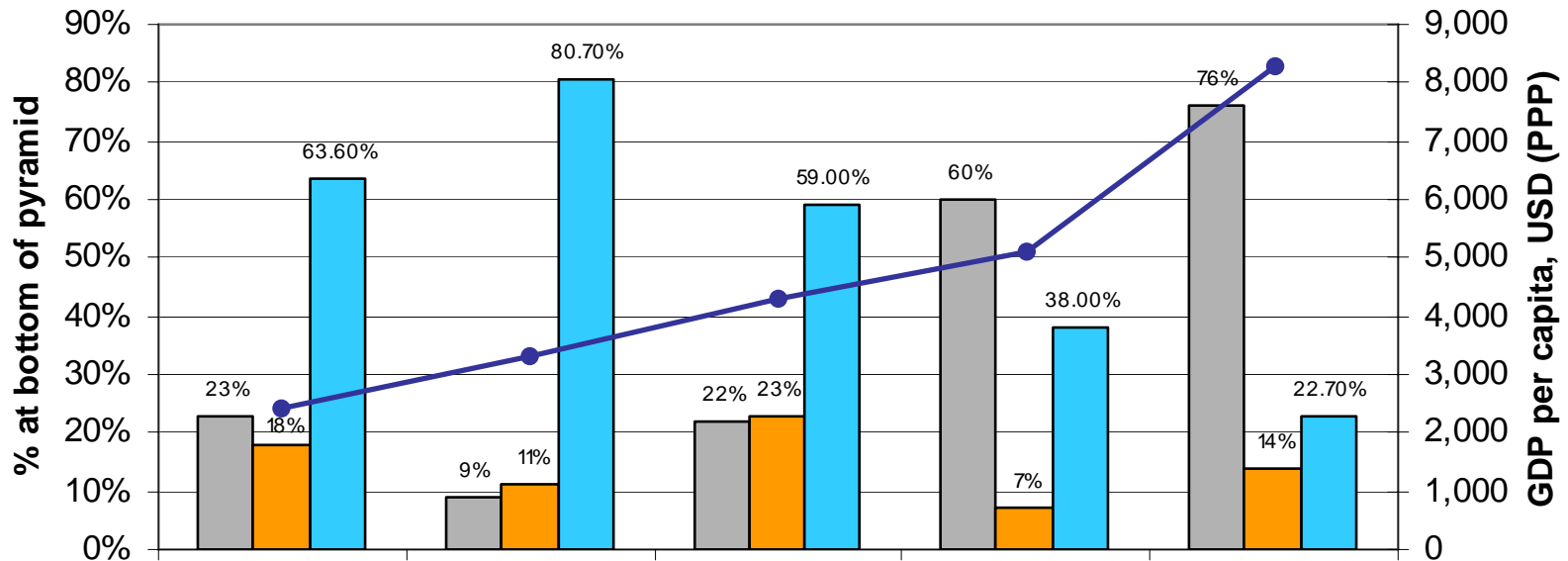
Time to nearest phone



Urban-rural Differences in time to phone in Pakistan & India

But ownership is low

Ownership and GDP per capita (USD, PPP)

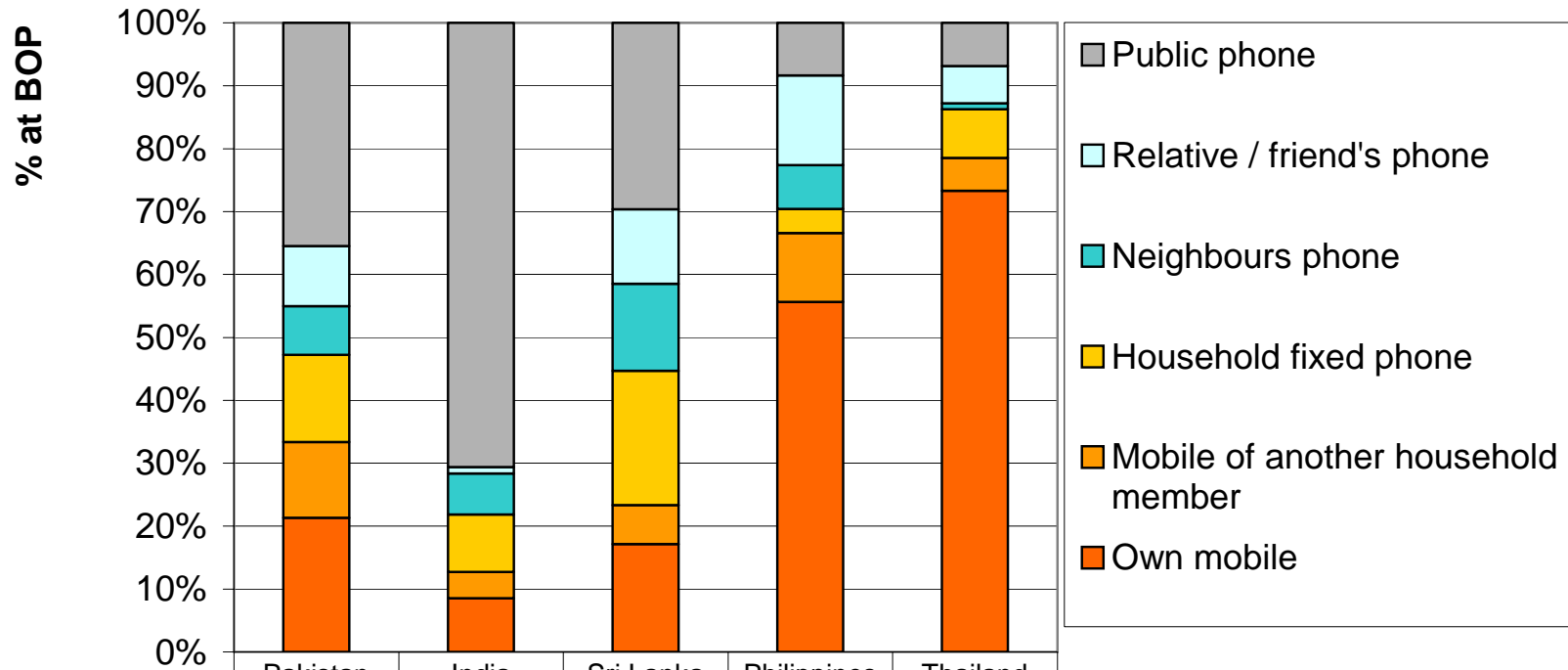


	Pakistan	India	Sri Lanka	Philippines	Thailand
Total number of phones per 100 population	29.4	13.4	36.6	45.4	56.7

Notes: India on an April – March reporting period ; Pakistan on a July – June reporting period; Other countries follow Jan – Dec (calendar year) reporting periods. Sources: India-COAI, TRAI; Thailand-Company Reports; Pakistan-PTA; Philippines-NTC; Sri Lanka- TRC; 2000 onwards from company reports; World Bank (2006); CIA Fact Book (2005)

So, mainly use public phones*

Most frequently used mode



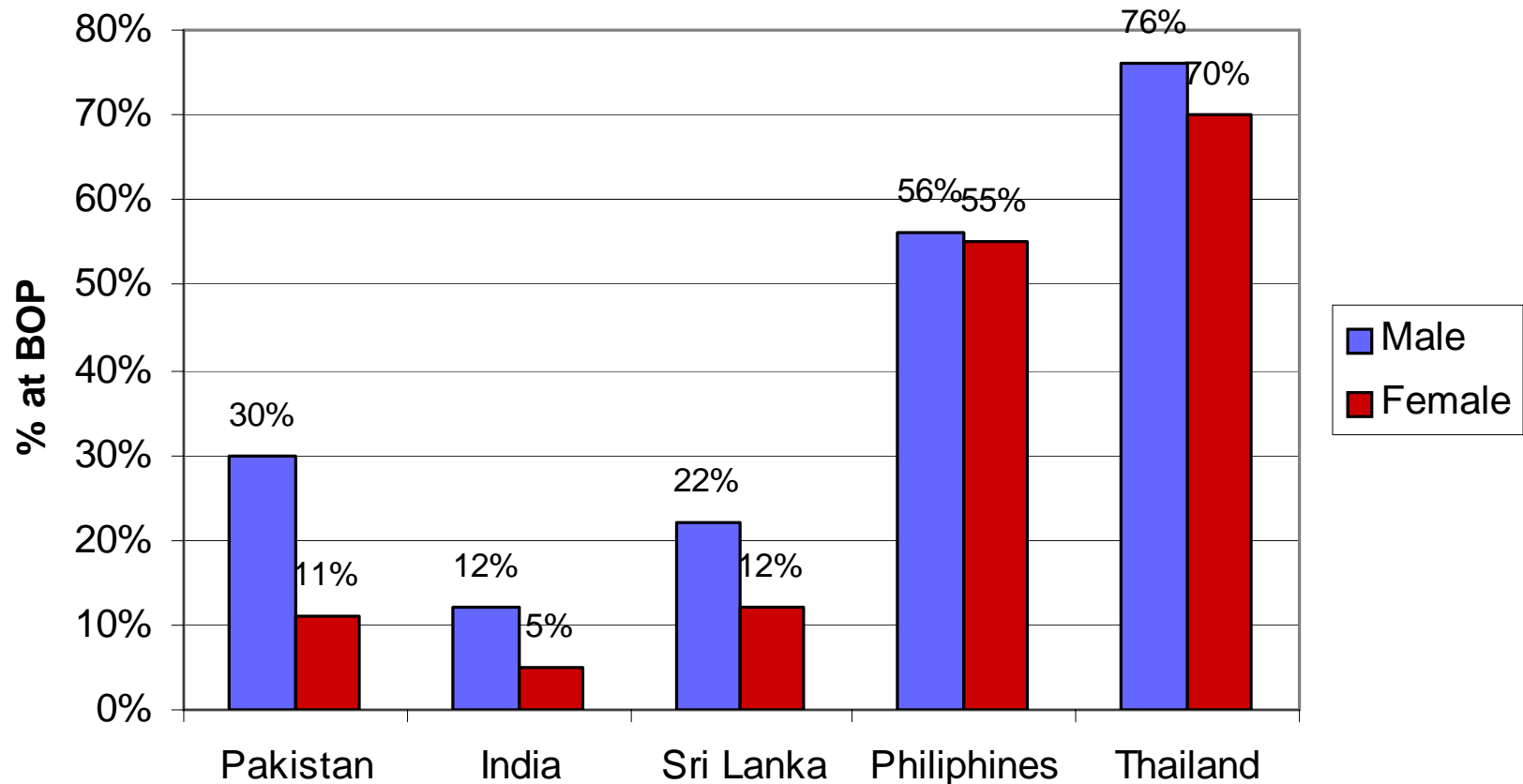
	Pakistan	India	Sri Lanka	Philippines	Thailand
Public phone	35%	71%	30%	8%	7%
Relative / friend's phone	10%	1%	12%	14%	6%
Neighbours phone	8%	7%	14%	7%	1%
Household fixed phone	14%	9%	21%	4%	8%
Mobile of another household member	12%	10%	6%	12%	5%
Own mobile	21%	9%	17%	56%	73%

Many at BOP in South Asia use public phones



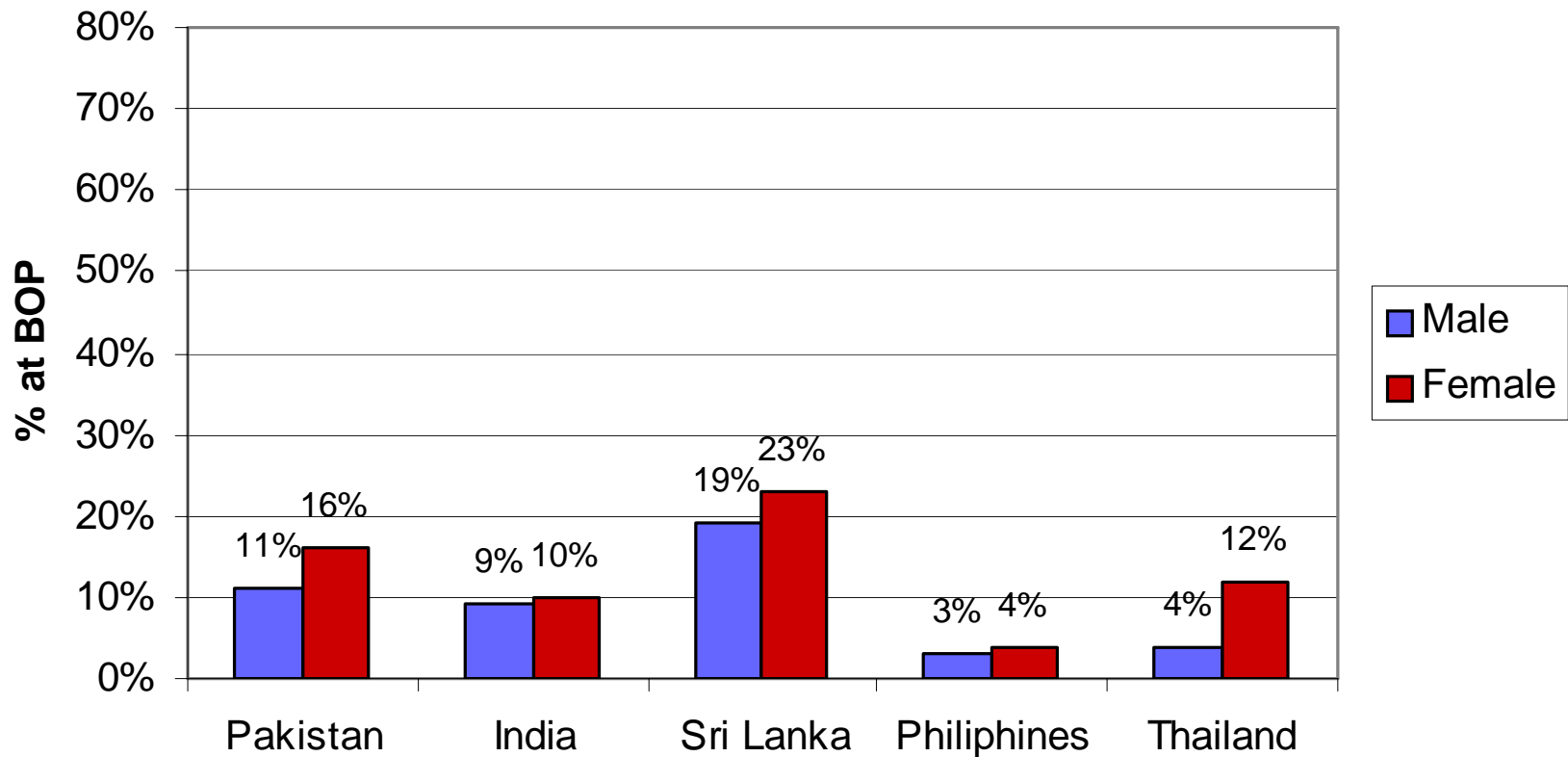
Mobiles used more often by males in South Asian BOP

Most frequently used phone: Own mobile



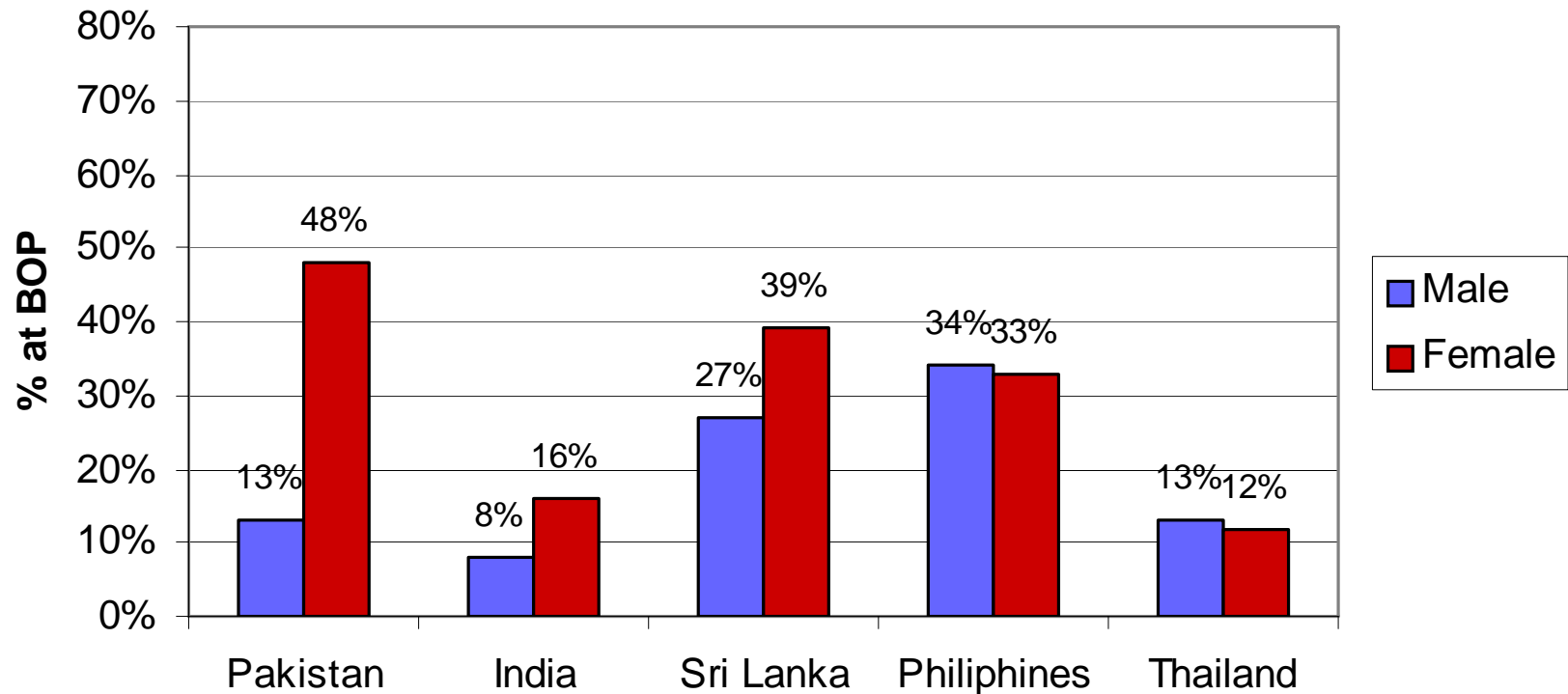
Females use household fixed phones more often

Most frequently used phone: Household fixed phone



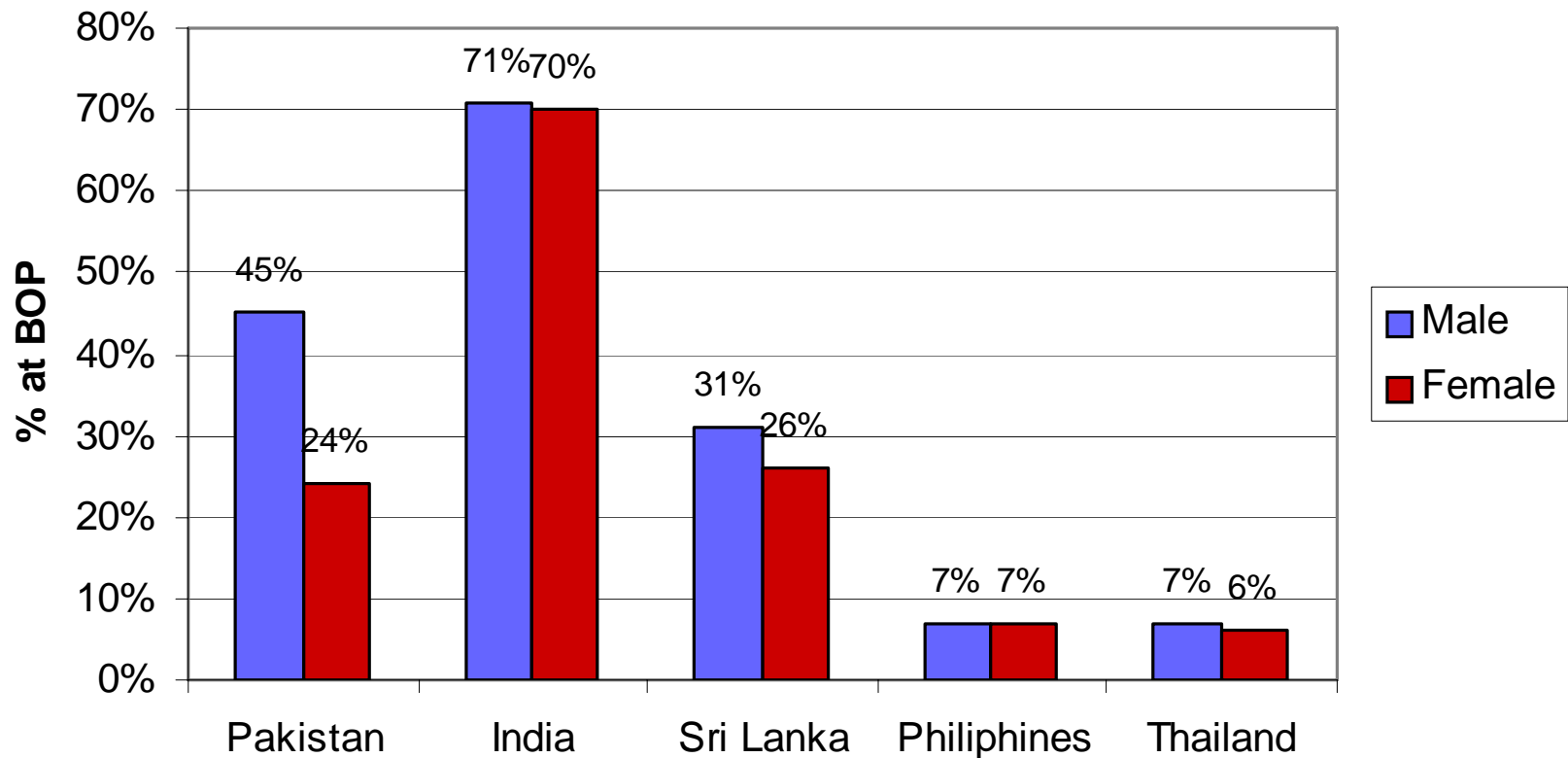
Females more reliant on other peoples' phones in South Asian BOP

**Most frequently used phone: Someone else's phone
(neighbor, friend, family, work)**



Public phones used much more by Pakistani males at BOP

Most frequently used phone: Public phone

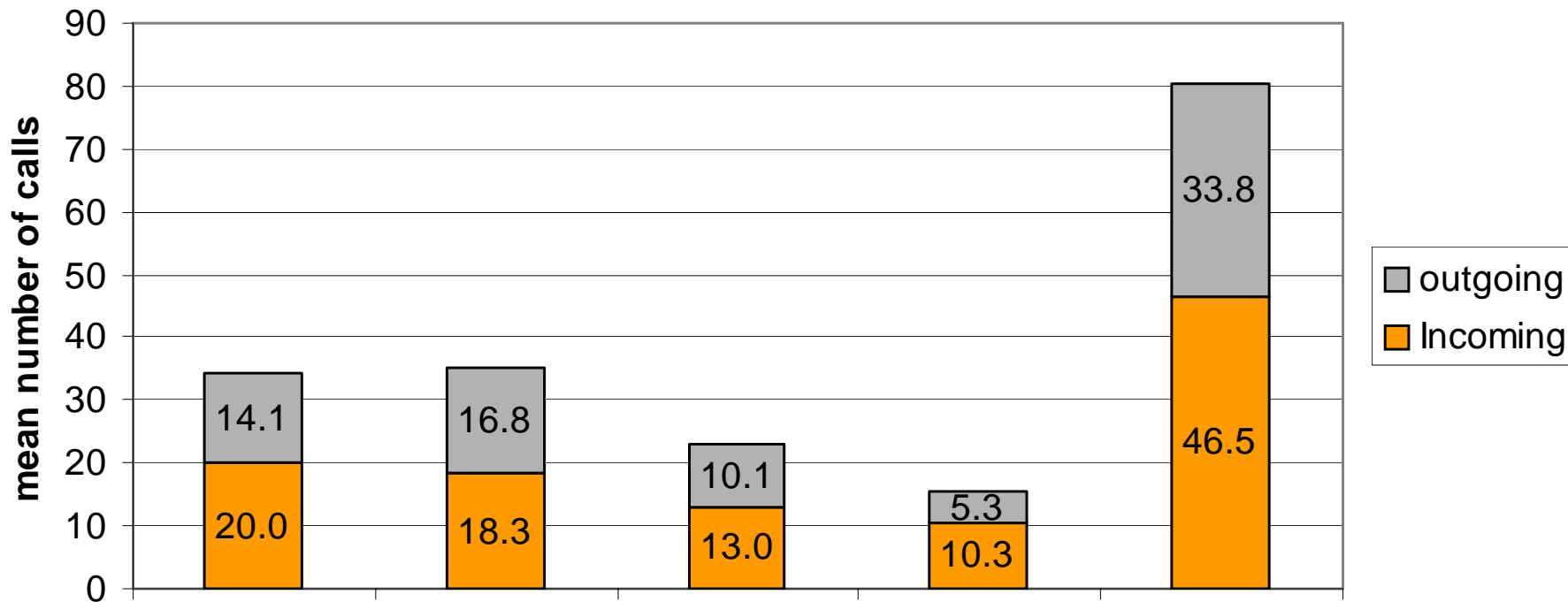


Usage patterns

Keeping in touch...

Around 1 call per day in S Asia; less than 1 call per day in SE Asia

Average number of calls (incoming + outgoing) for a month

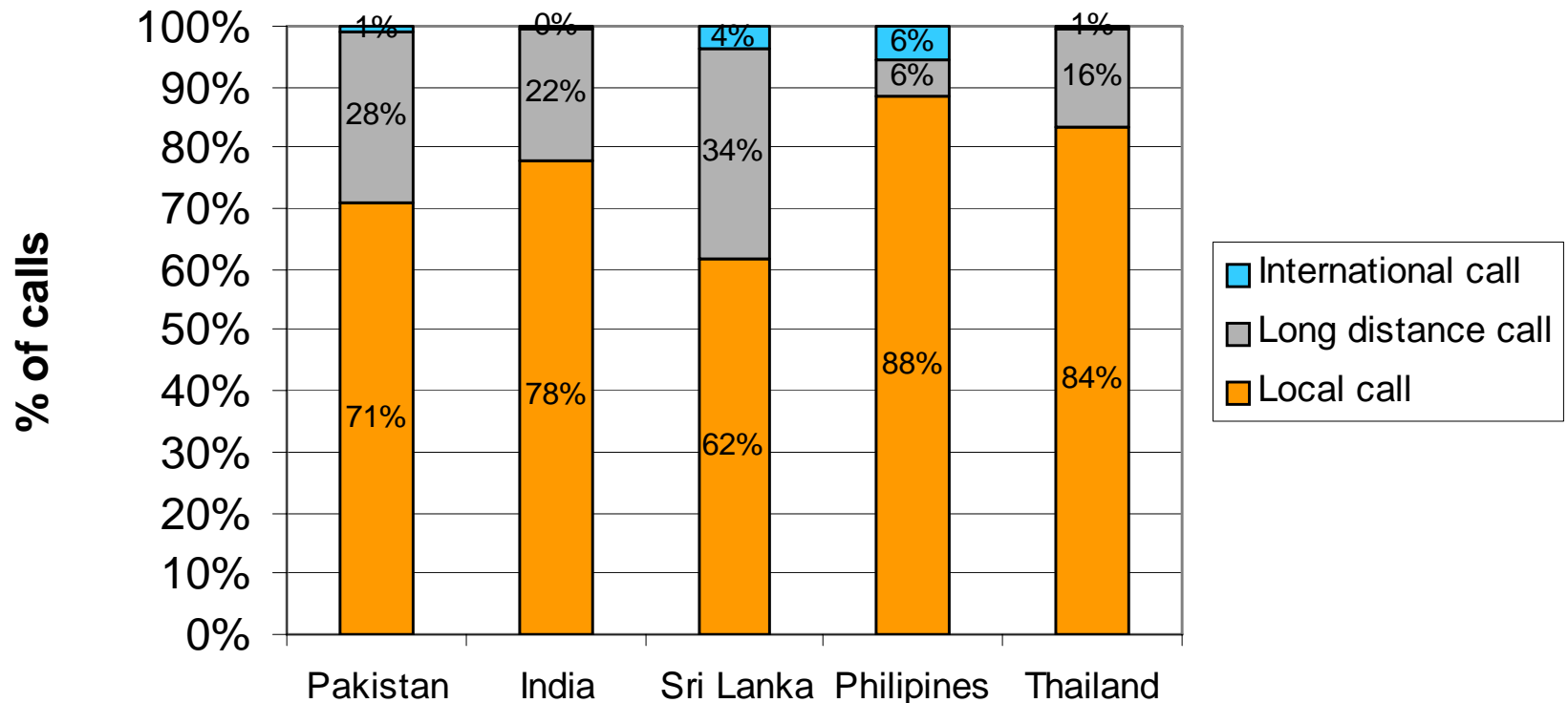


	Pakistan	India	Sri Lanka	Philippines	Thailand
Average # of calls for a month (in+out)	34.2	35.1	23.2	15.6	80.3



Mostly local calls at the BOP

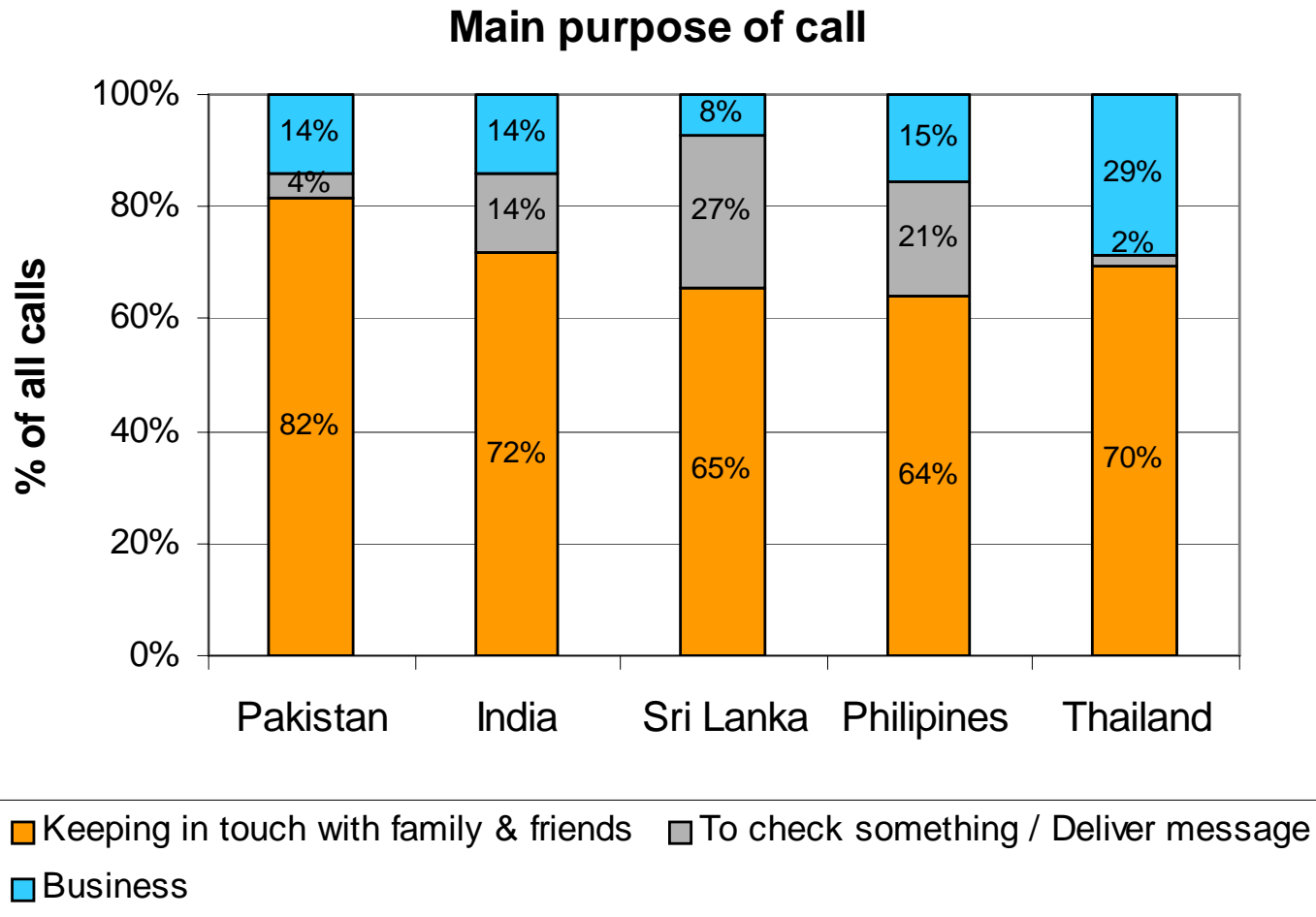
Type of call (local, long distance, international)



Source: Diary



Calls mostly to 'keep in touch'

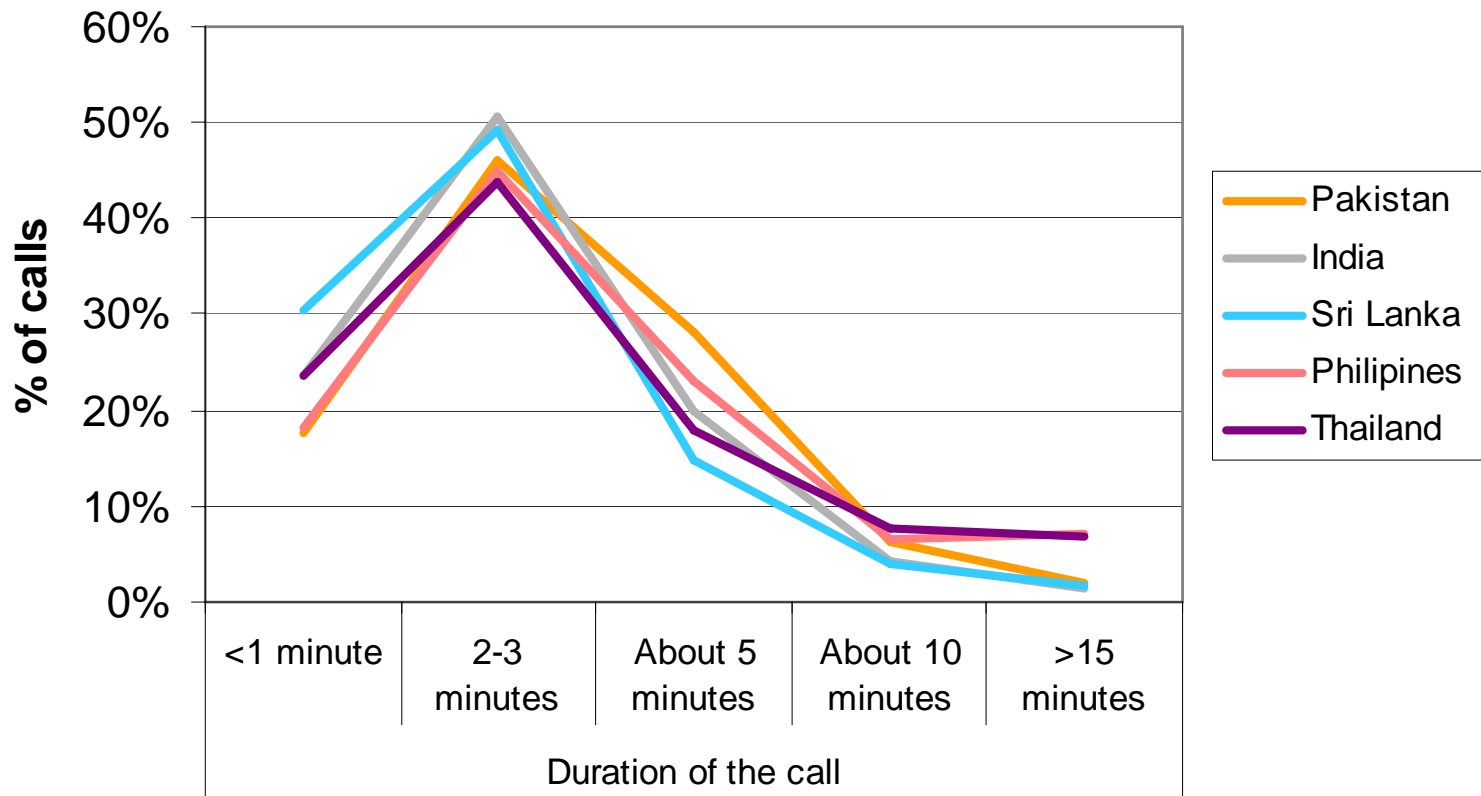


Source: Diary



Calls are short

Average call durations



Source: Diary

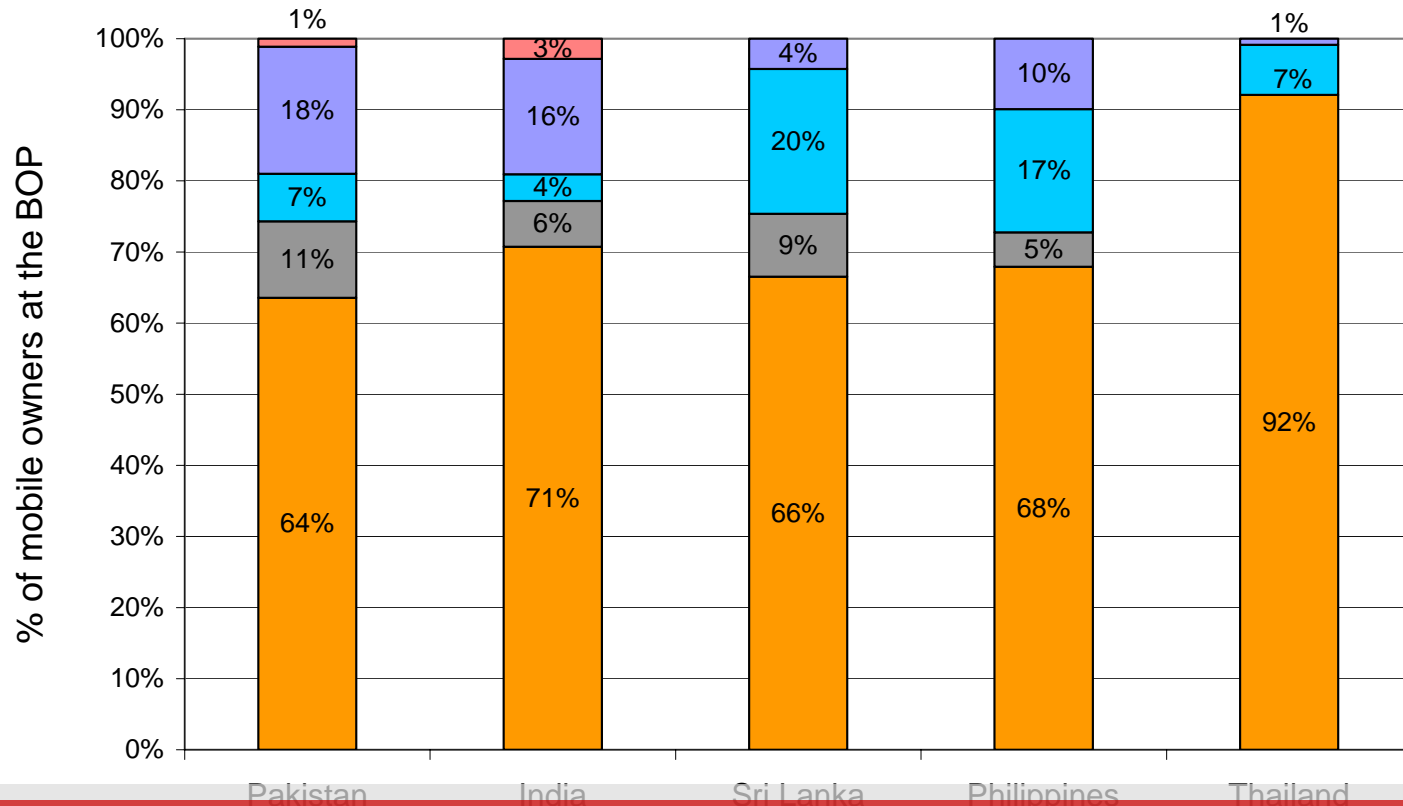


Bottom of the pyramid

Some do own phones

Why own a phone?*

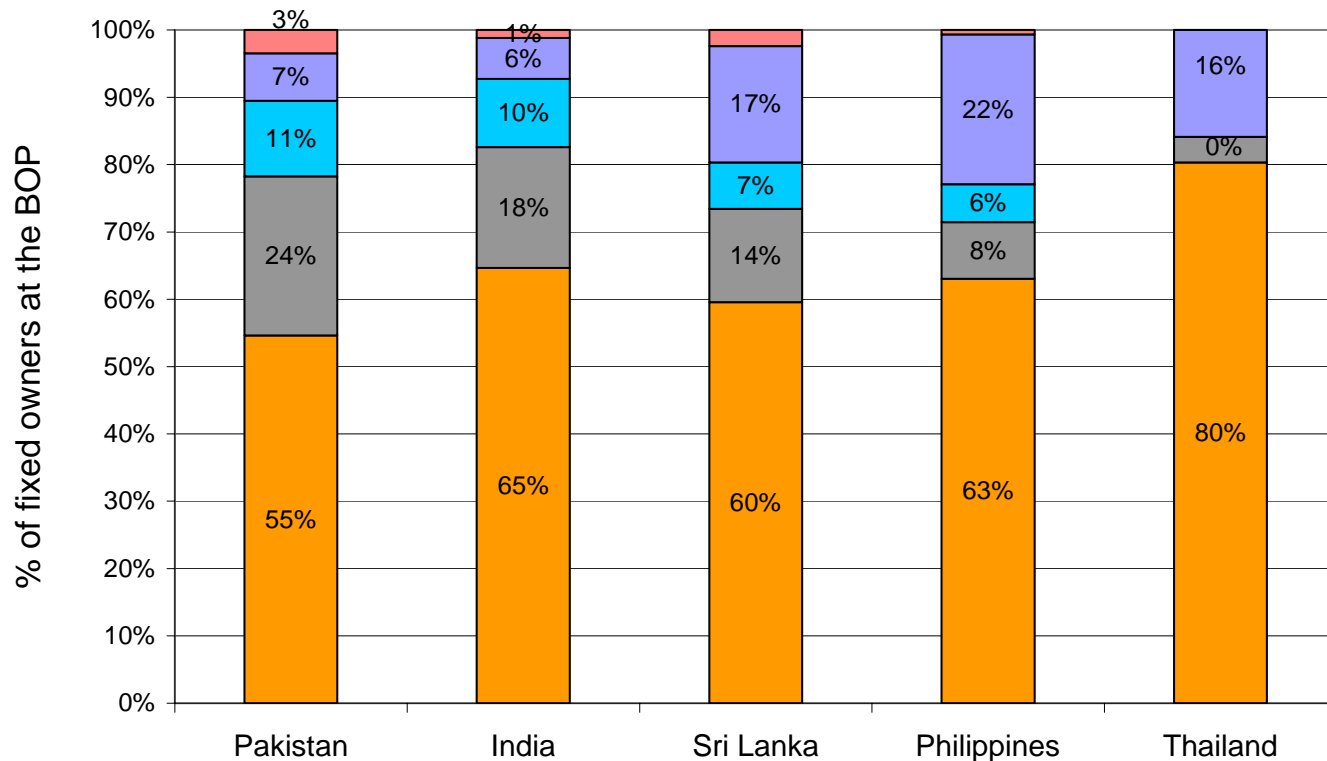
Primary reason for choosing to own a mobile (SEC D & E)



Convenience is key among mobile owners; privacy is more of a concern for higher income countries

Why own a phone 2?*

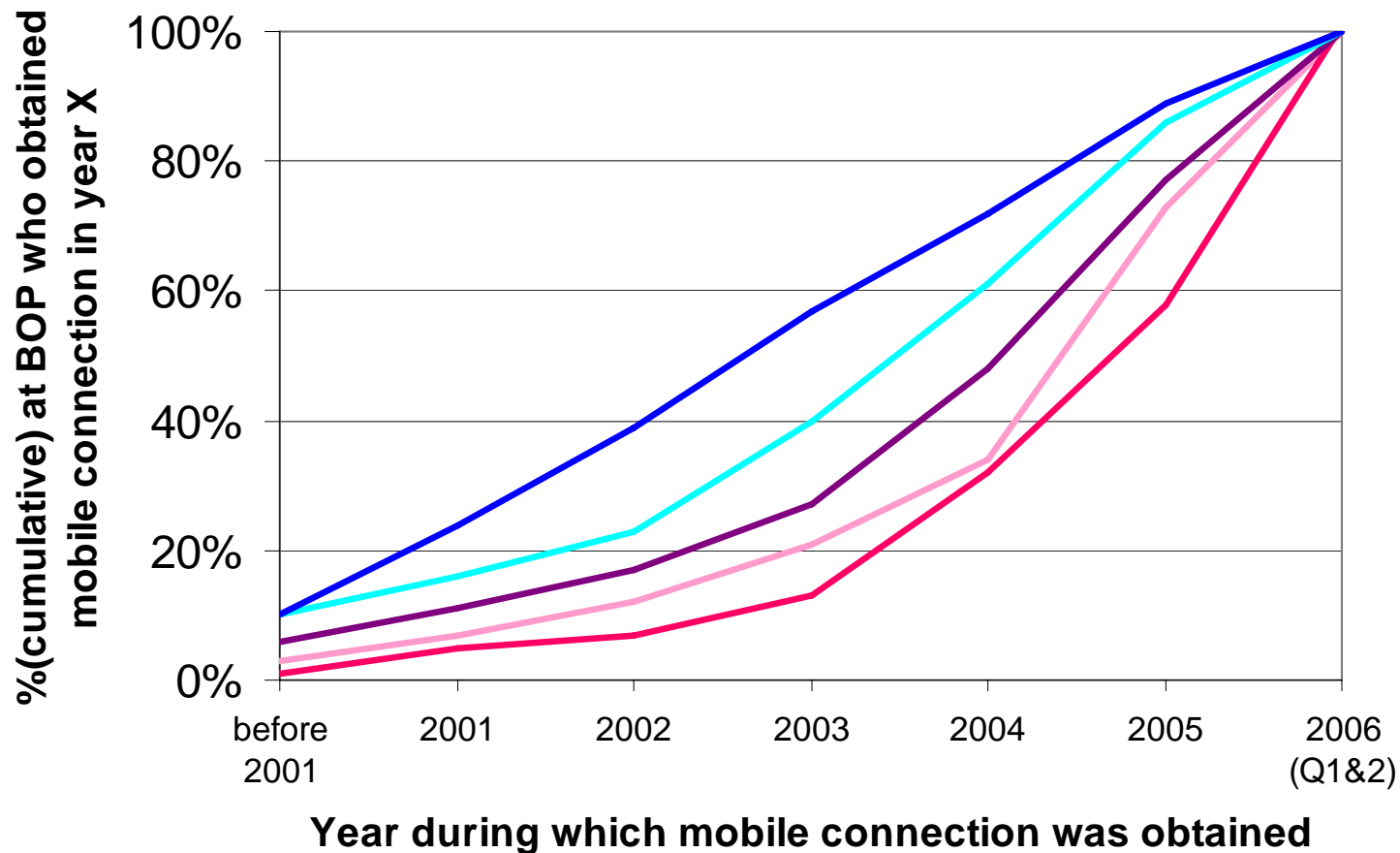
Primary reason for choosing to own a fixed phone (SEC D & E)



■ Convenience: accessible at any time ■ It is cheaper ■ So I don't depend on others ■ For privacy ■ Other

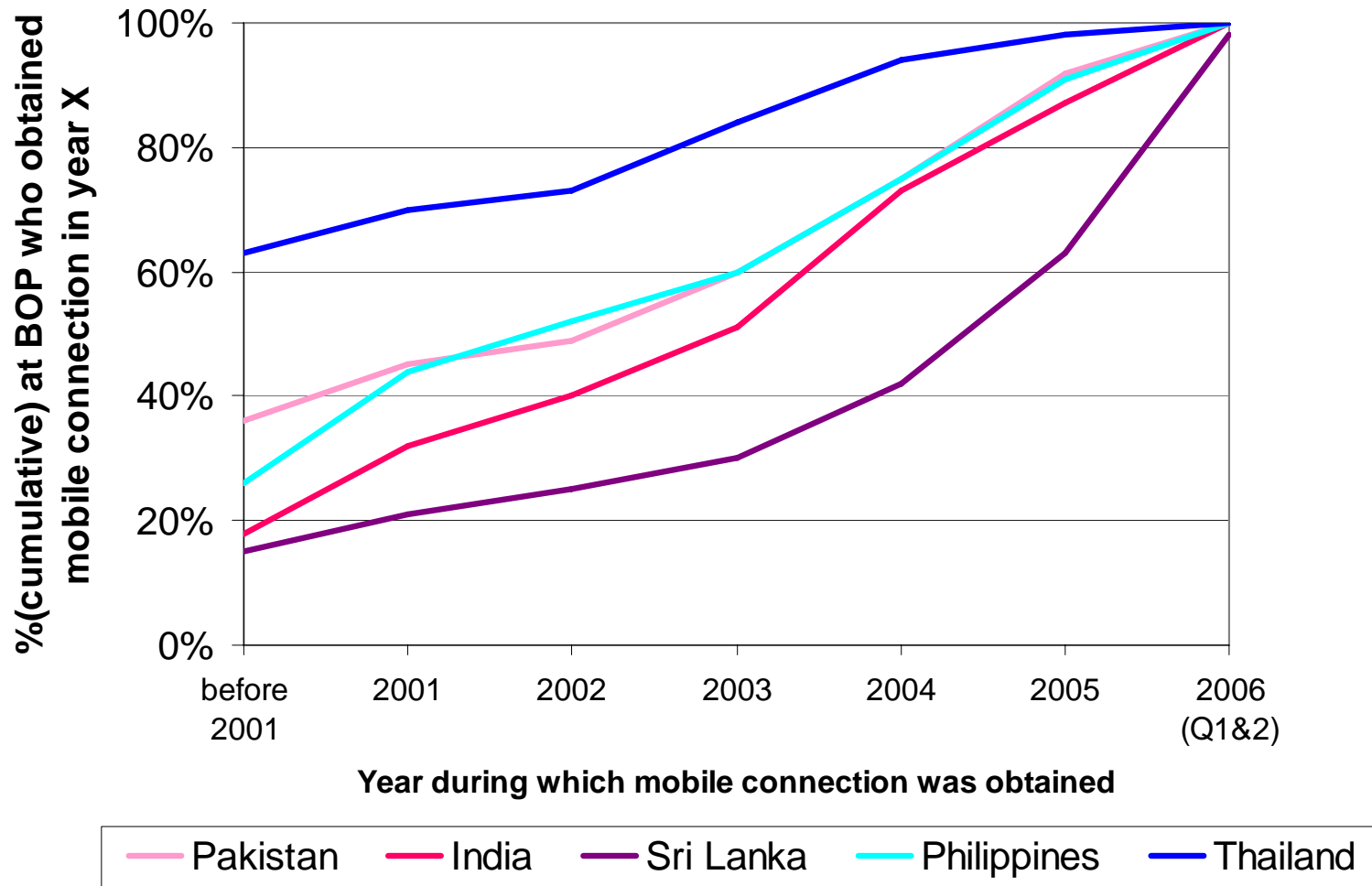
Similar pattern among fixed owners

More recent mobile connections at BOP in South Asia



— Pakistan — India — Sri Lanka — Philippines — Thailand

Older fixed connections



Perceived benefits of ownership

Why does ownership matters

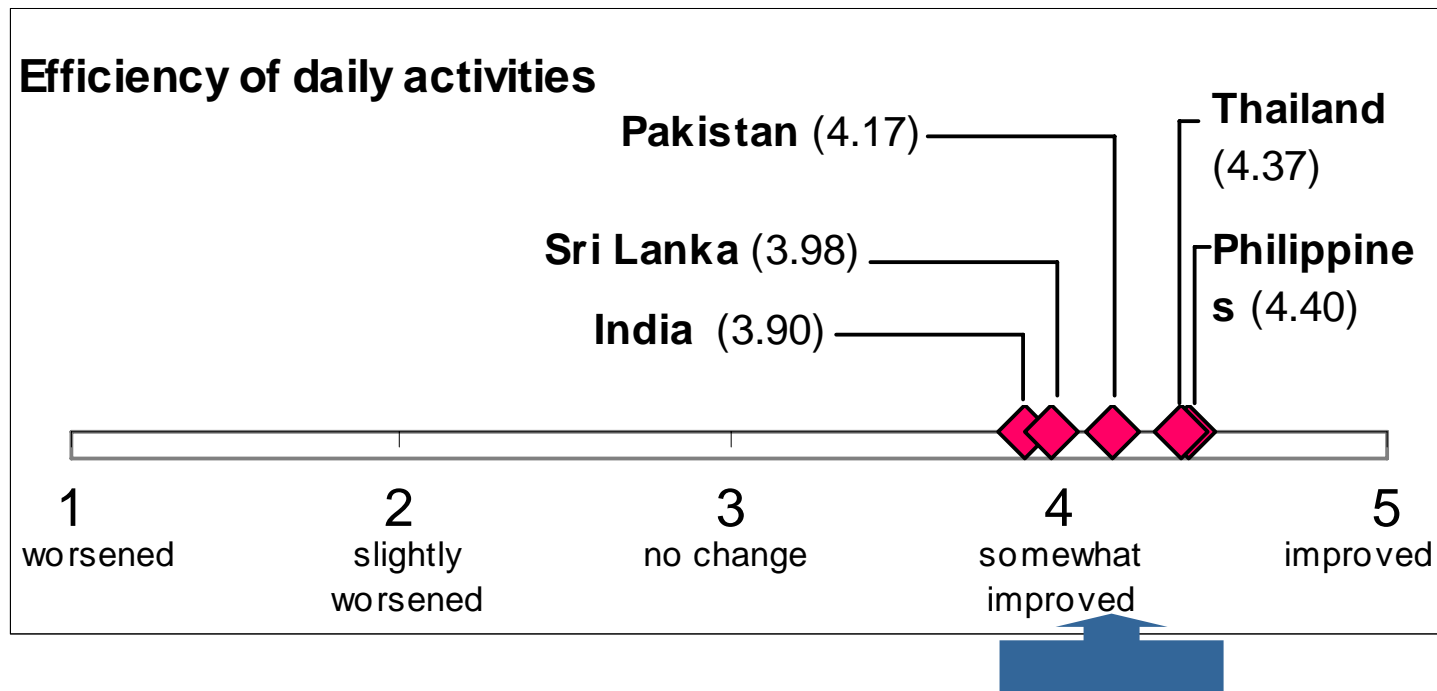
Economic benefits from direct access

- Income generation through the sale of telecom services; *Grameen model...*
- Indirect
 - Use of a phone by an auto-rickshaw driver
 - Obtaining agricultural price info by farmer
 - Cost savings made by making a call as opposed to taking a bus ride into town



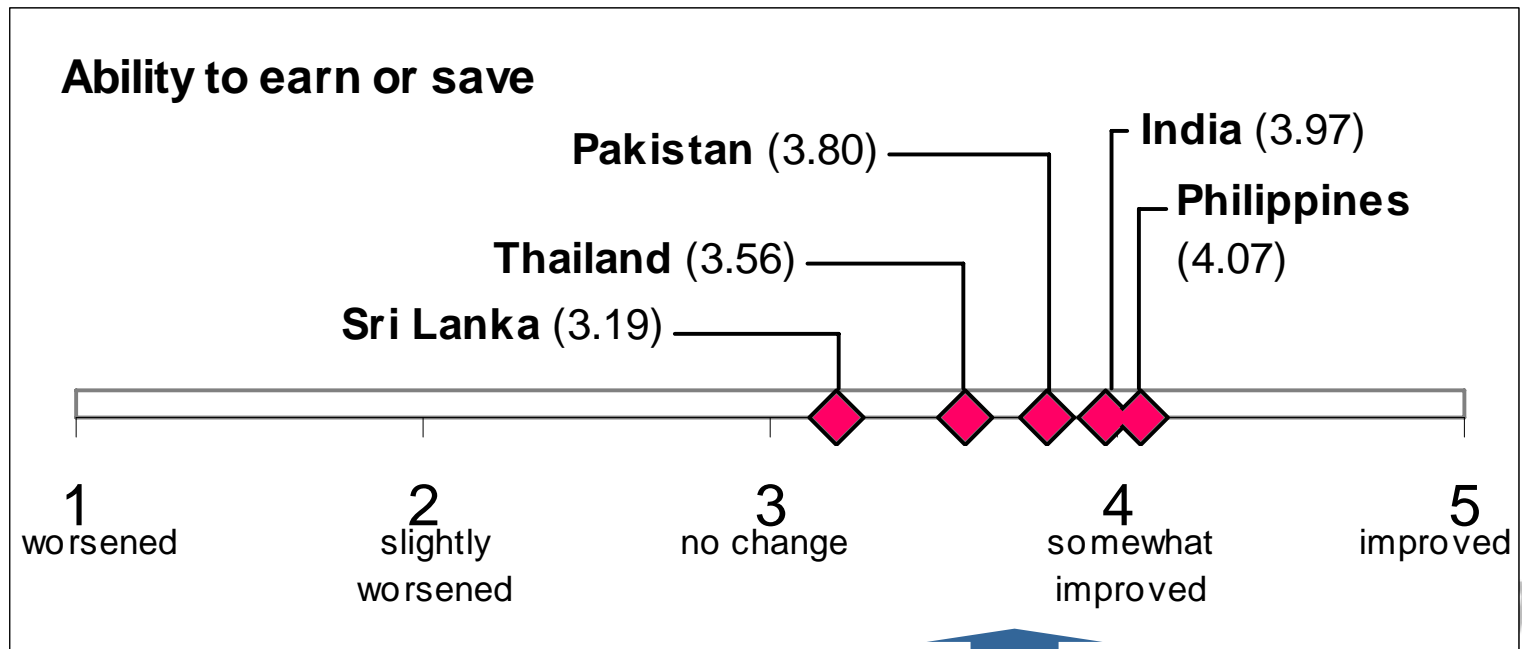
Efficiency of daily activities

- BOP sees the benefit

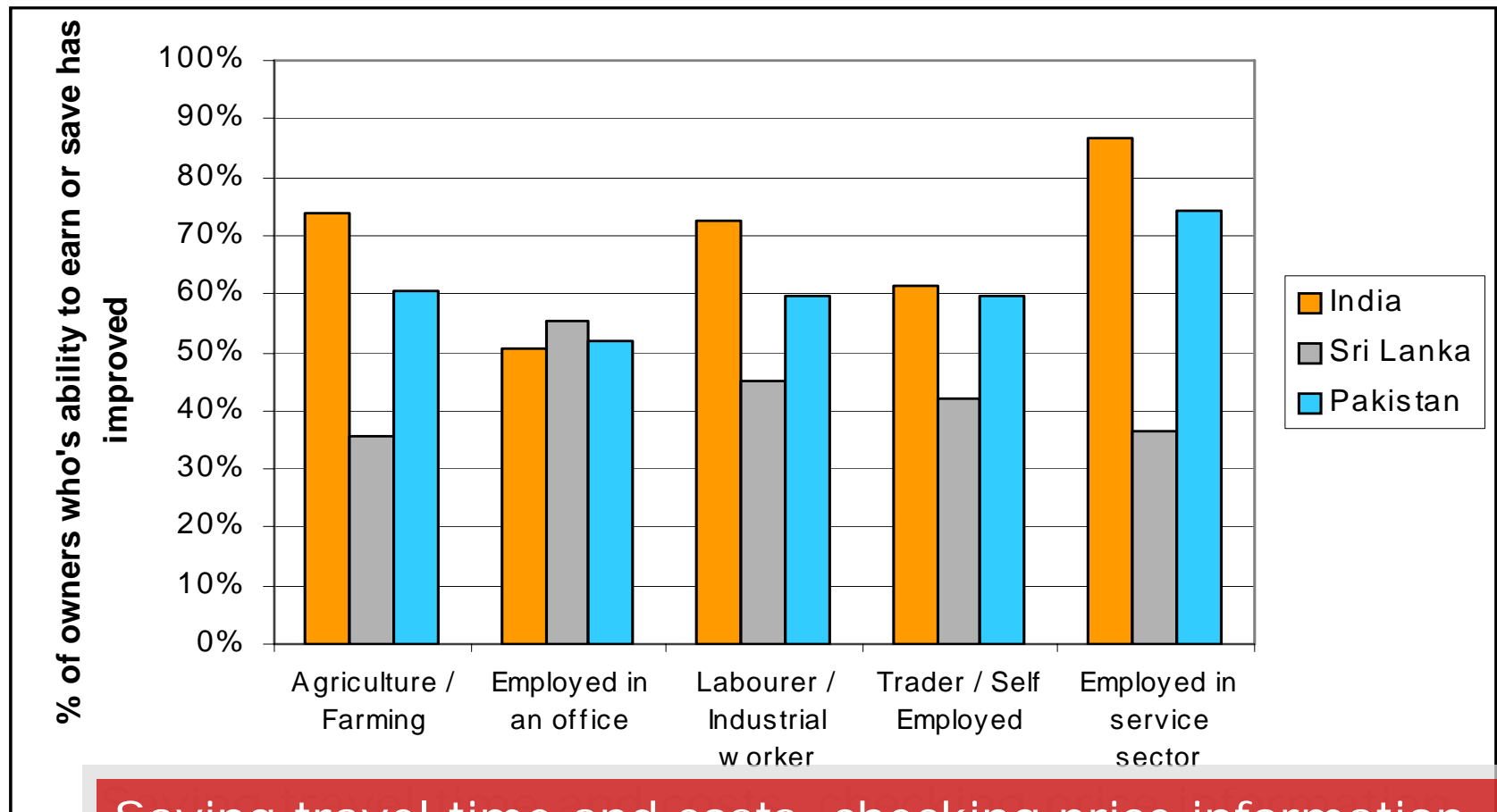


Efficiency → income benefit?

- Indian & Filipino BOP perceives economic benefit
 - Large transactions costs avoided?



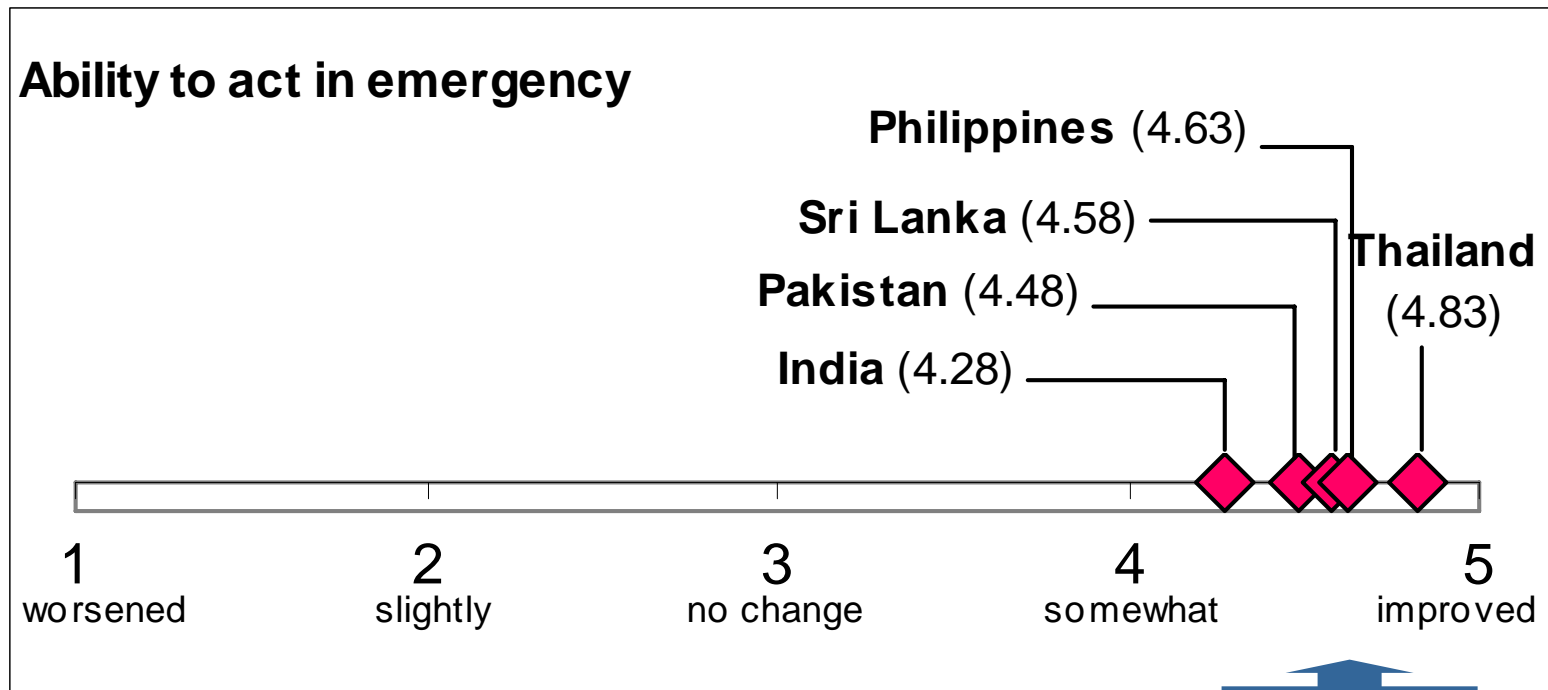
Seen both in services and agriculture



Saving travel time and costs, checking price information, sale of minutes?

But, sense of security is main perceived benefit

- Ability to act in an emergency is key



BOP in summary

- Almost everyone has access to a phone, but very low ownership
- Benefits of ownership (direct access) are known
 - Perceived as improving efficiency and economic benefit in India



To think about...

□ Telecom operators

- Leverage benefits of direct access
 - Security, friends & family
 - Particularly in India: cost saving + income enhancing
- Increase awareness on efficiency → economic gain
 - Convergence; collaborate on meaningful content
 - SMS based services vs. Bollywood movies
- Innovations to enable cheaper calls
 - e.g. any-amount prepaid balance top-ups



C K Prahalad, The Fortune at the BOP

- "...if we stop thinking of the poor as a burden and start recognizing them as value conscious consumers, a whole new world of opportunity will open up"

