

Telecom use on a shoestring: Some findings from a study of the Financially Constrained in South Asia

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Usable Knowledge for Growing the Sector:
ICT Policy & Regulation Research from LIRNEasia
19 December 2005, Colombo

Objectives of the Study

- Understand the use of telecom services by the 'financially constrained' in South Asia
 - To what extent do they use it?
 - What benefits do they gain from use?
 - How do they use it?
 - Why do they use it the way that they do?



Sample

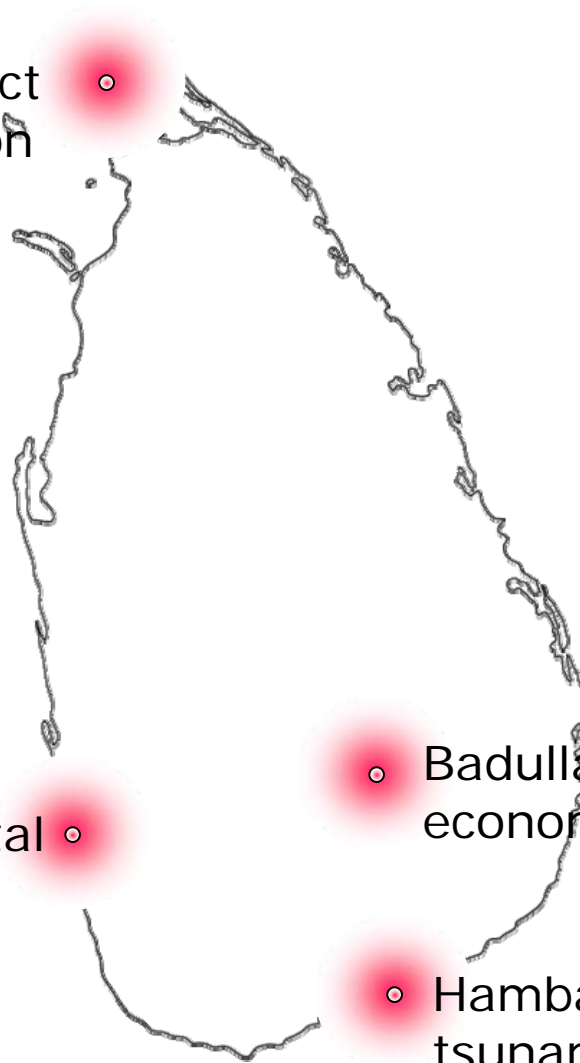
- Surveys in India & Sri Lanka (3199 in total)
 - **Not representative of India & Sri Lanka as wholes**
- 'Users'
 - those who have used a phone in the last three months
- 'Financially constrained' users:
 - Socio-Economic Classification (SEC) groups B,C,D & E
Monthly income < USD100
- Mix of urban (37.5%) and rural (62.5%) respondents

Methodology

- Face-to-face interviews
- Questionnaire:
 - Closed-ended
 - Pilot-tested (in India and SL) and refined
 - Designed by LIRNEasia team (6) with implementing partner
- Sampling
 - Purposive selection of localities
 - Random selection of households
 - KISH grid used to select within households

Sri Lanka: 1100 respondents, 4 localities, 2 languages

Jaffna – post conflict area, high migration

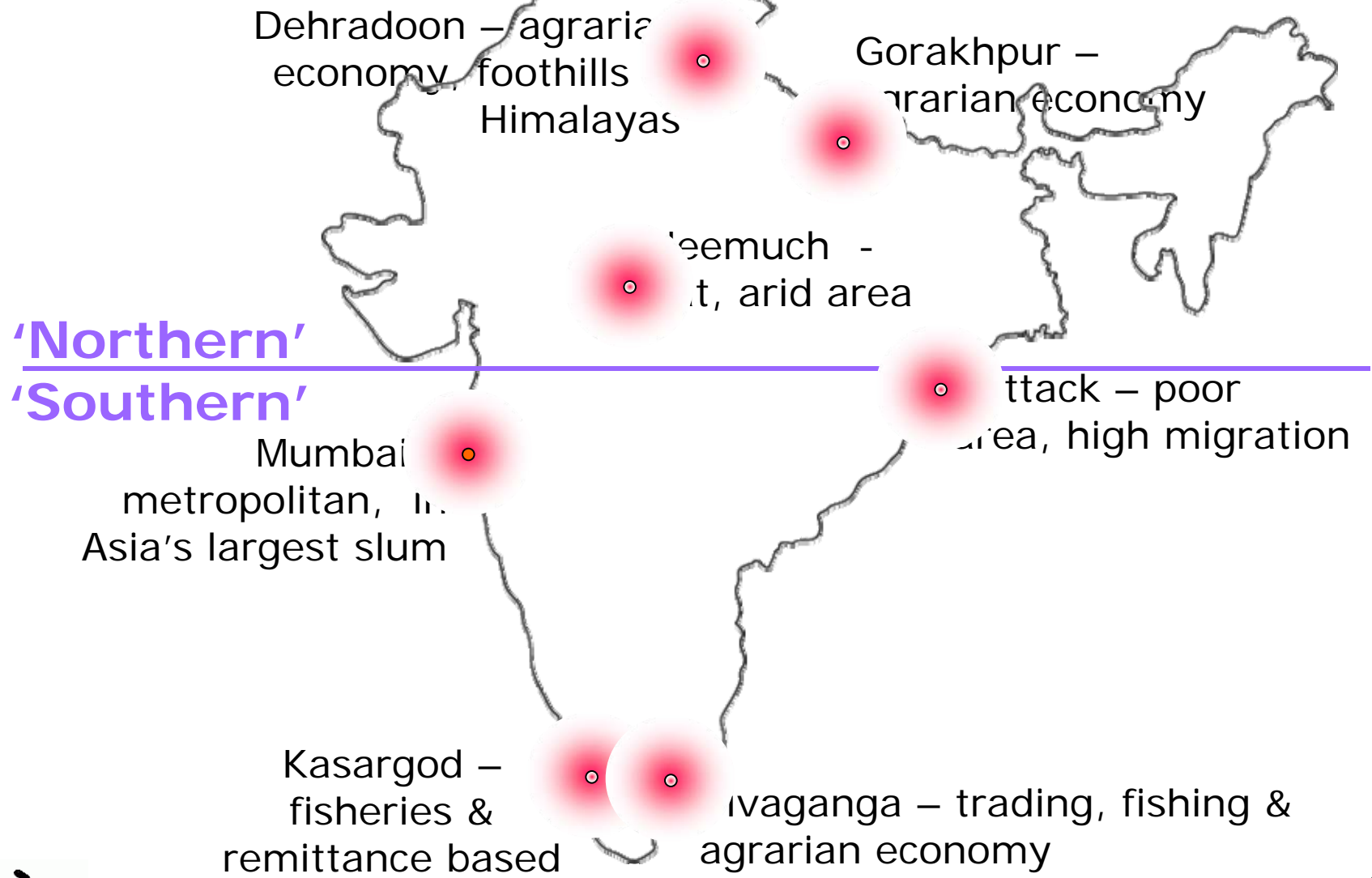


Colombo - capital city, urban landscape

Badulla – rural, plantation economy, hill country

Hambantota – rural, tsunami affected

India: 2099 respondents, 7 localities, 5 languages



Questionnaire

- 'Mode' of access:
 - fixed, mobile, 'public access'
- Reasons for selecting mode
- Ownership & use by other people
- How telecom services are used
 - Usage patterns
 - What they are used for (purposes)
 - Ways in which they are used (strategies)
 - Difficulties faced
- Use of Internet & telegrams

Limitations

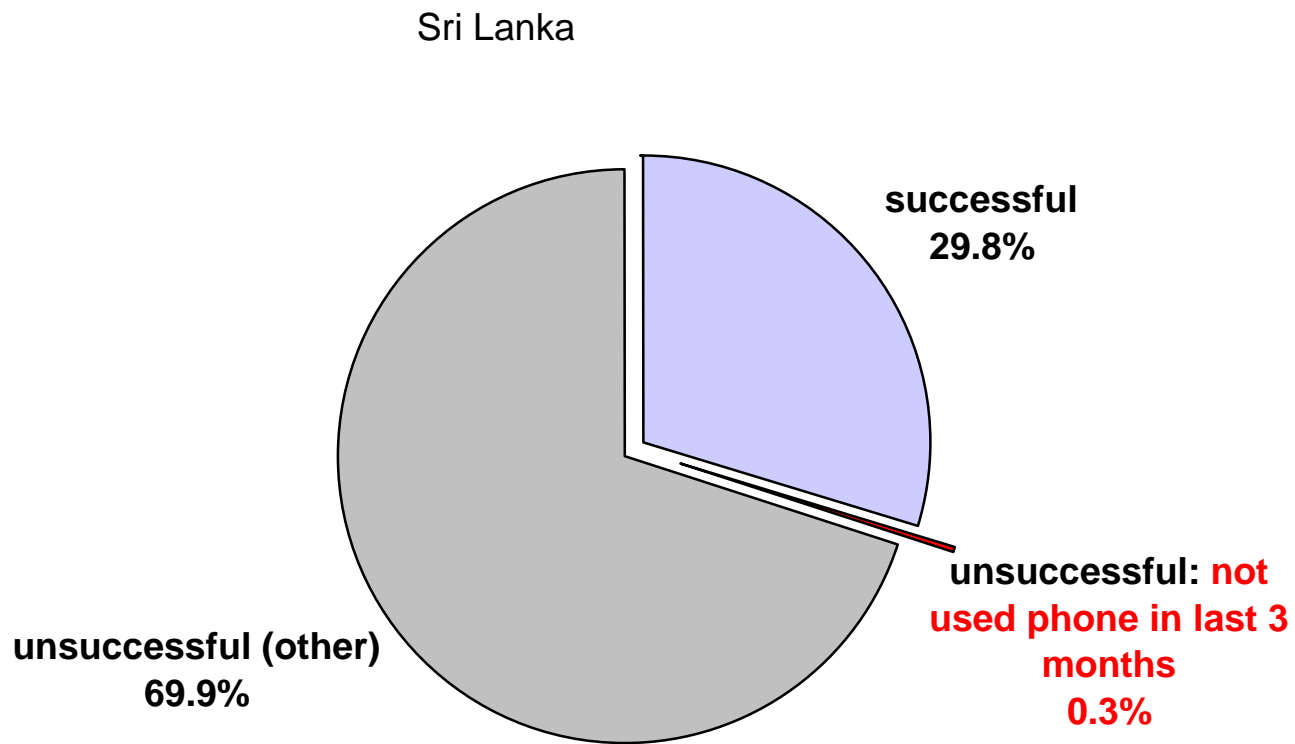
- Difficult to make accurate comparisons with groups not studied (financially 'unconstrained')
- Closed ended questionnaire
 - Could have been supplemented with Focus Group Discussions
- Calling patterns based on recall data
- Weaknesses in a few questions

Findings

- How the financially constrained communicate
- Why they choose fixed, mobile or public phones
- What they use them for
- How they use them
- Constraints & considerations
- Expenditure & cost perceptions

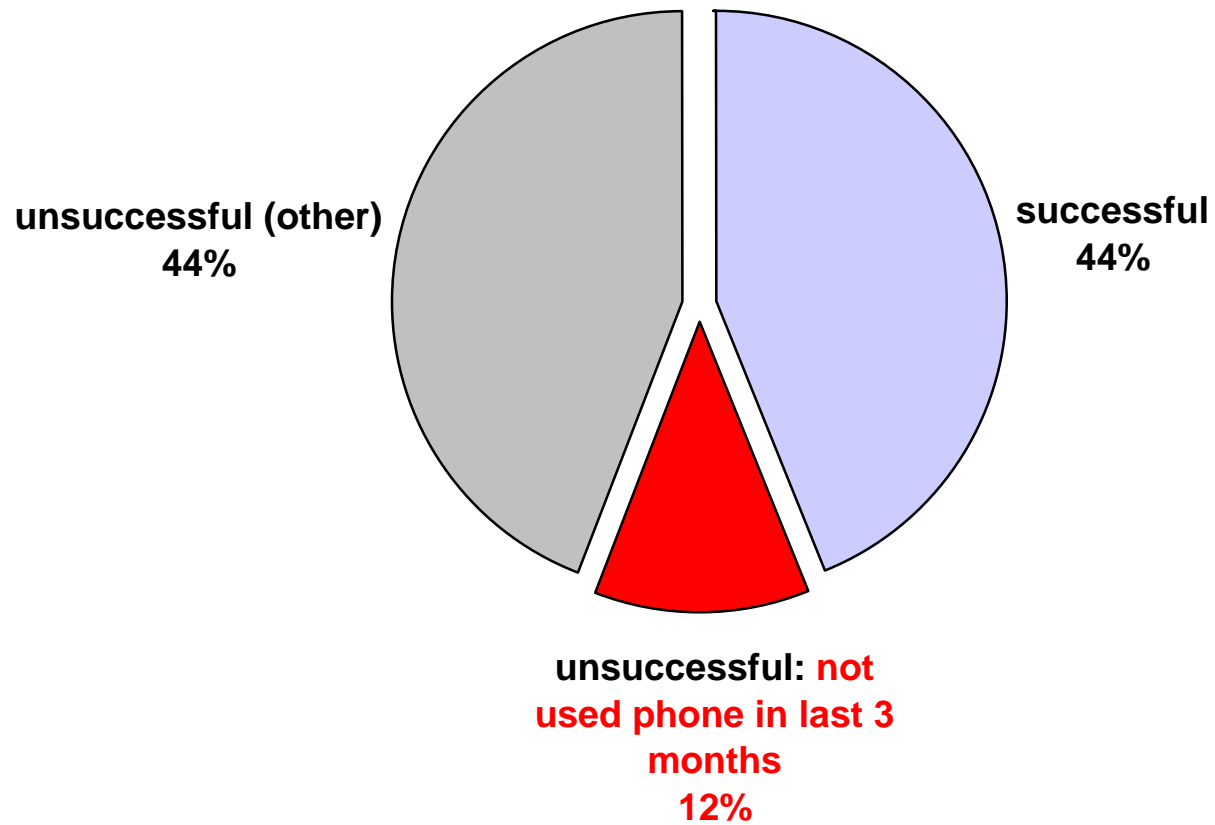


Everyone in uses phones...



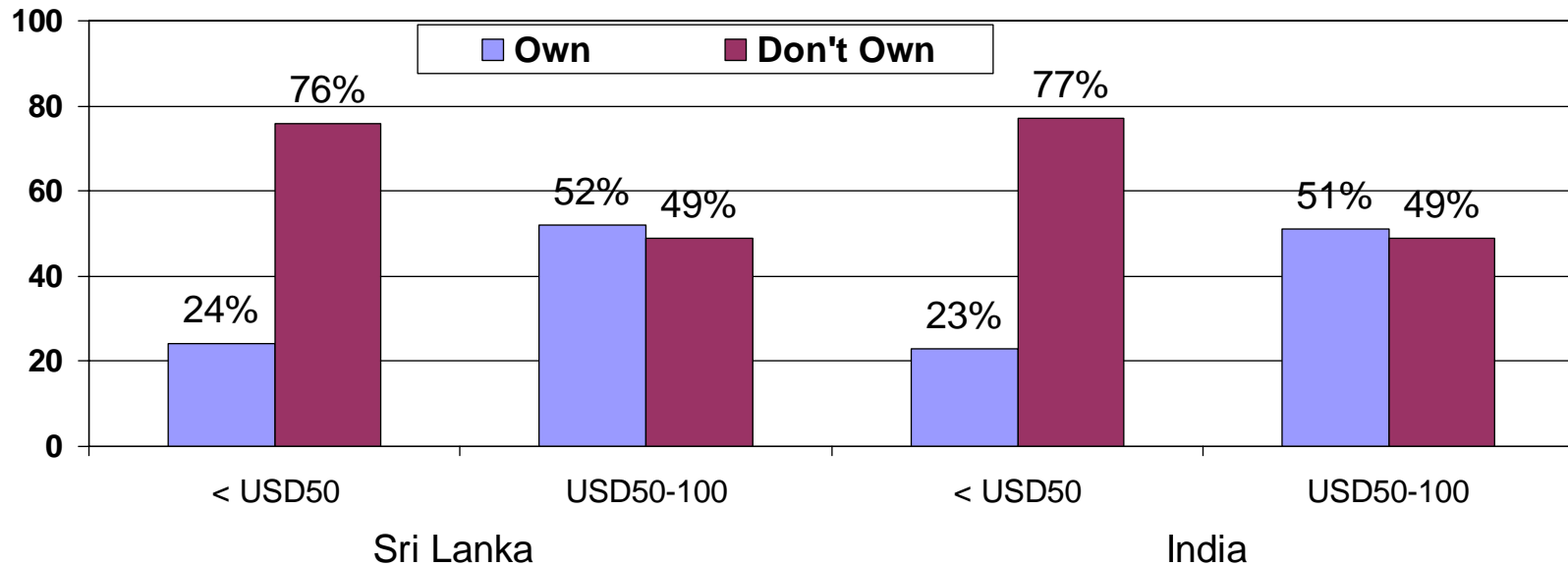
Total number approached: 3690

India



Total number approached: 4769

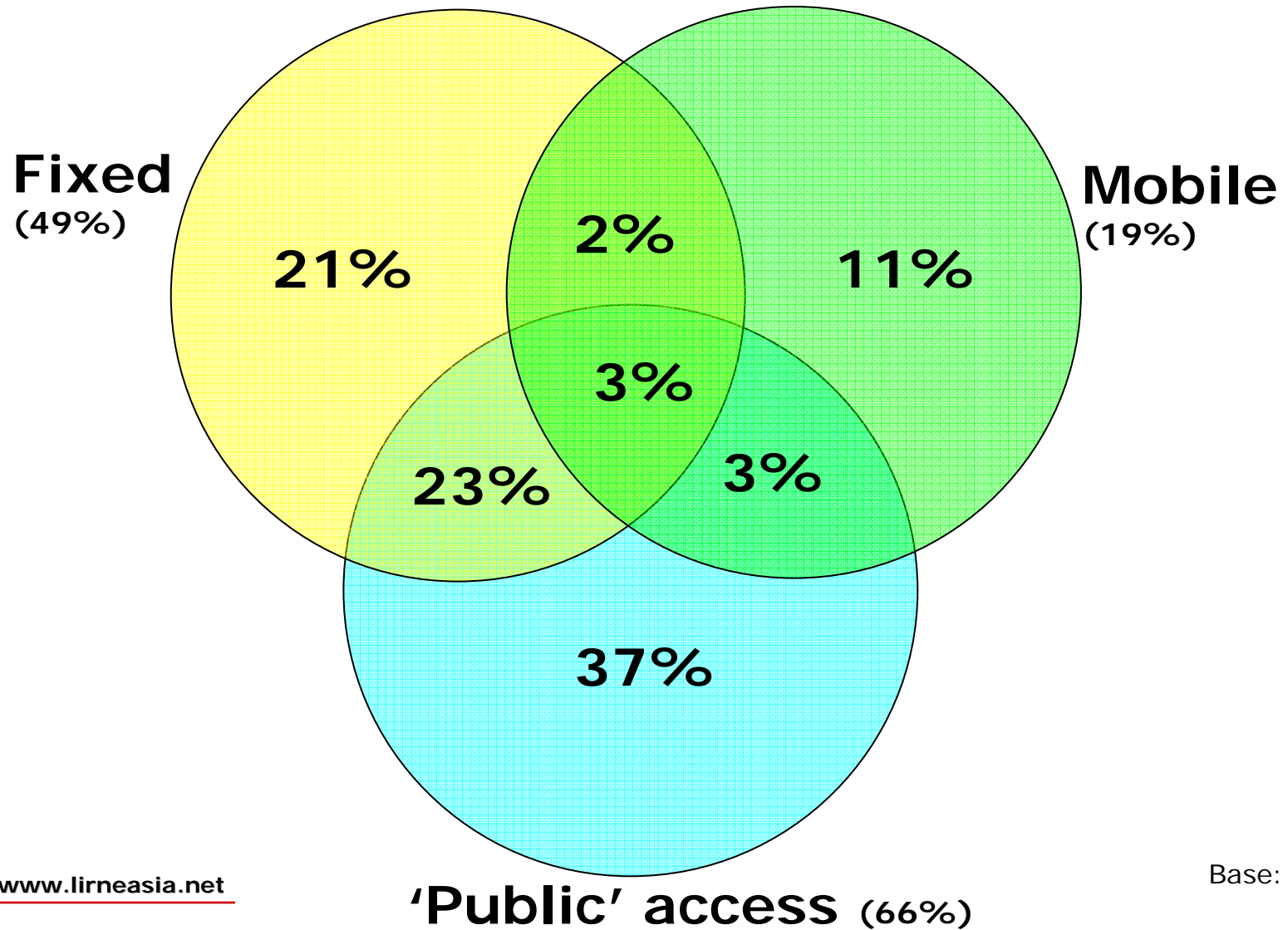
...but 58% do not own one!



What people own	Sri Lanka		India	
	< USD 50	USD50-100	< USD 50	USD50-100
Landline Only	2	20	19	37
Mobile Only	21	28	3	8
Landline + Mobile	1	4	1	6

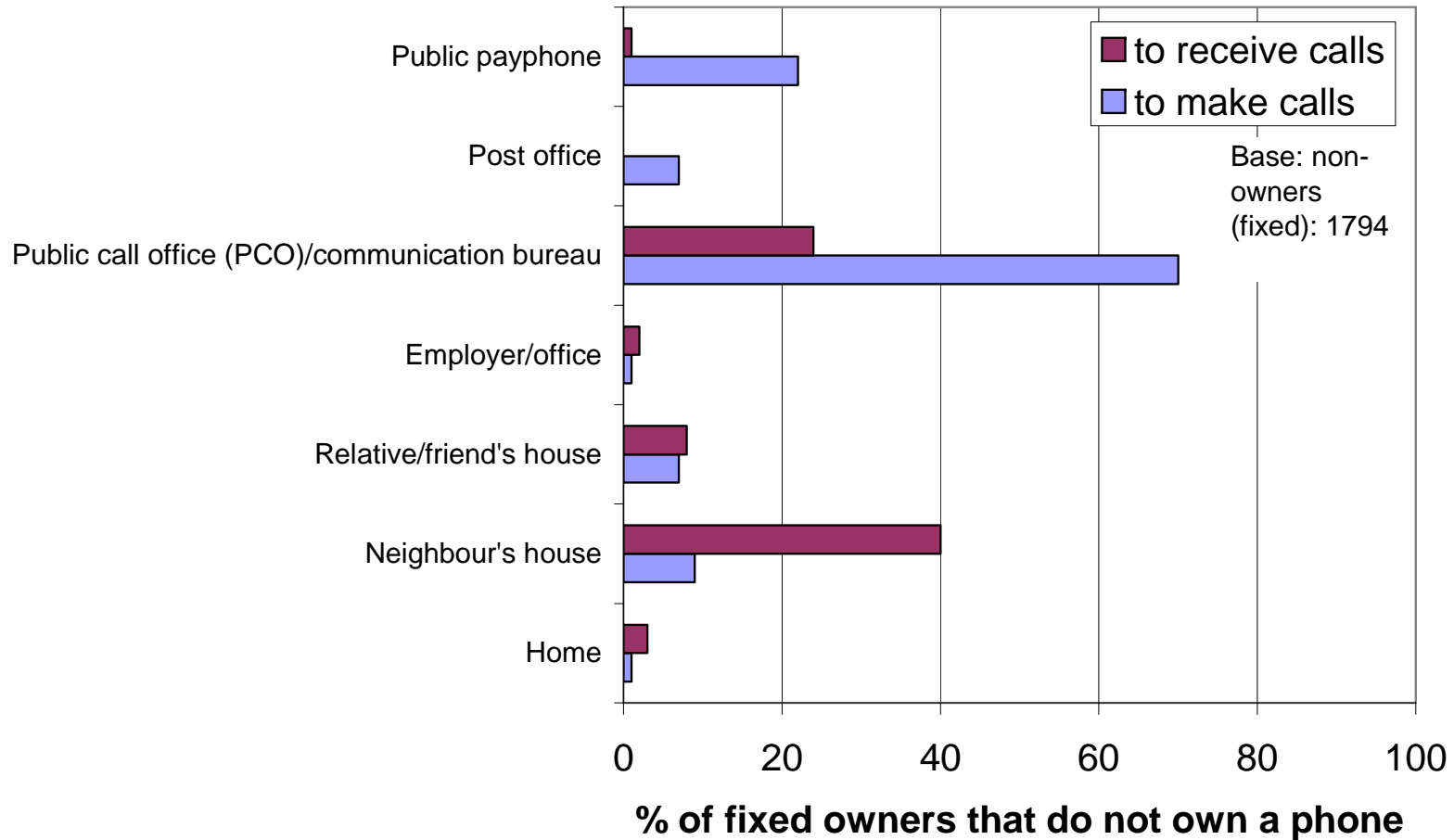
Phone ownership doubles in higher income groups

66% use public access phones

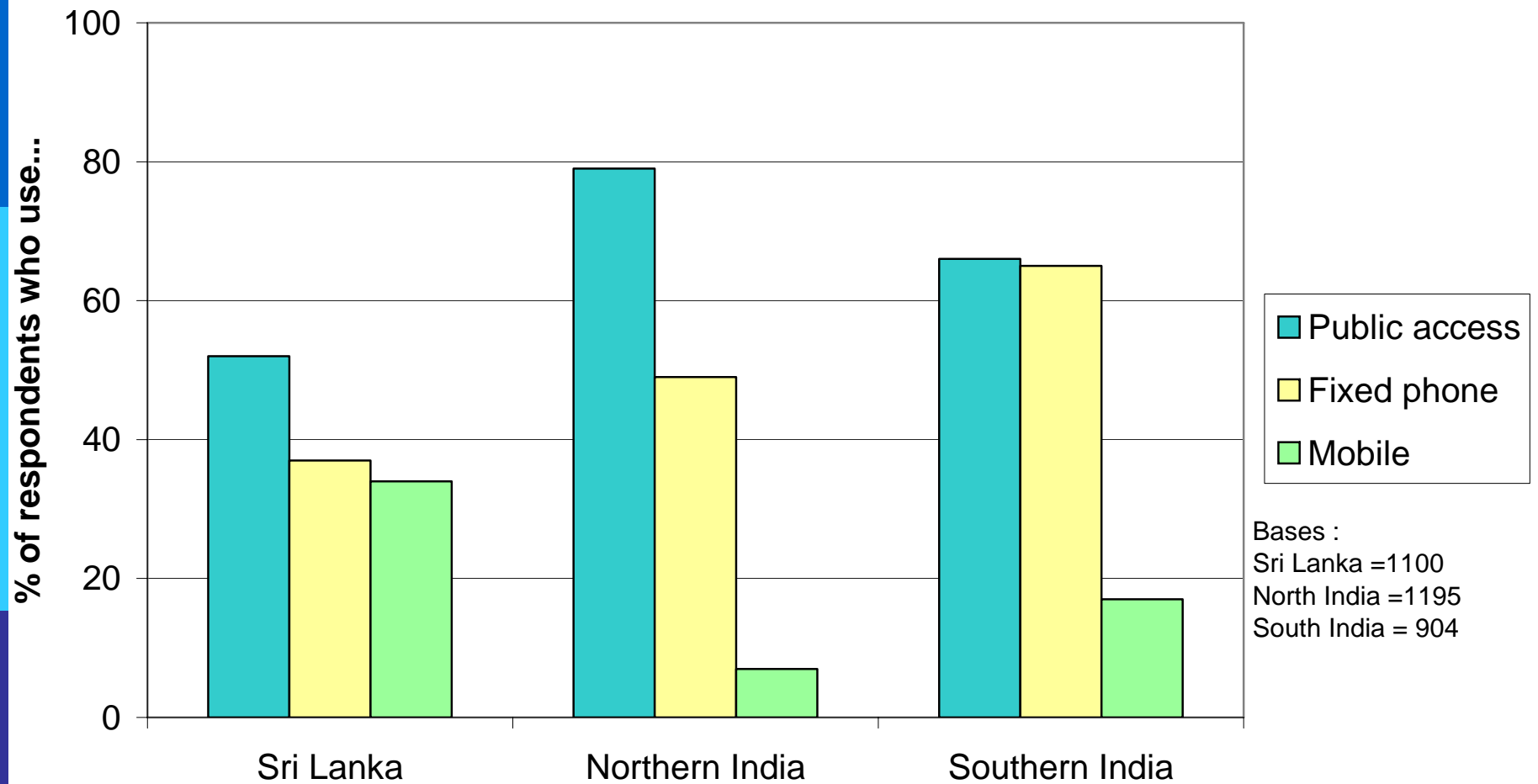


Non-owners (fixed) mostly use PCOs and payphones to make calls

the place where fixed users who do not own a phone most often use the phone

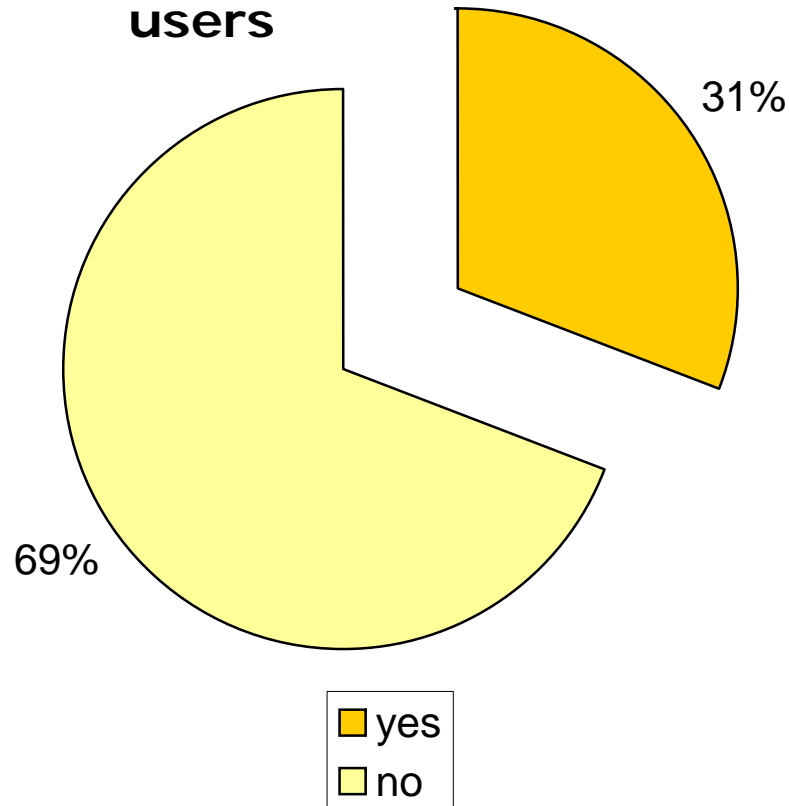


Higher reliance on public access in India



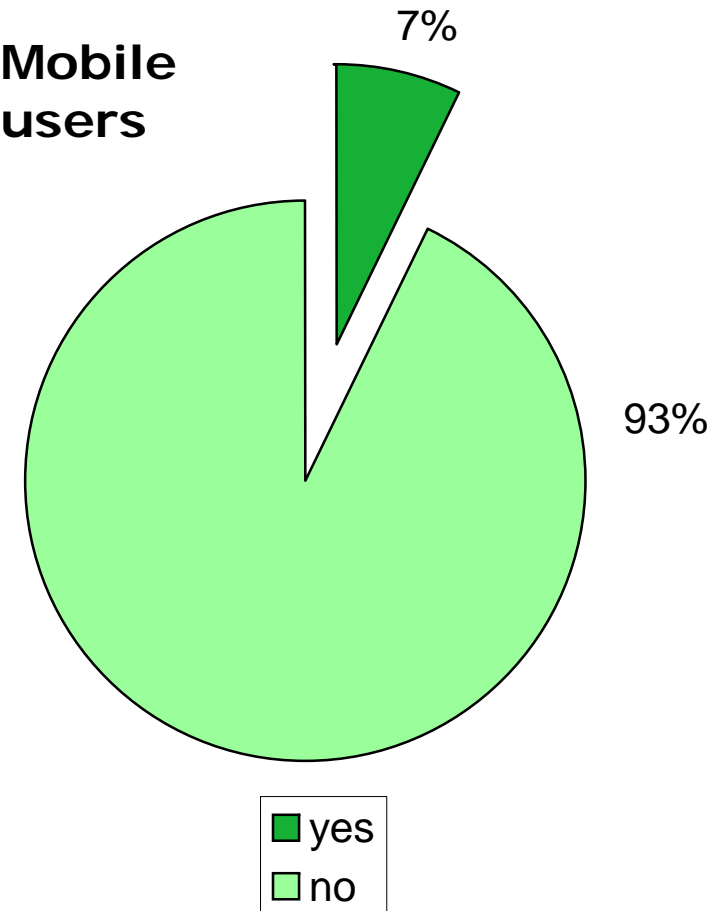
I allow 'others' to use my phone

Fixed users



Base:
Fixed owners
(847)

Mobile users



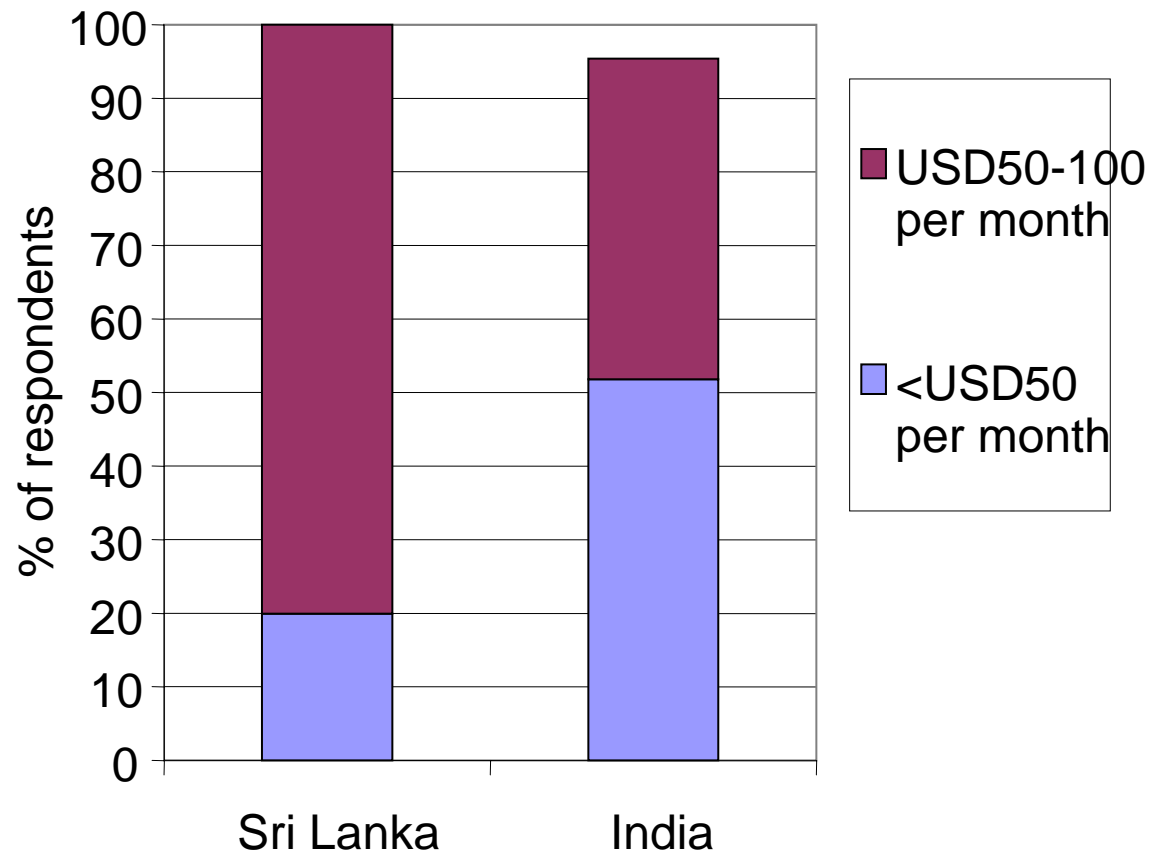
Base:
Mobile owners
(509)

...reflects availability of service

- wide availability of PCO in India
- India & Sri Lanka almost same penetration on fixed
- Sri Lanka higher in mobile but India growing too
 - Sri Lanka had mobile since 1989; India since 1994
- India converted to CPP in 2003; Sri Lanka is still RPP

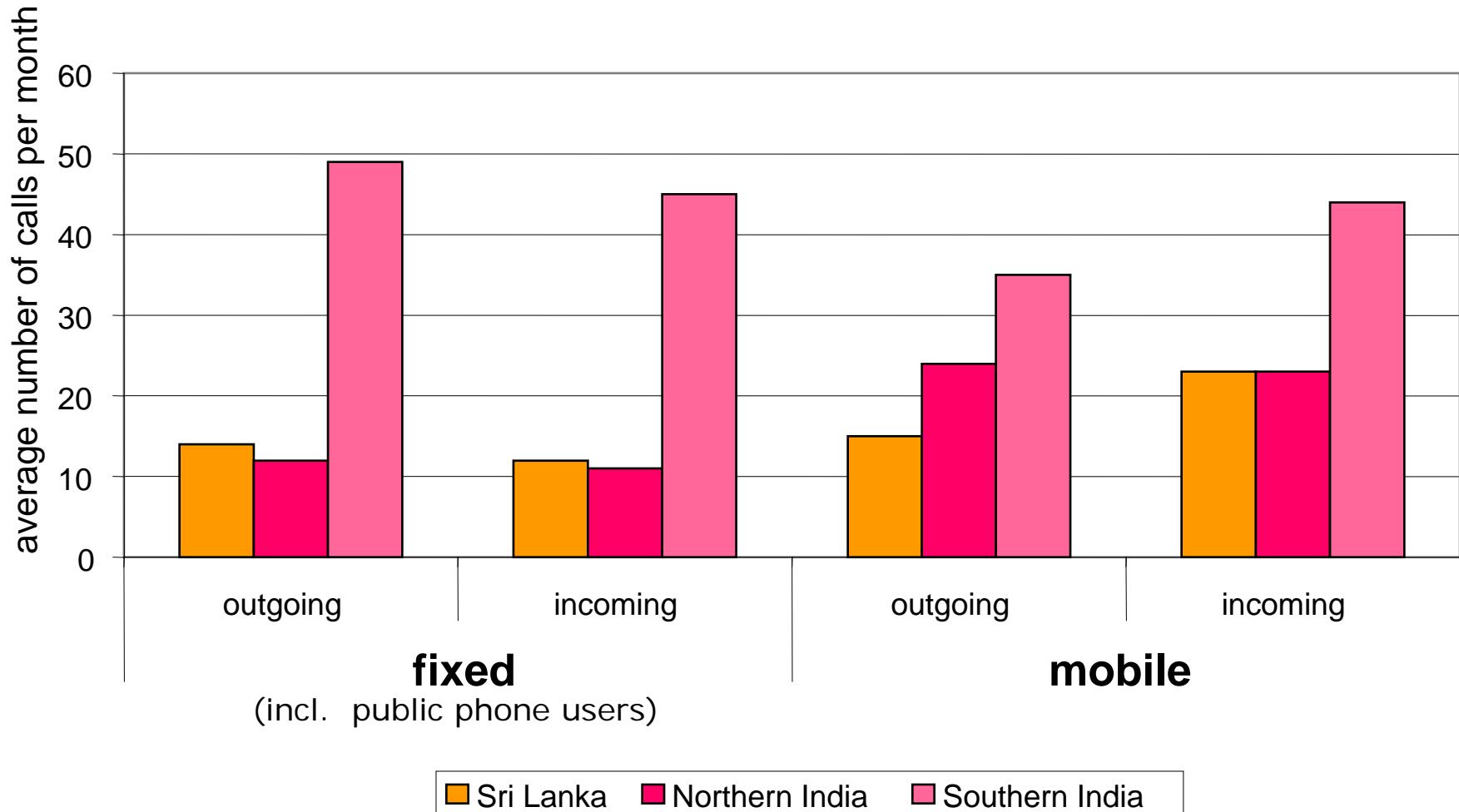
Subscribers per 100 inhabitants (Sept 2005)		
	Sri Lanka	India
Mobile	15.6	5.96
Fixed	5.7	4.4
Source: TRAI, TRCSL (2005)		

...and larger group of poorer people in Indian sample



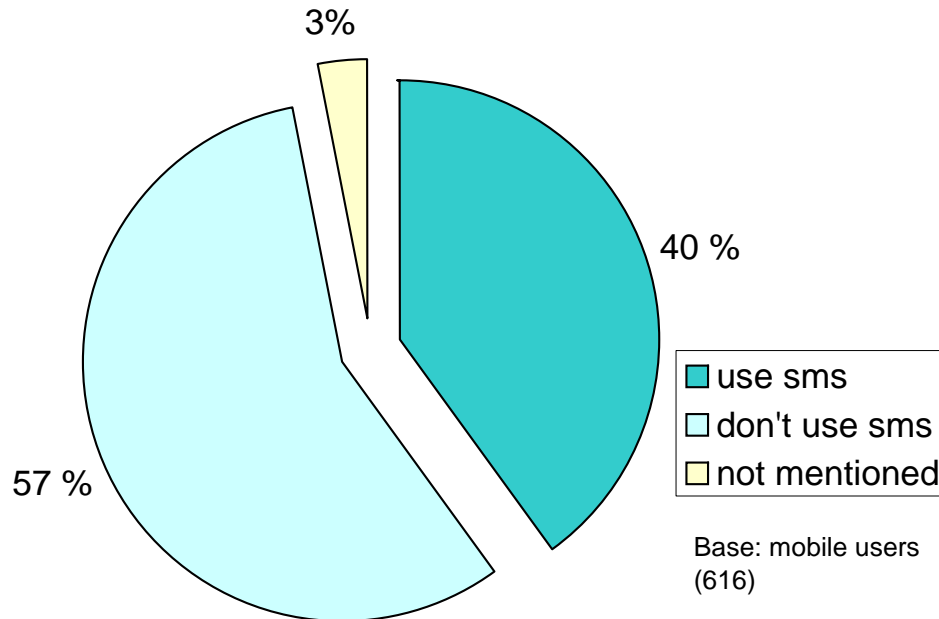
Usage patterns:

mobile users make more calls than fixed users in Sri Lankan and Northern Indian sample



SMS use is low...

Mobile users that use the short message service



59% of SMS users use English language for messages

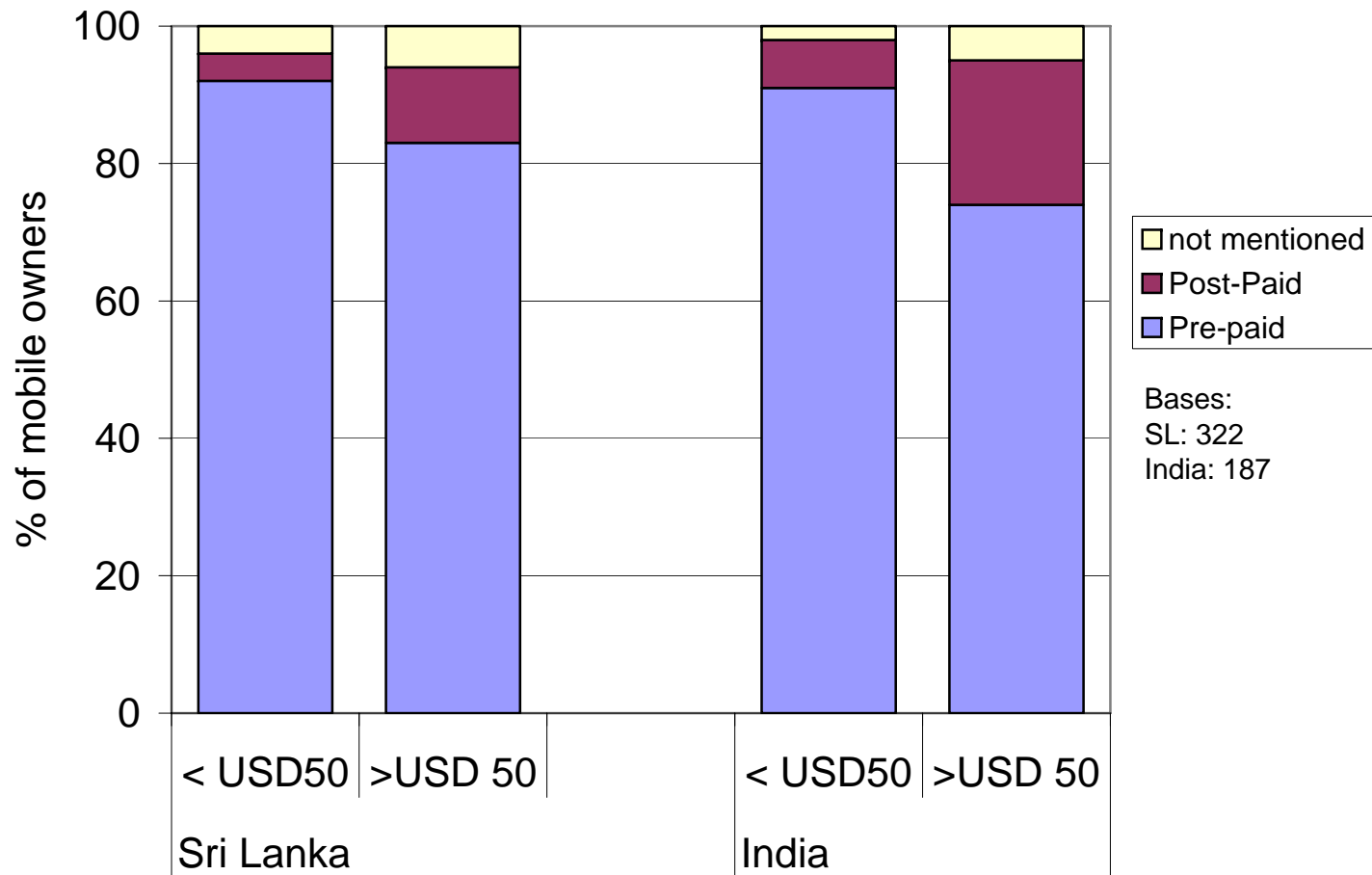
What they use SMS for:

personal communication	88%
emergency communication	37%
business communication	7%

Why they use it:

to minimize comm. expenditure	88%
as a signal	58%
to make sure message is received	48%

83 % of mobile users on pre-paid

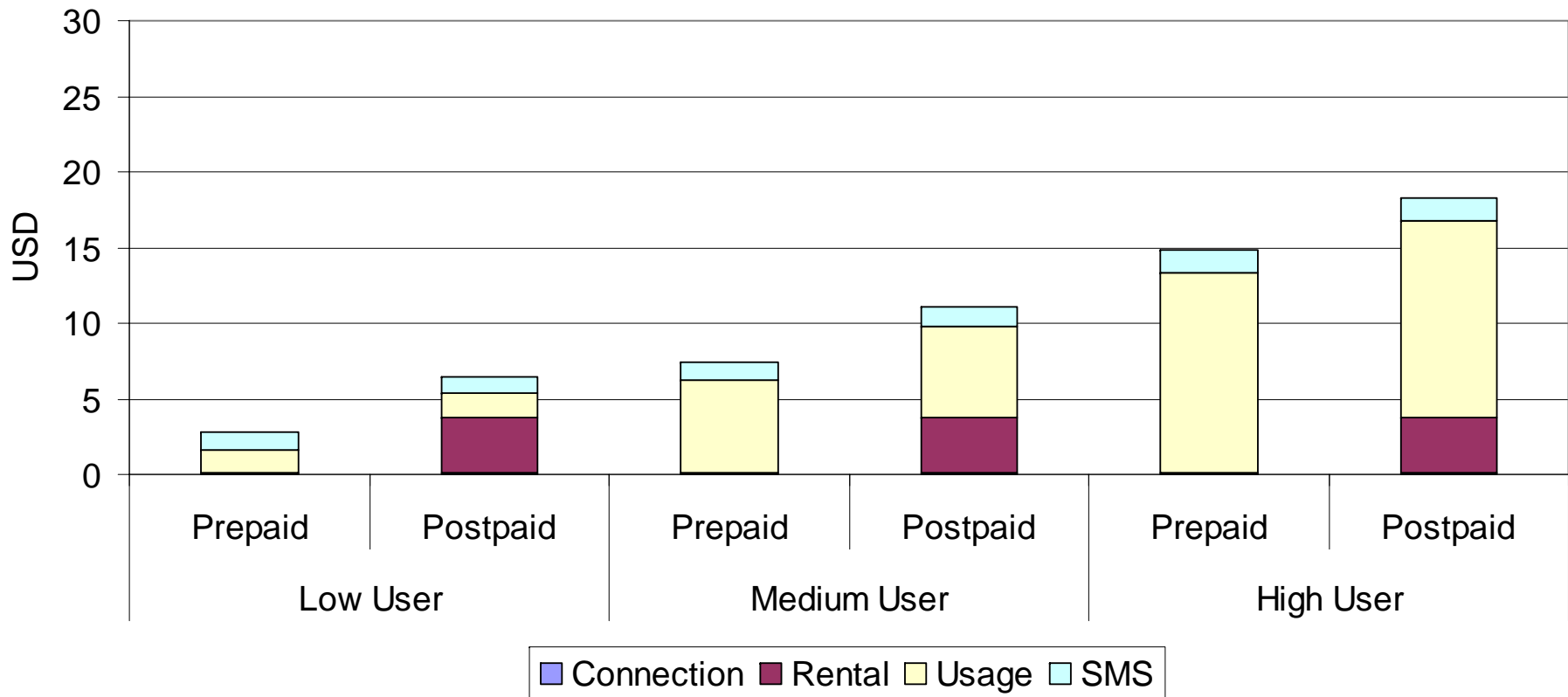


Bases:
SL: 322
India: 187

Base: all respondents

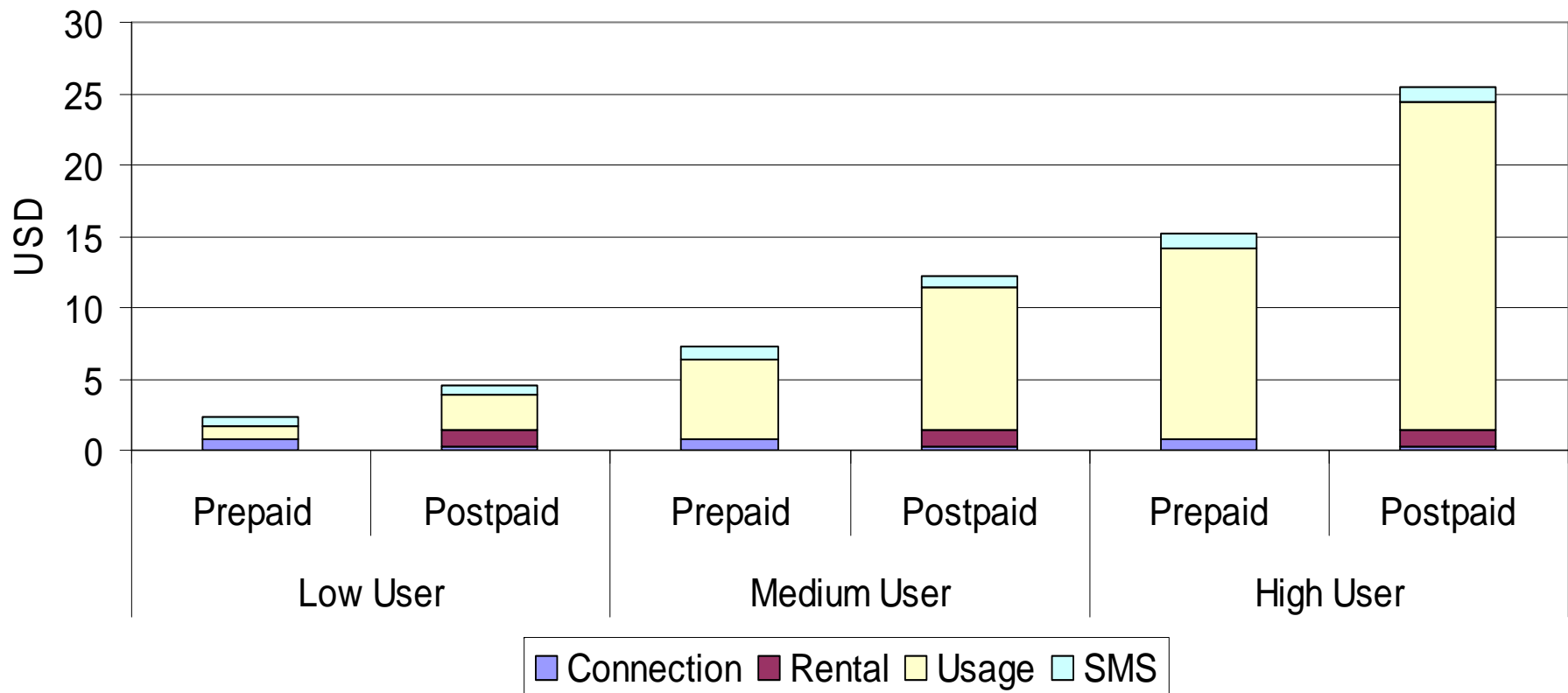
Prepaid cheaper than postpaid in India...

Monthly Mobile Tariffs (Pre-Paid vs Post Paid): India



... and Sri Lanka

Monthly Mobile Tariffs (Pre-Paid vs Post Paid): Sri Lanka



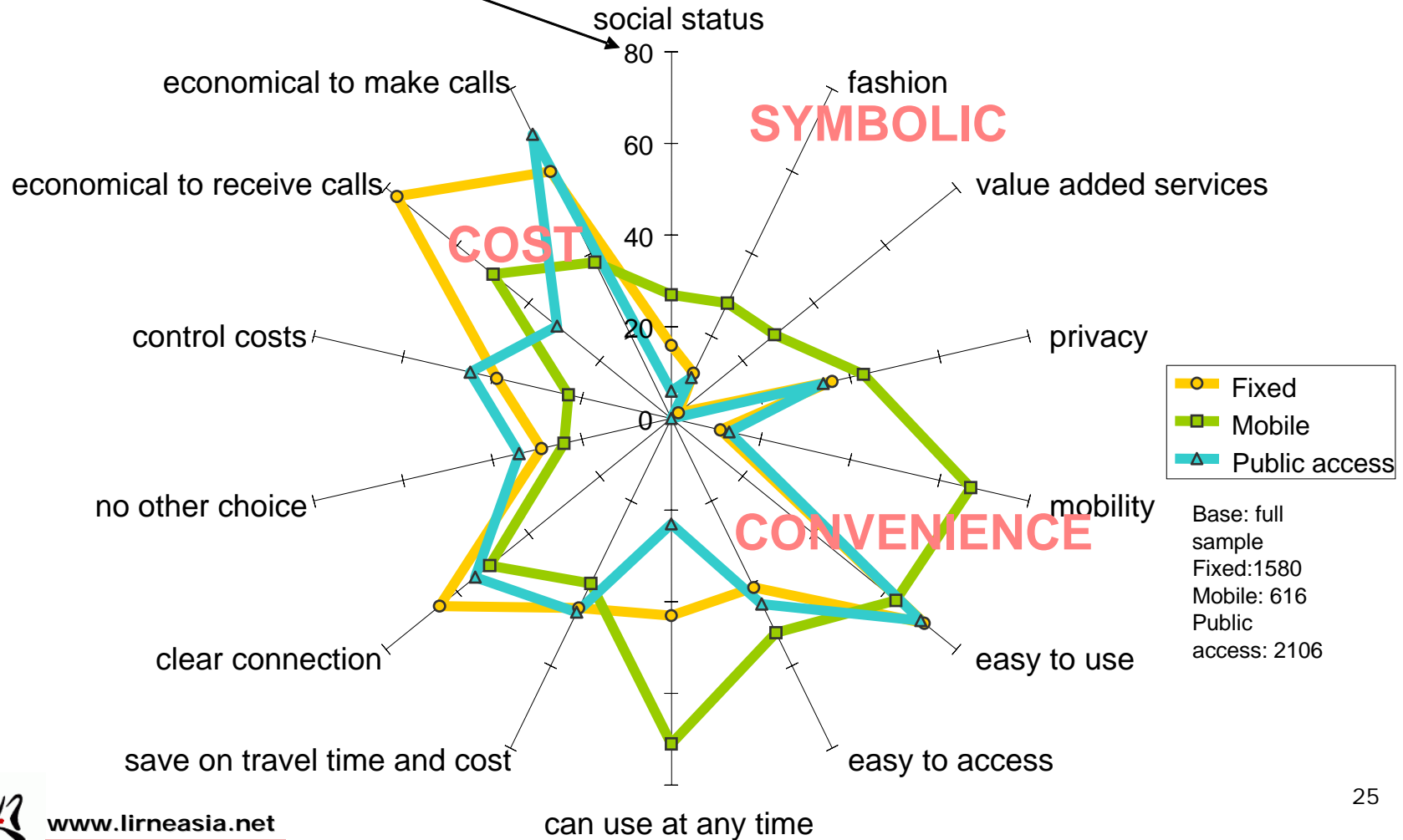
Basket methodology

- Based on OECD methodology with modifications
 - RPP
 - Prepaid & post-paid
- Based on monthly tariffs of cheapest tariff package of largest operator in each country
 - India – Airtel (Bharti) – 28% (July'05)
 - Sri Lanka – Dialog Telkom – 60% (July '05)
- Basket includes airtime (in/out), SMSs, rental & connection charges + free airtime & SMSs

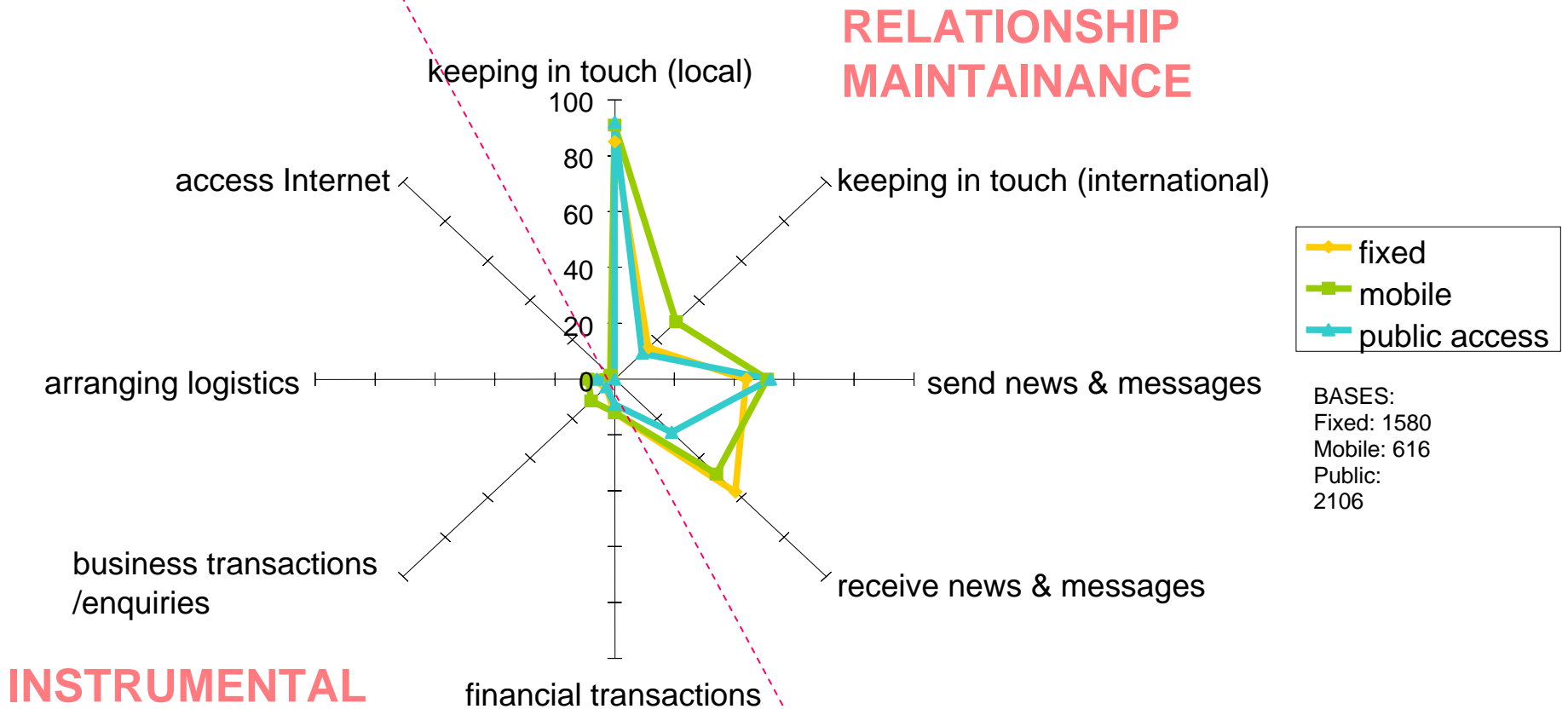
	Outgoing calls/month	SMS/month
Low user	25	30
Medium user	75	35
High user	150	42

Why people choose phones: Cost & convenience

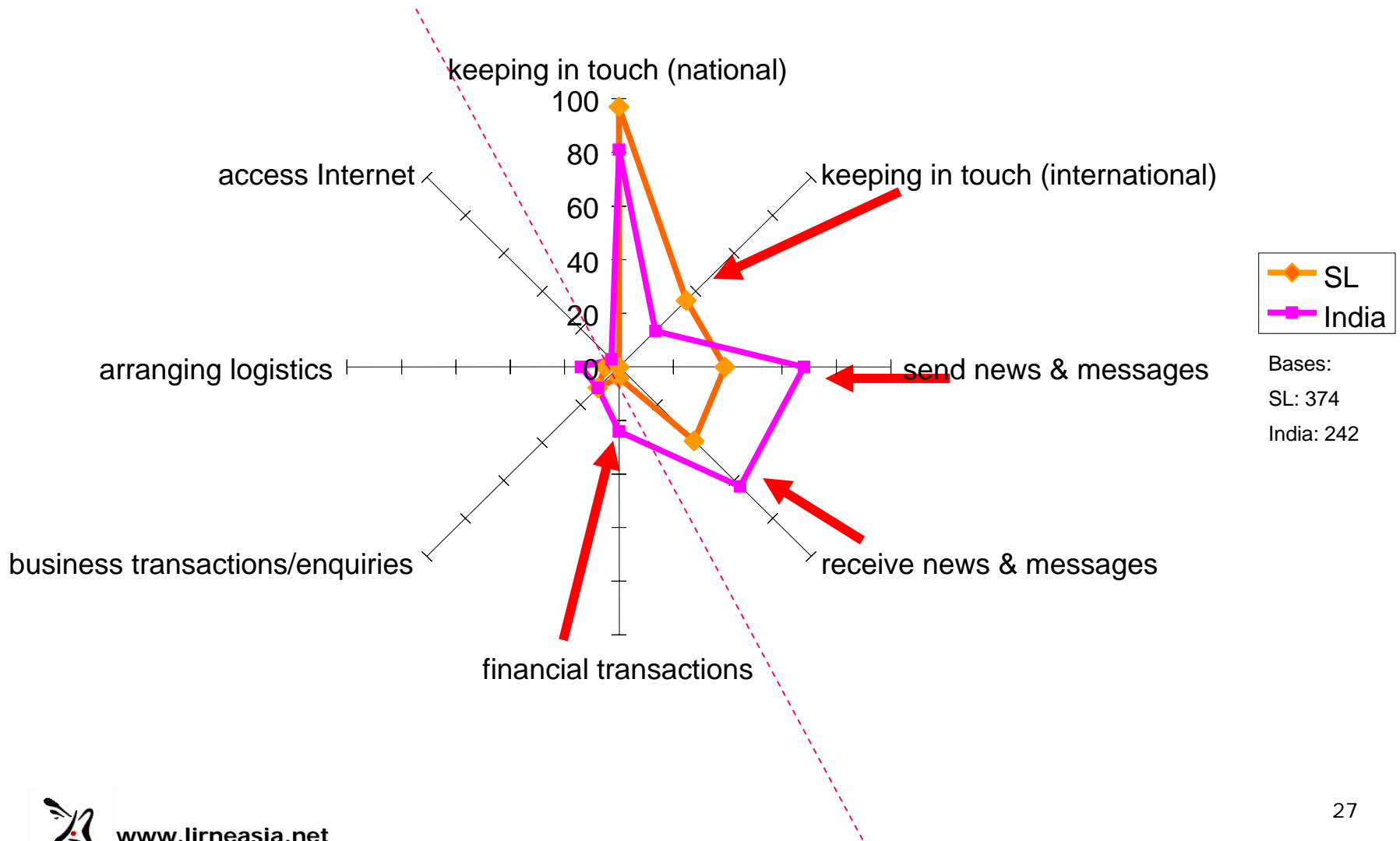
% of users who chose a mode for reason...



What they use phones for: relationship maintenance

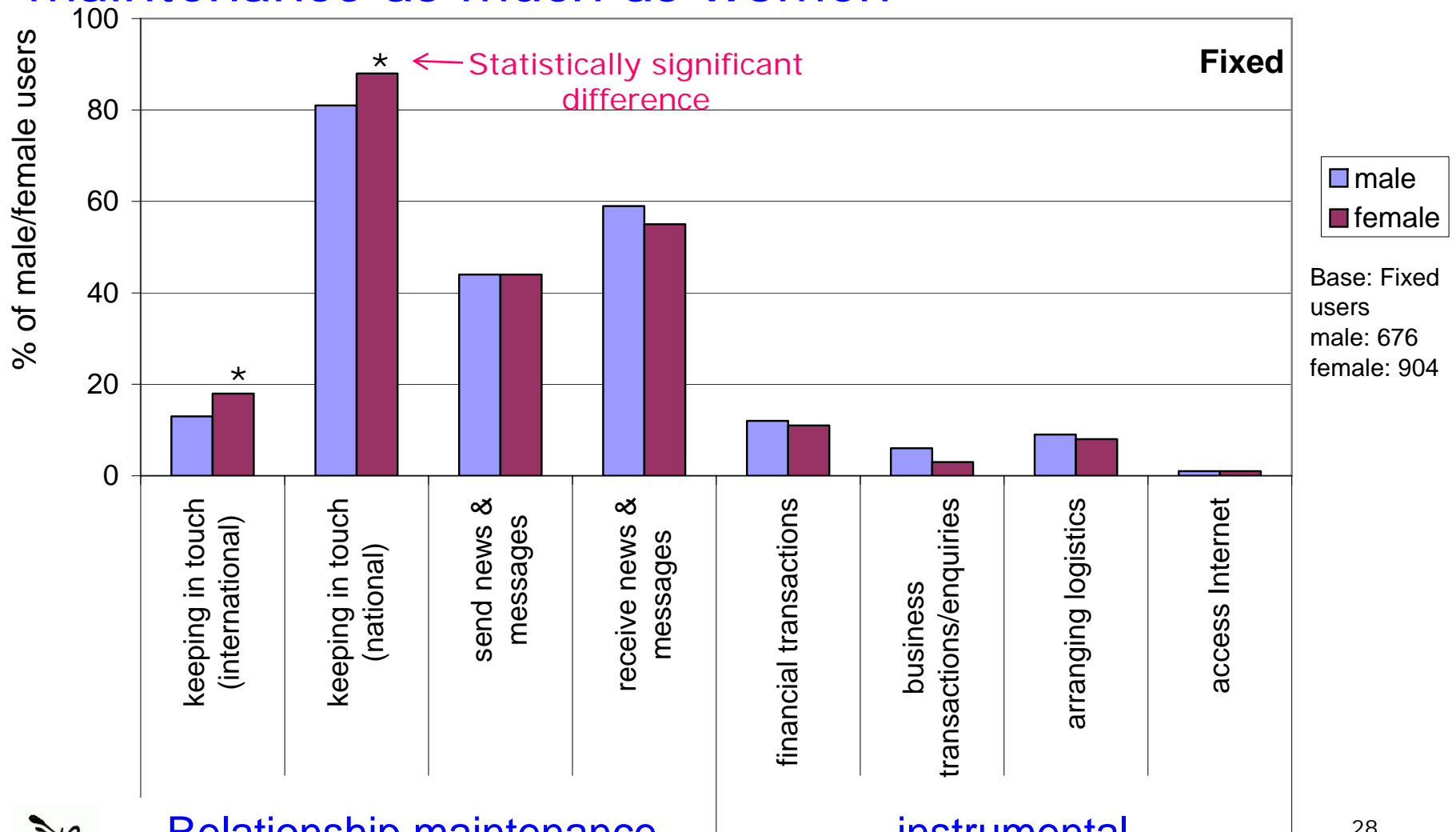


Use of mobiles: relationships in SL; also some instrumental use in India



Gender Patterns:

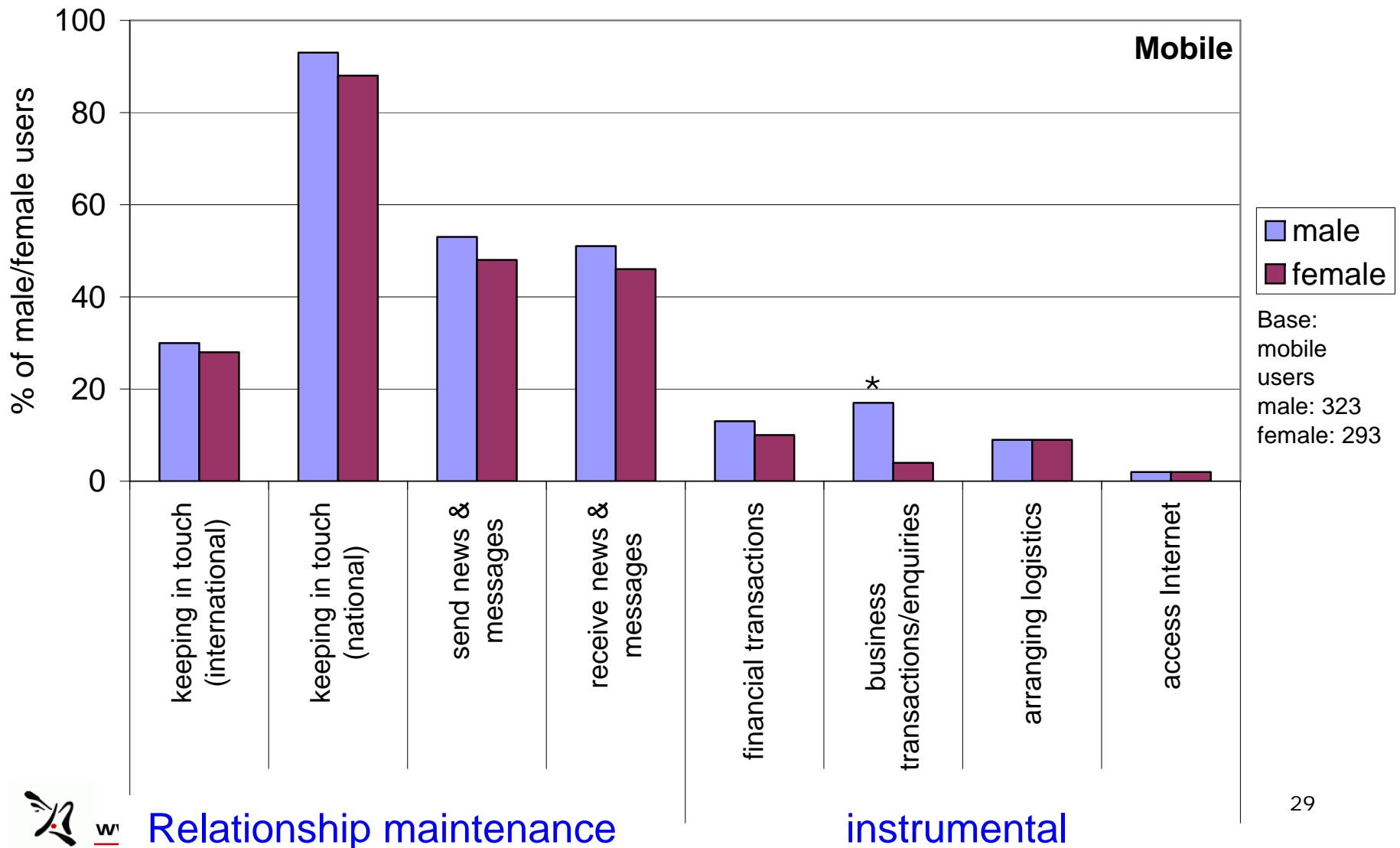
Fixed: men use the phone for relationship maintenance as much as women



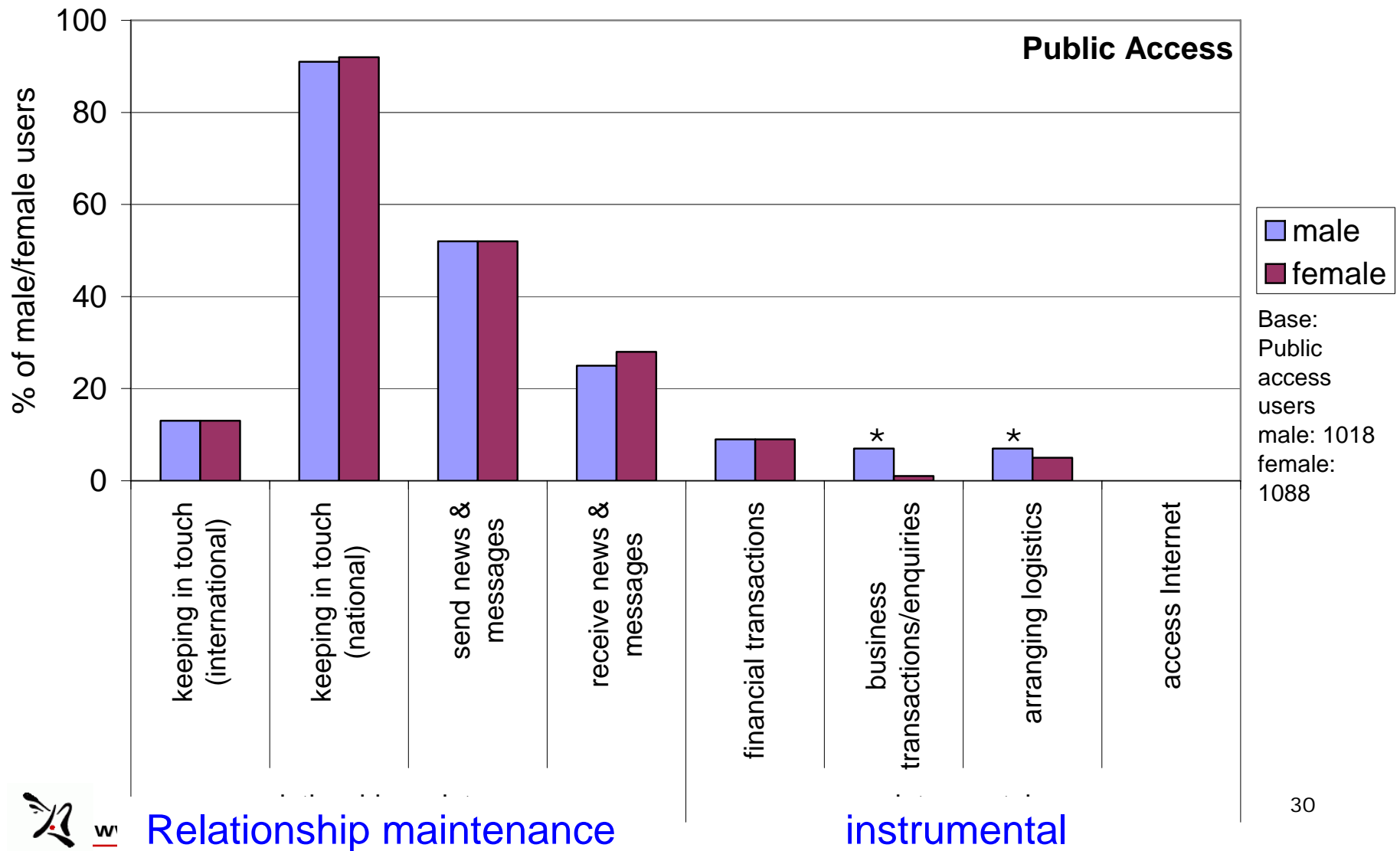
Relationship maintenance

instrumental

Same story on mobiles (minor difference on business transactions) ...

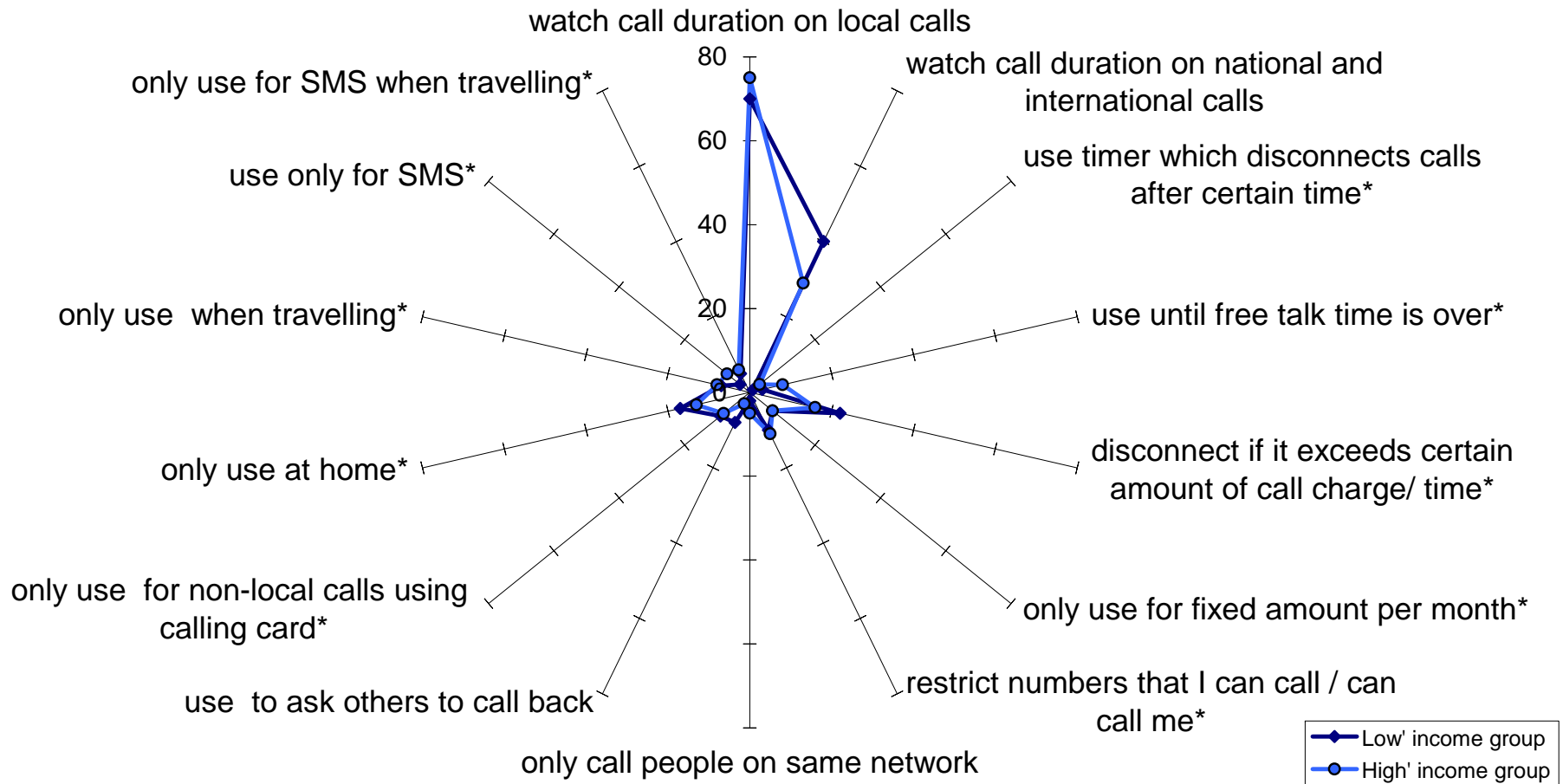


...and public access

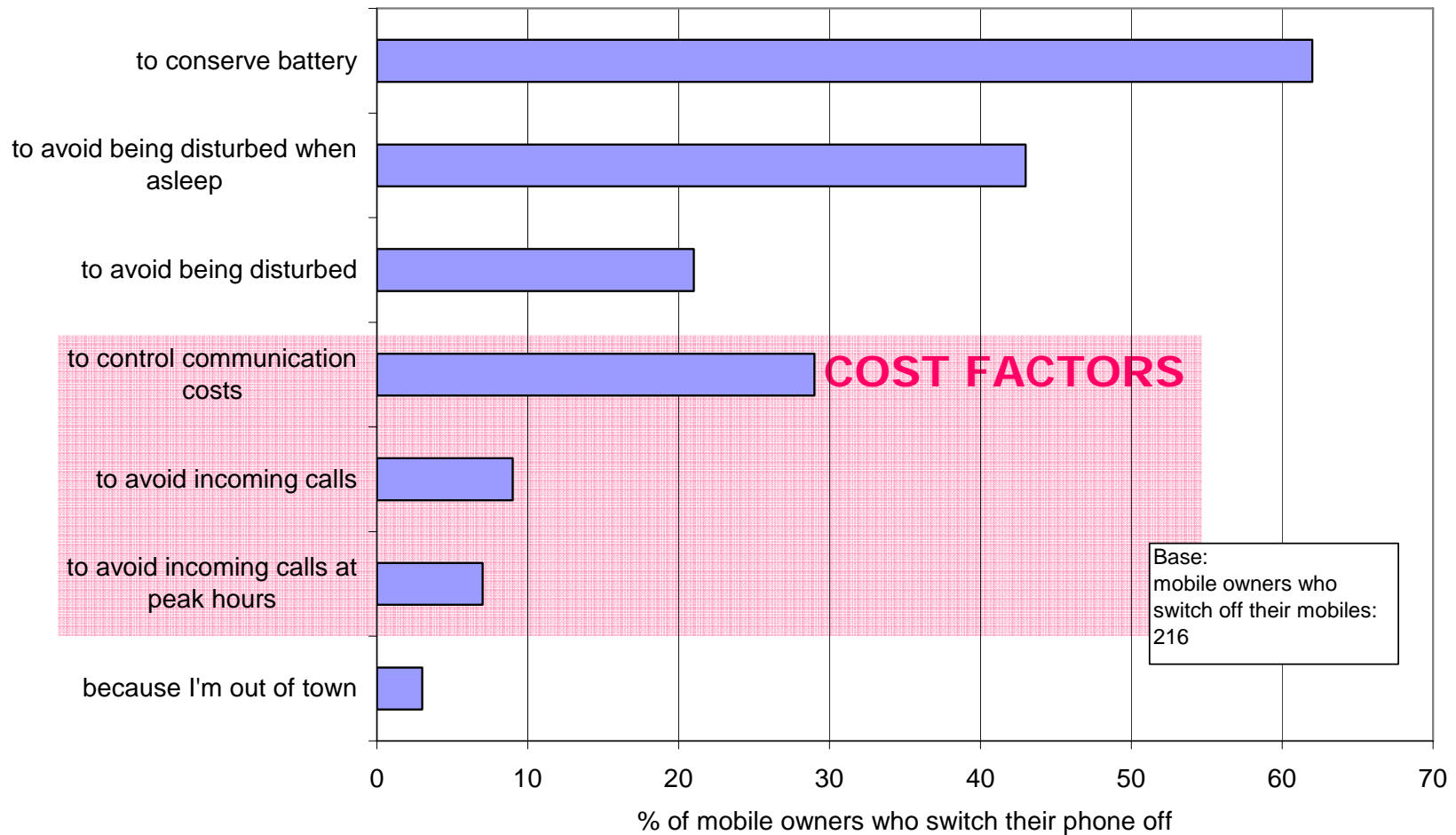


How is the phone used: 'strategies' on mobile

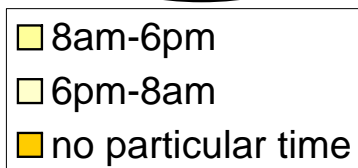
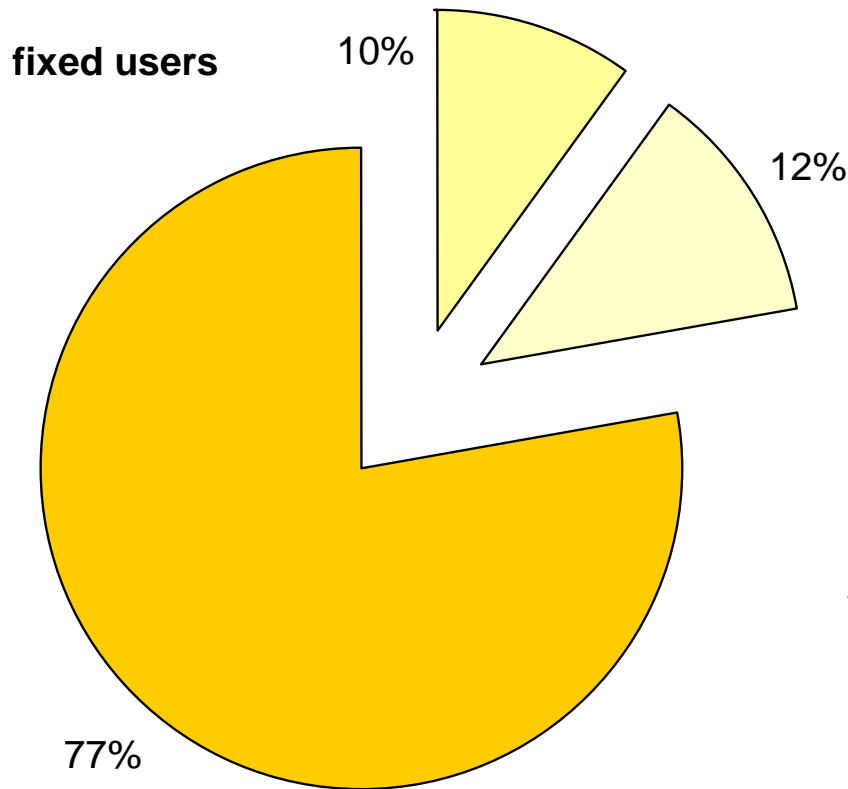
Use of strategies in fixed lines by income group



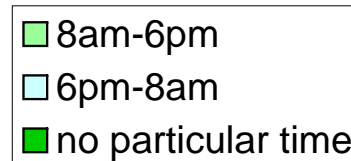
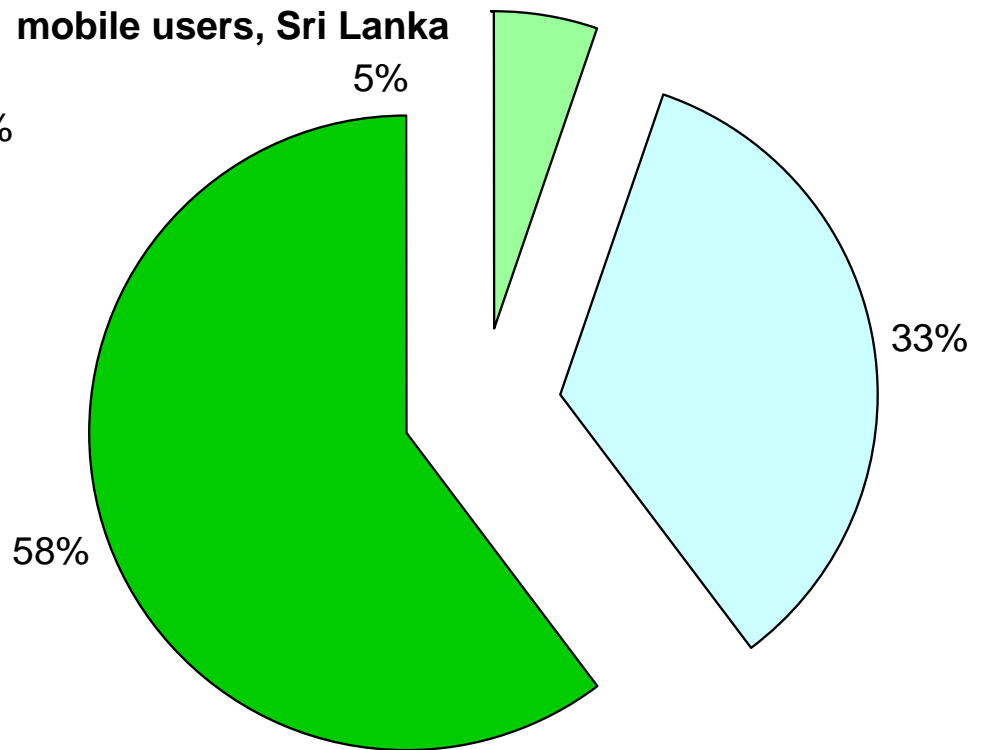
43 % of mobile owners switch off their phone: not for cost reasons



Time of day that users make calls



Base: 2854 (fixed users, full sample)



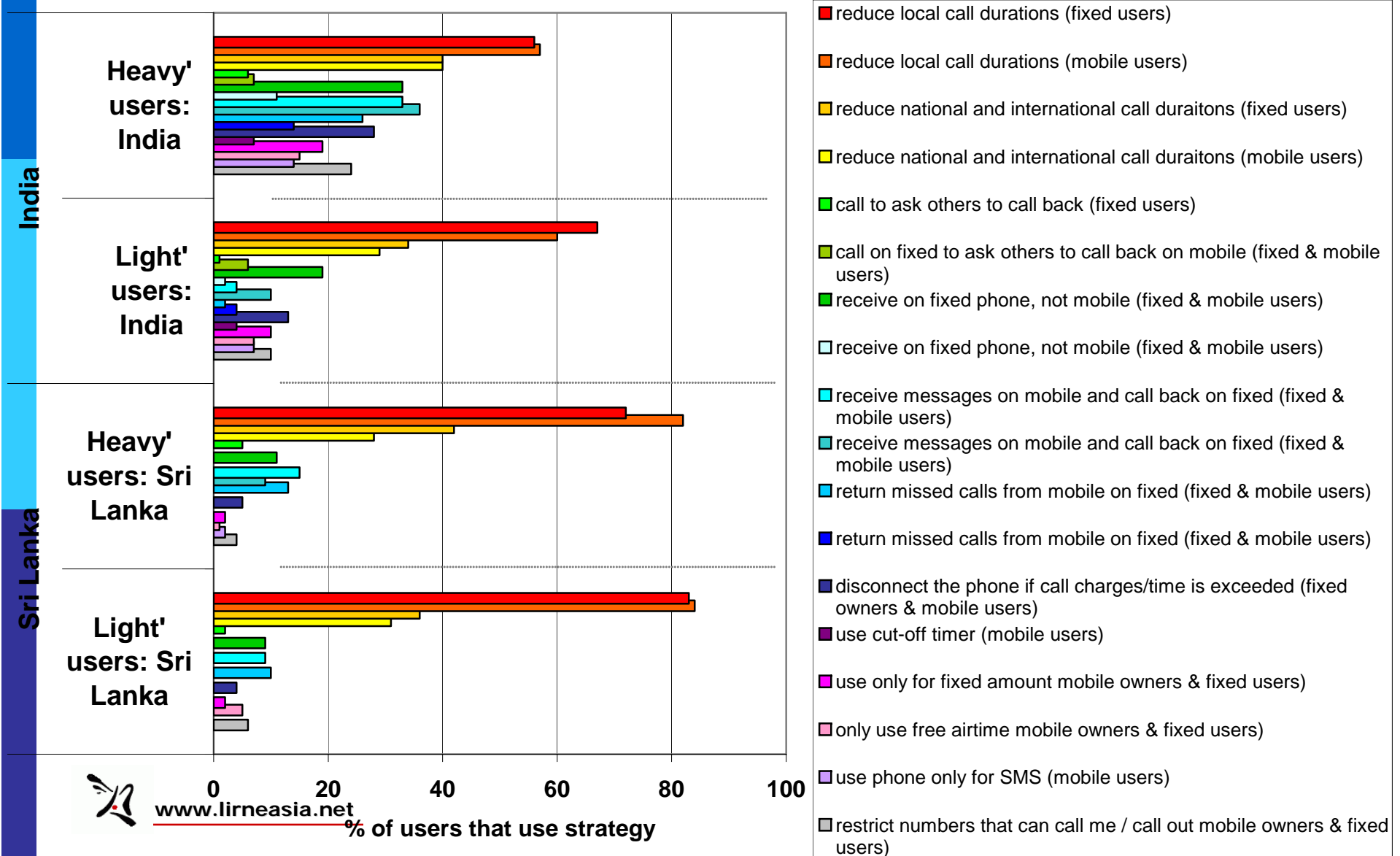
Base: 374 (mobile users, Sri Lanka)

Little strategic use...

- Little discretion in the few calls that they make
 - Heavier users use a few more strategies
- Few options to make use of strategies
 - 69% have access to only one mode
- Majority are using other people's phones
 - 58% don't own phones

Heavier users use more strategies

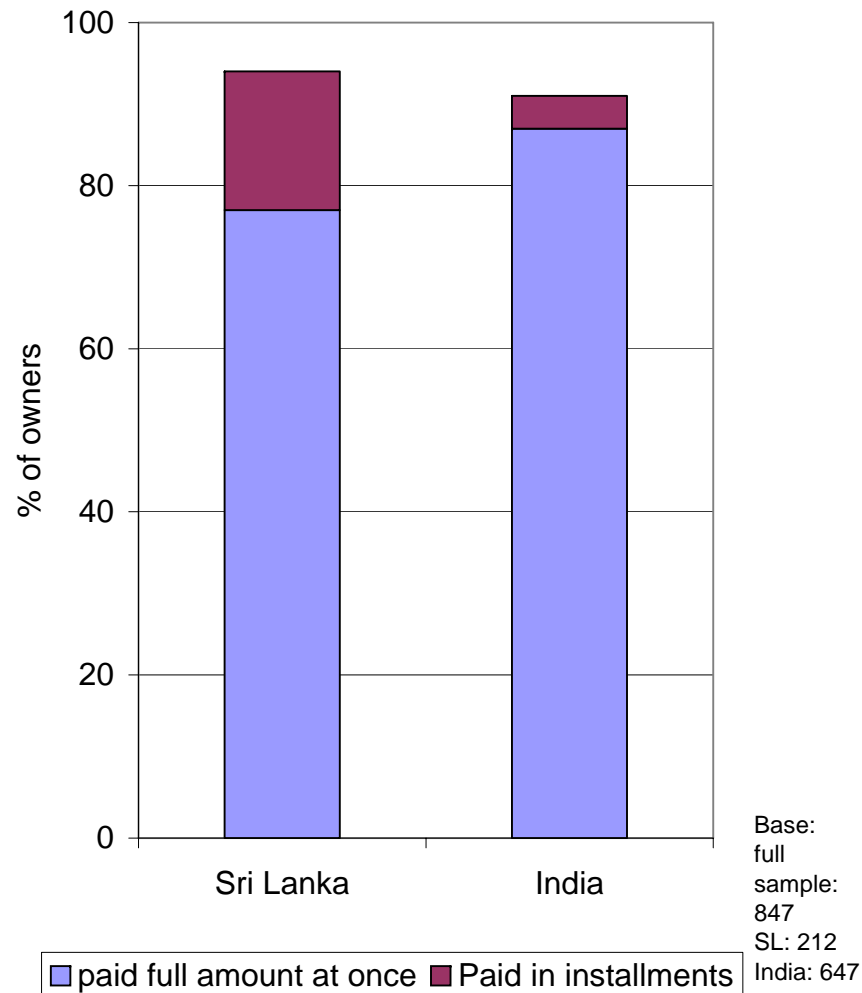
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- reduce local call durations (fixed users)
- reduce local call durations (mobile users)
- reduce national and international call durations (fixed users)
- reduce national and international call durations (mobile users)
- call to ask others to call back (fixed users)
- call on fixed to ask others to call back on mobile (fixed & mobile users)
- receive on fixed phone, not mobile (fixed & mobile users)
- receive on fixed phone, not mobile (fixed & mobile users)
- receive messages on mobile and call back on fixed (fixed & mobile users)
- receive messages on mobile and call back on fixed (fixed & mobile users)
- return missed calls from mobile on fixed (fixed & mobile users)
- return missed calls from mobile on fixed (fixed & mobile users)
- disconnect the phone if call charges/time is exceeded (fixed owners & mobile users)
- use cut-off timer (mobile users)
- use only for fixed amount mobile owners & fixed users)
- only use free airtime mobile owners & fixed users)
- use phone only for SMS (mobile users)
- restrict numbers that can call me / call out mobile owners & fixed users)

Getting connected: Financing fixed line connections slightly harder in Sri Lanka – use of installment plans

Use of installment plans on fixed phones



Obtaining a connection

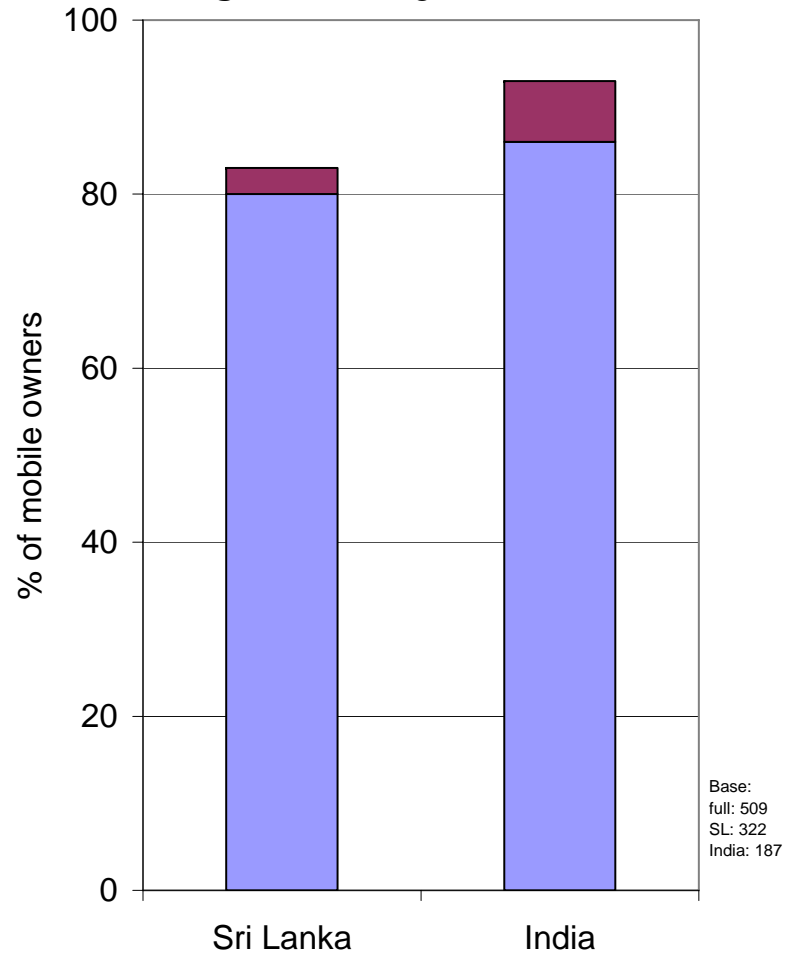
		Total	Sri Lanka	India
Fixed	Had the money to obtain phone	88	91	87
	Paid in installments	7	17	4
Mobile	Had the money to obtain phone	82	80	86
	Paid in installments	6	5	7

Reflects connection charges for fixed phones

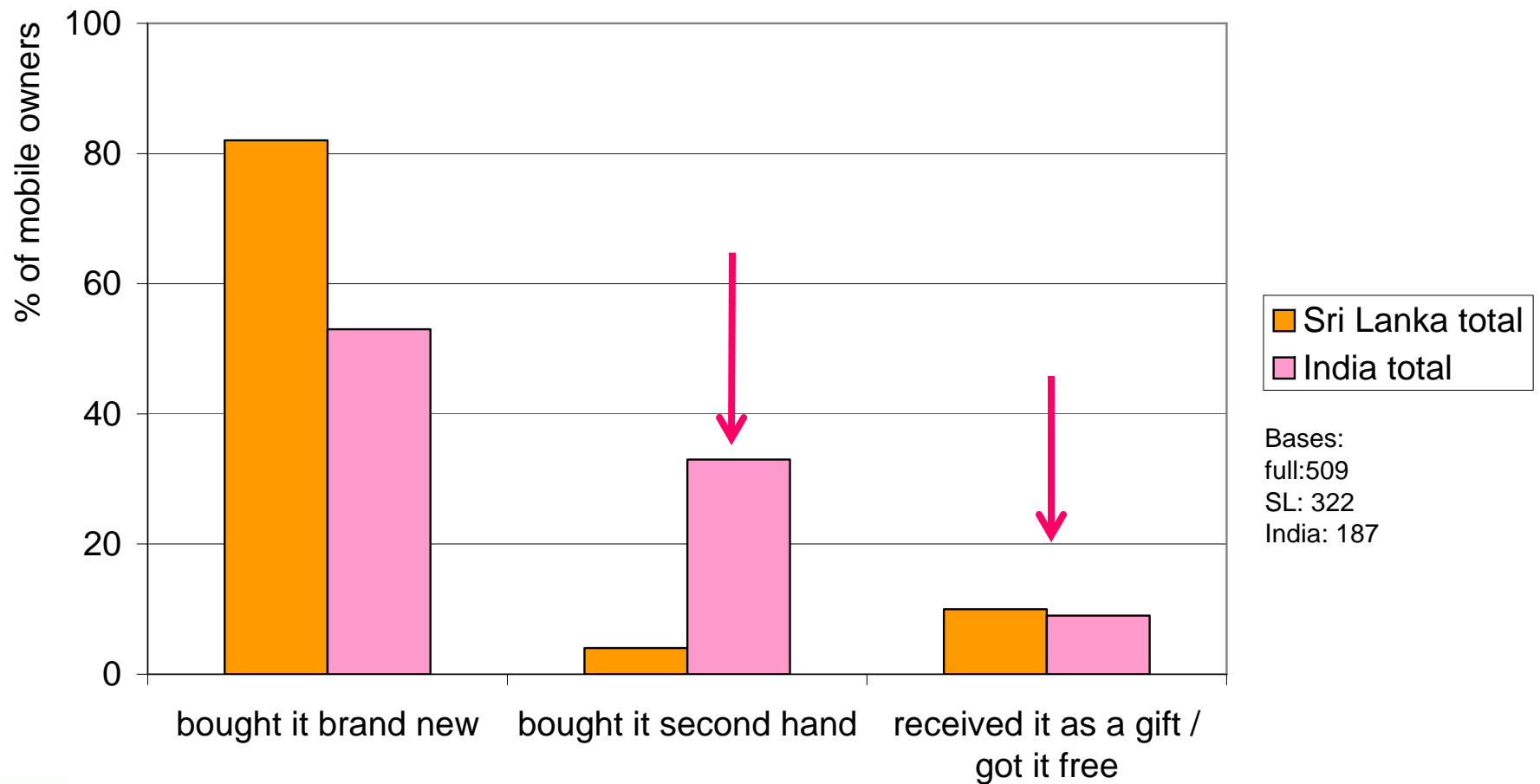
- Sri Lanka incumbent (min.) = USD 180
- Sri Lanka entrants = USD 120
- India incumbent = **USD 16**

Opposite case in mobiles in Sri Lanka: less people had money available for connection

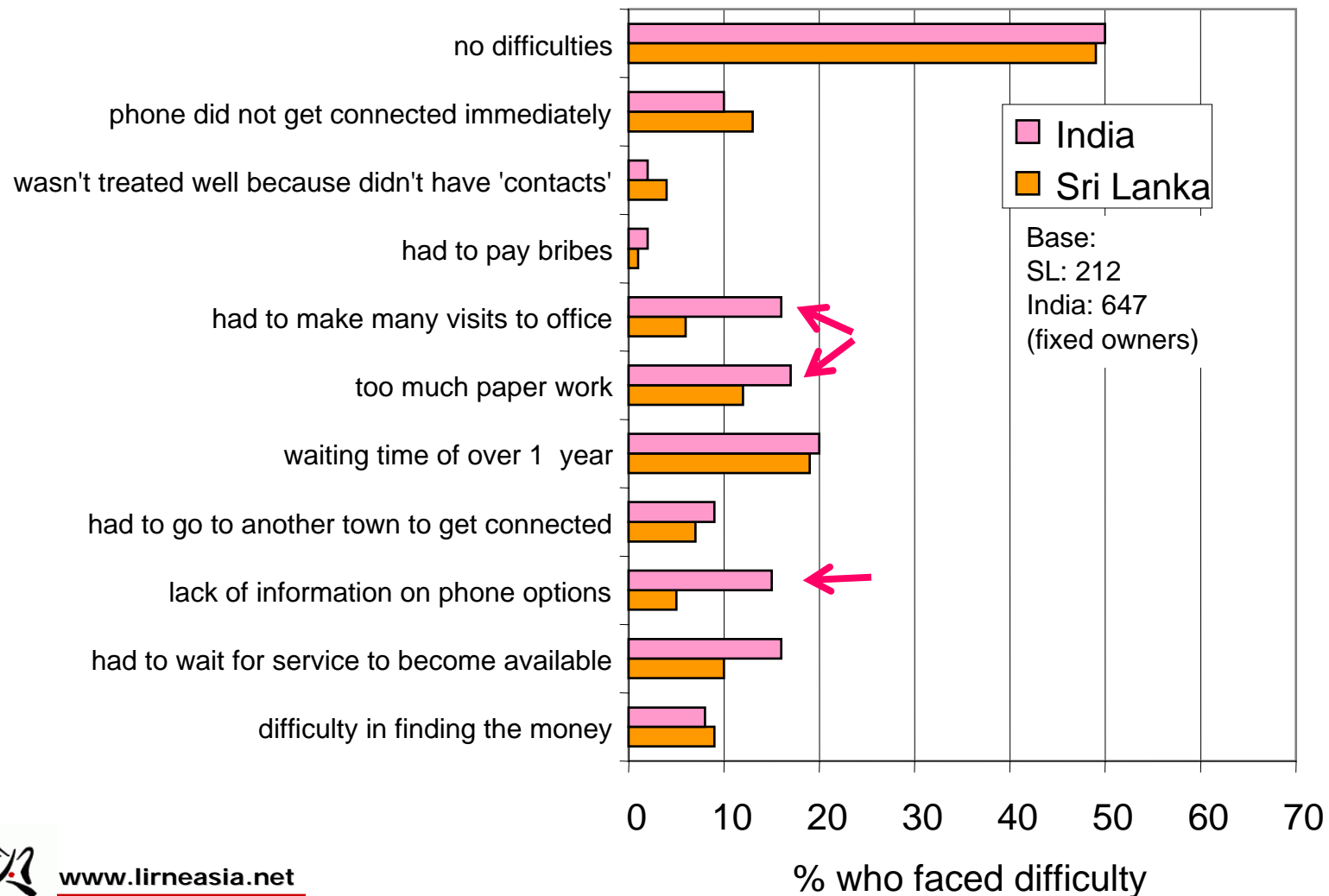
Where owners got money for the connection from



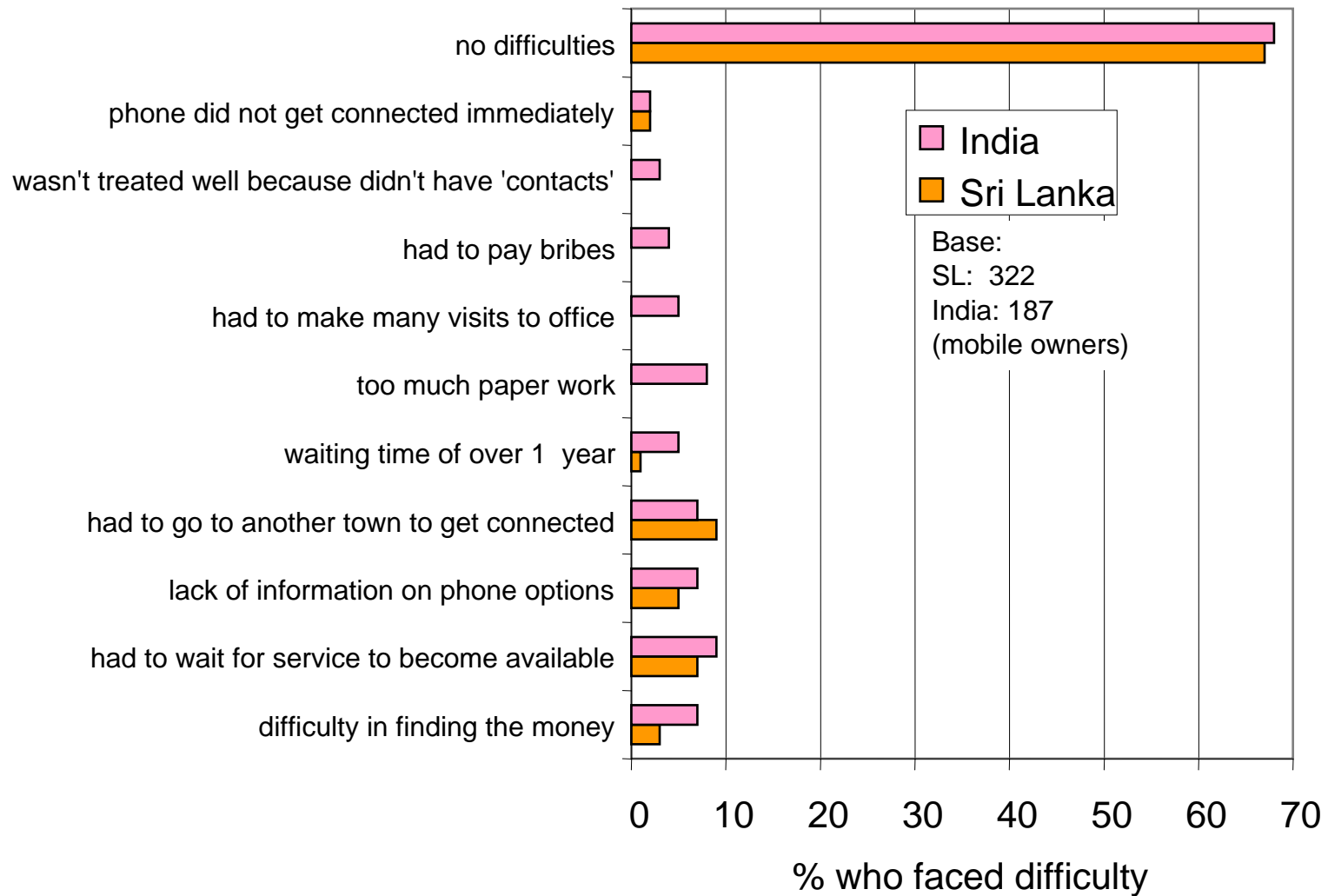
Getting handsets: 10% got it free; 33% of Indians bought second-hand handsets



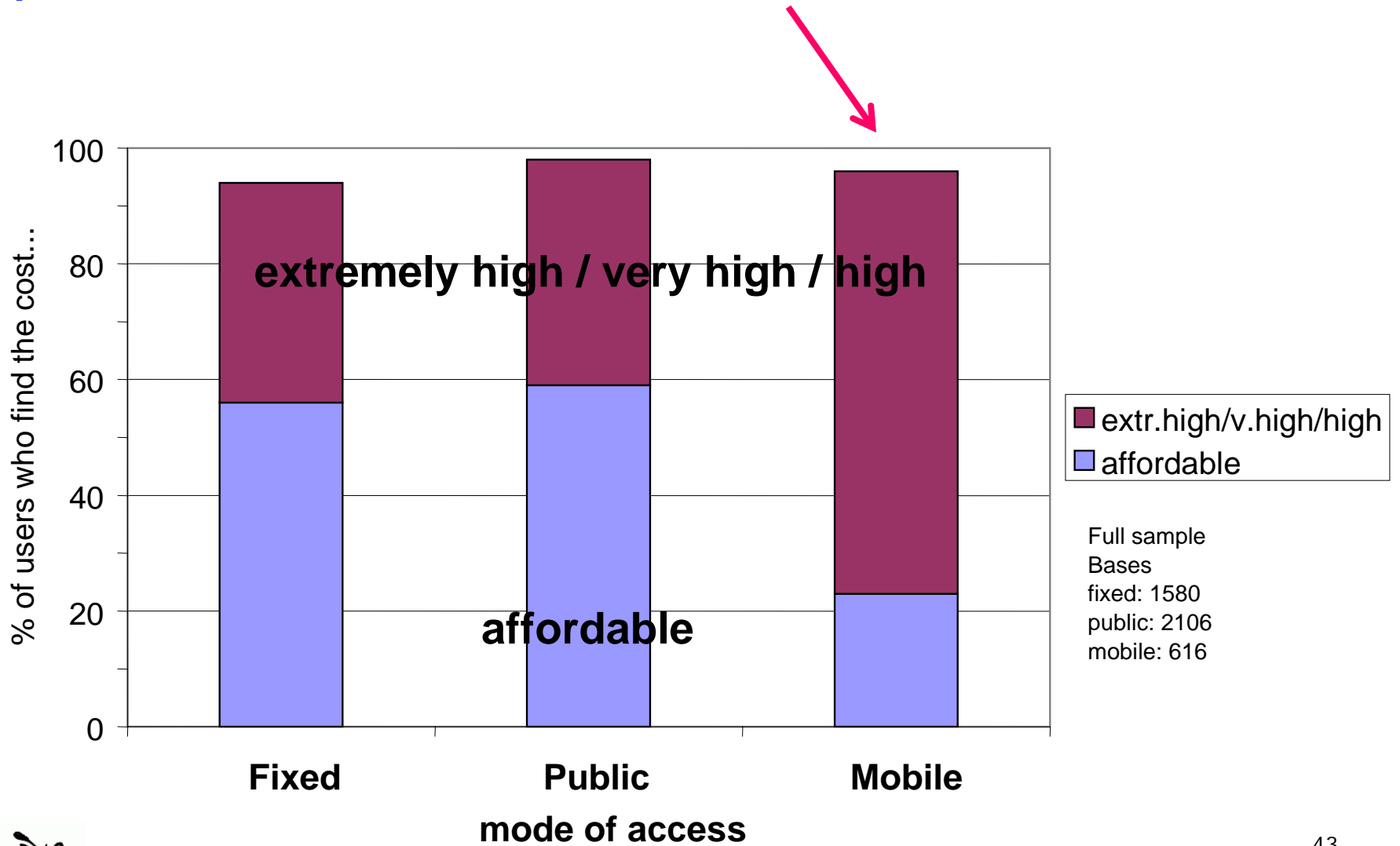
Difficulties in getting **fixed** connections: waiting time, paper work, & other inconveniences in India



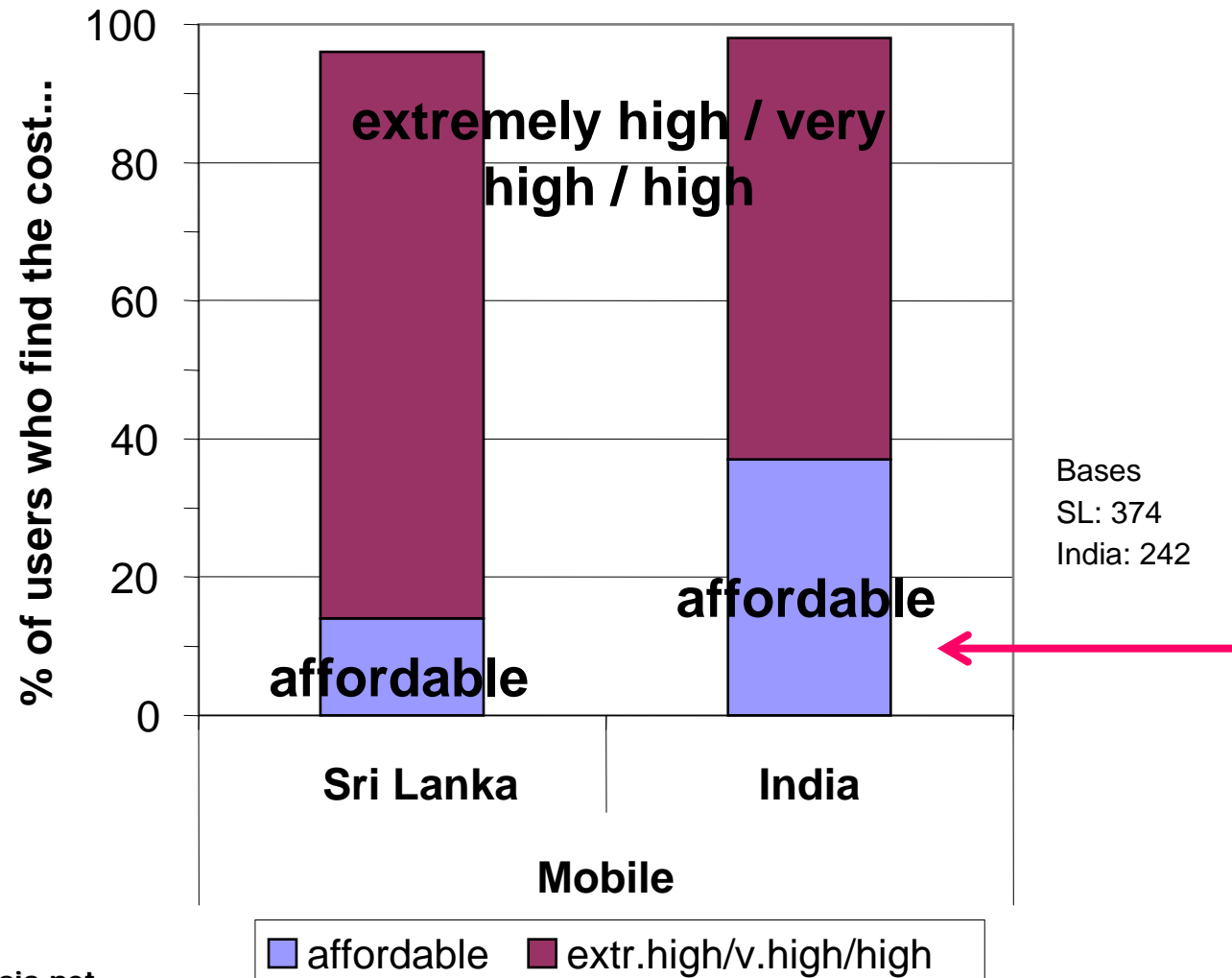
Obtaining a **mobile** connection: it's relatively easier...



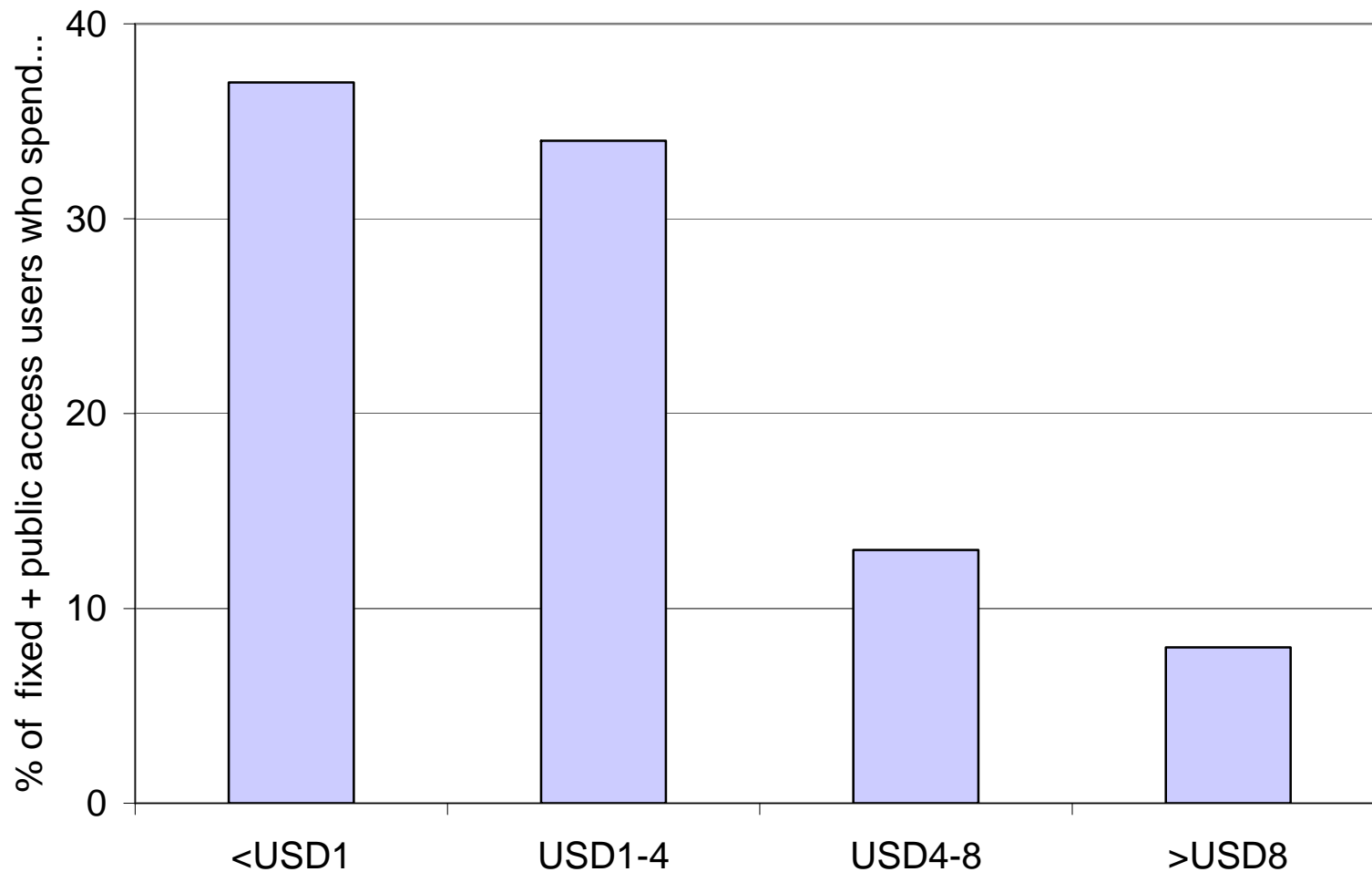
Cost of **using** the phone: Mobile is perceived to be the least affordable



But more affordable in India



Fixed users spend less than USD4 per month (approx)



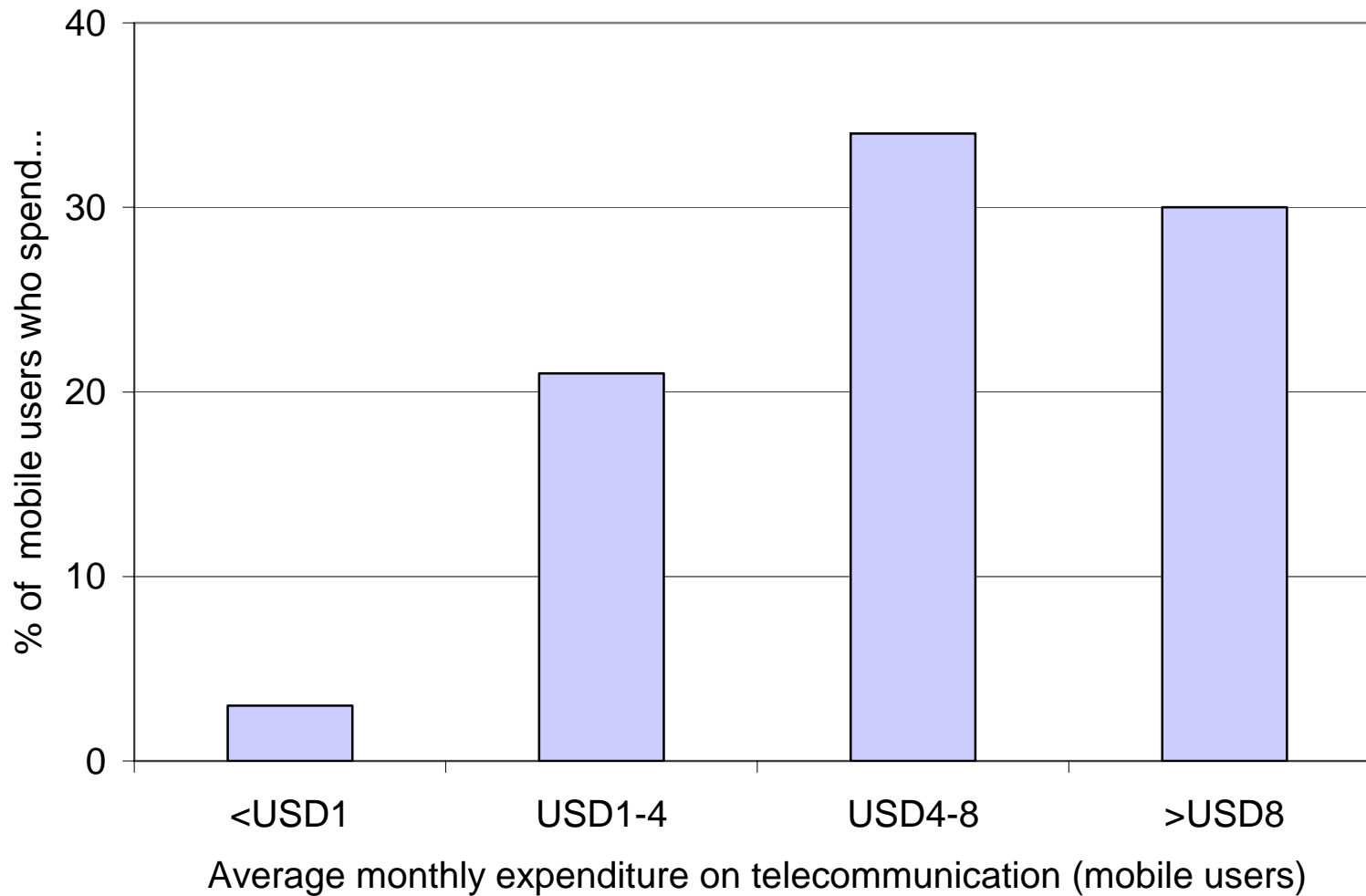
Average monthly expenditure on telecommunication (fixed + public access users)



www.lirneasia.net

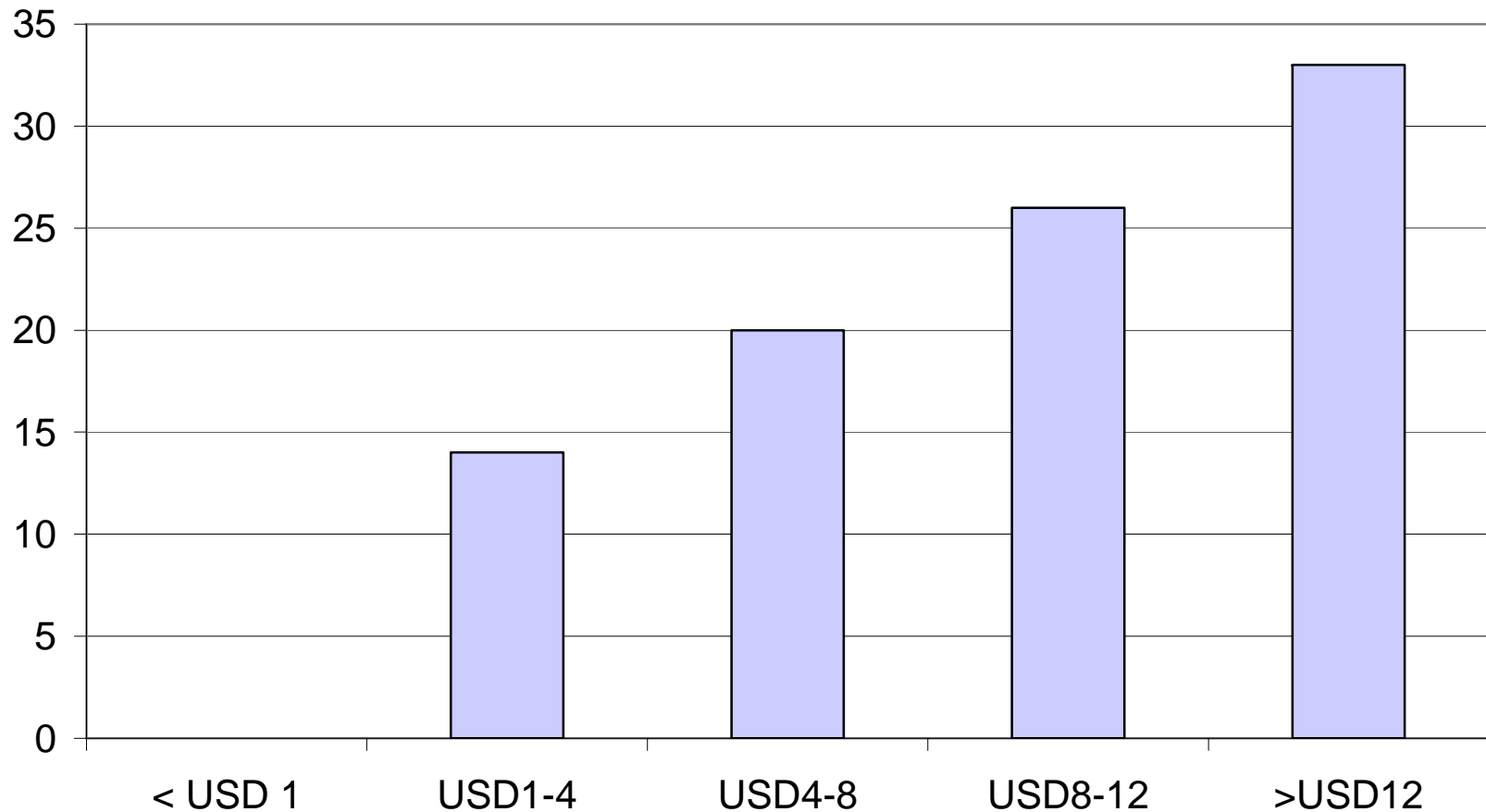
Base: fixed + public access users: 2854

Mobile users spending much higher amounts



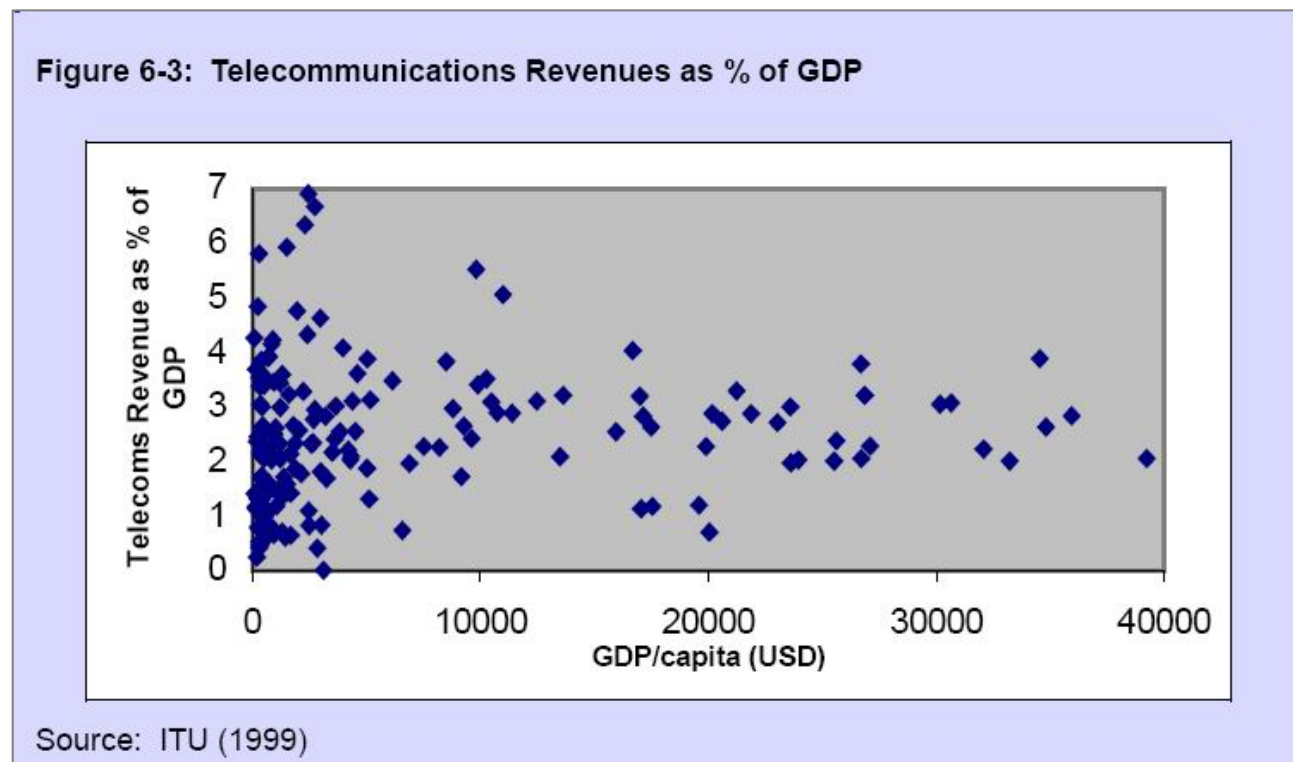
Base: mobile users: 616

33 % of Jaffna sample spend more than USD12 per month on mobile



- 'on average, around the world, people spend about 2-3% of their income on telecommunication'

Telecommunications Regulation Handbook, *infoDev*, module 6, p.6.6

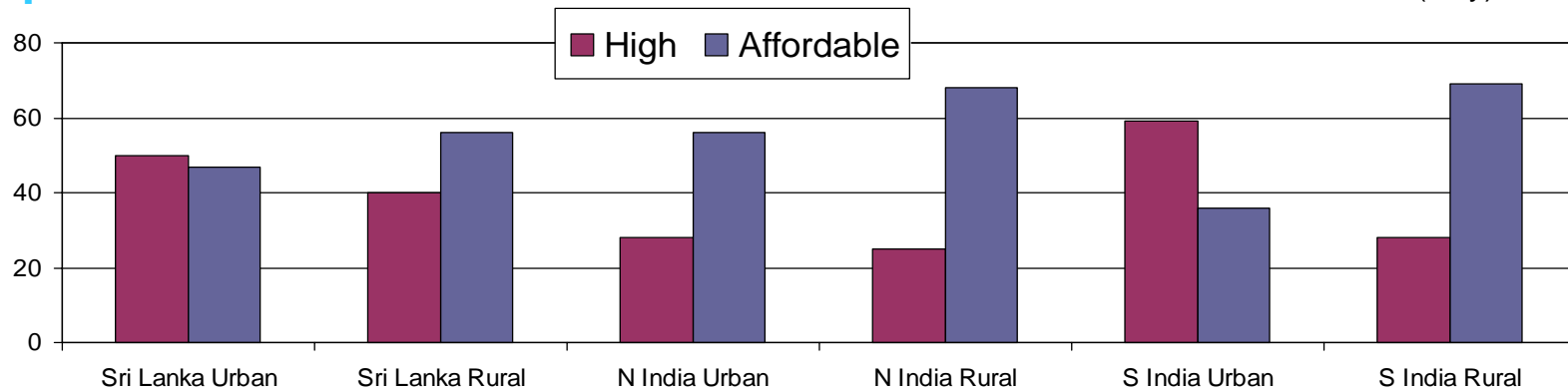


Graph taken from Telecommunications Regulation Handbook, *infoDev*; module 6

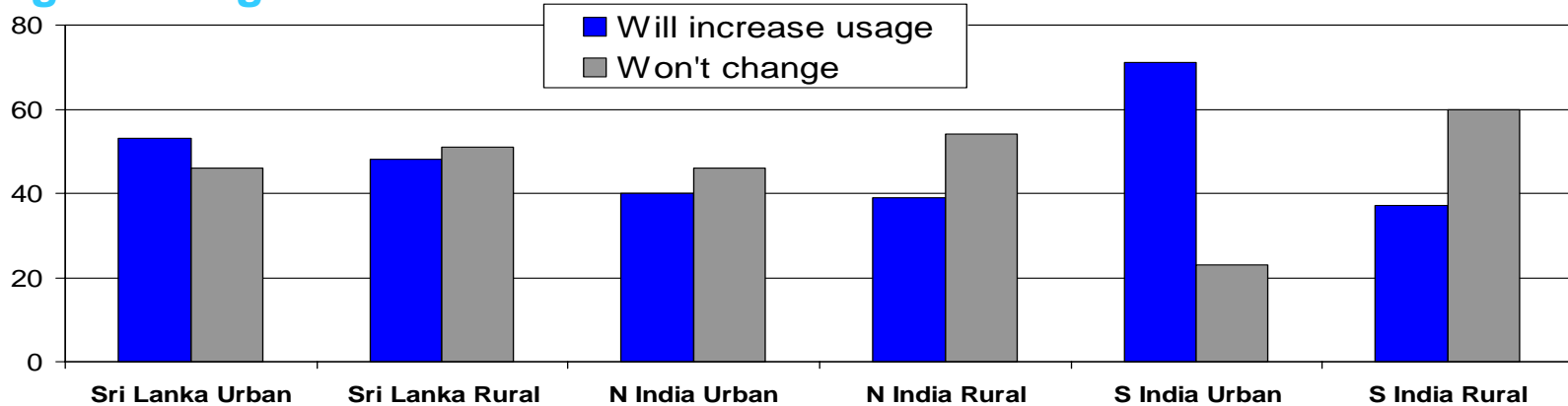
Rural respondents perceive fixed phones to be more affordable, and less likely to change use if price changed

Perception of current costs

Base: fixed (only) users



Change in usage if costs were halved



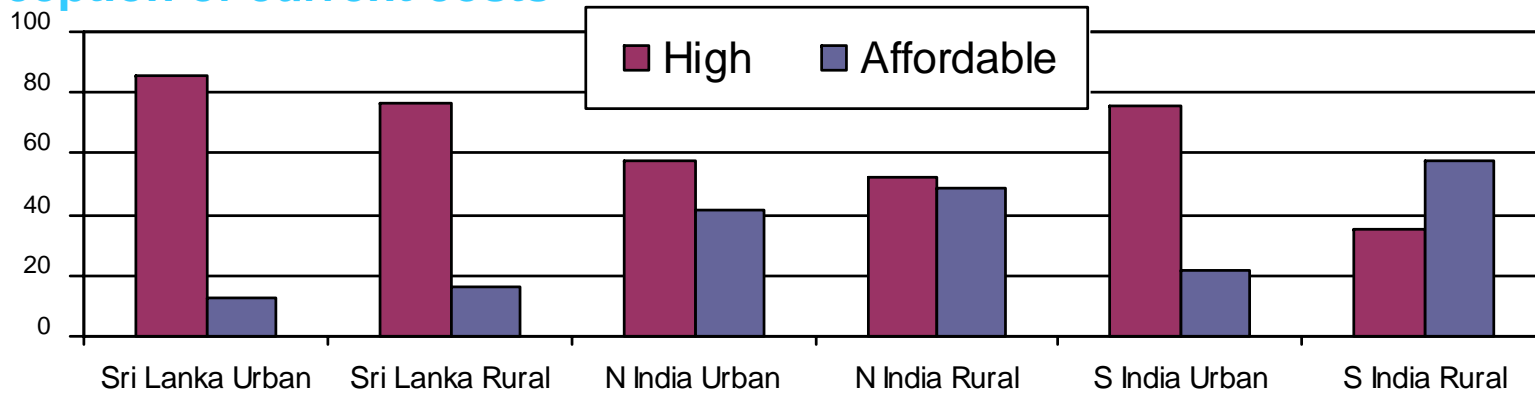
- Reflects telecom/transportation trade-off
- Access deficit charge in India ensures lower cost of rural fixed phones



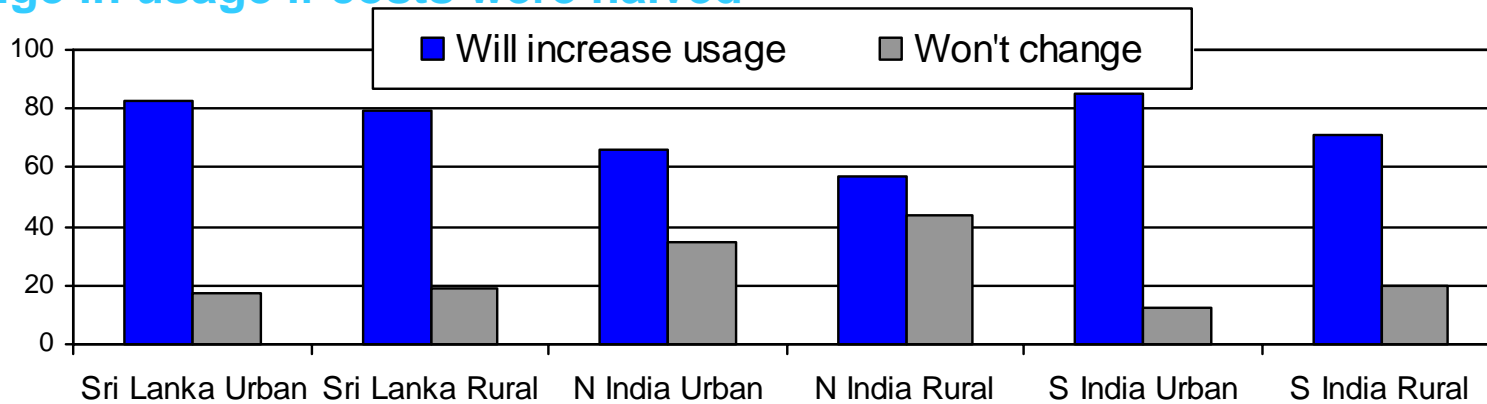
Mobiles perceived to be more costly & use would increase if costs were halved; rural users a little happier about cost

Perception of current costs

Base: mobile (only) users



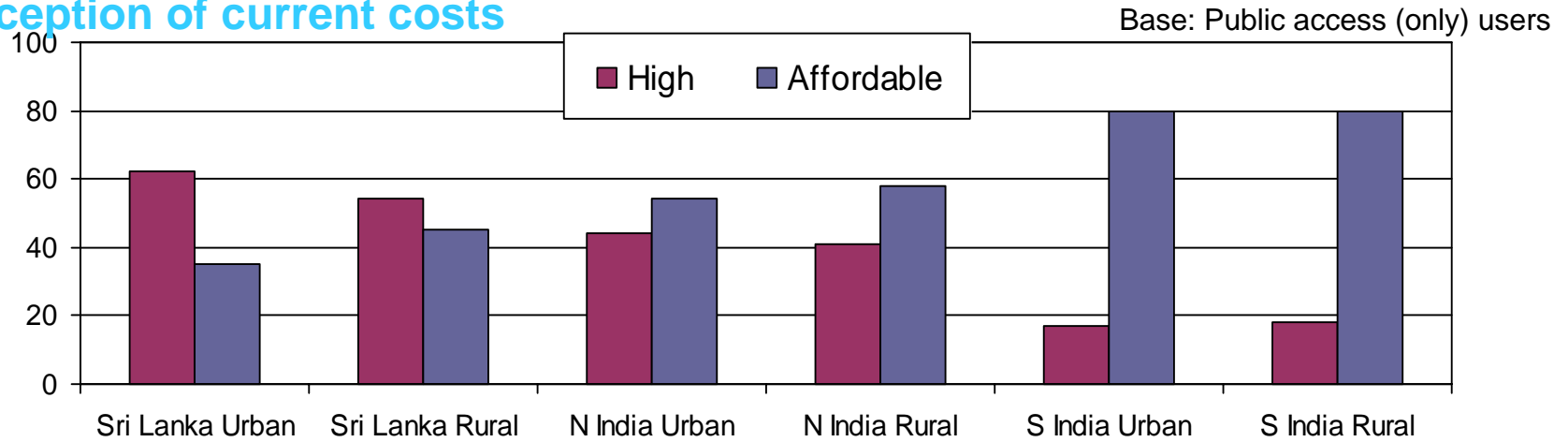
Change in usage if costs were halved



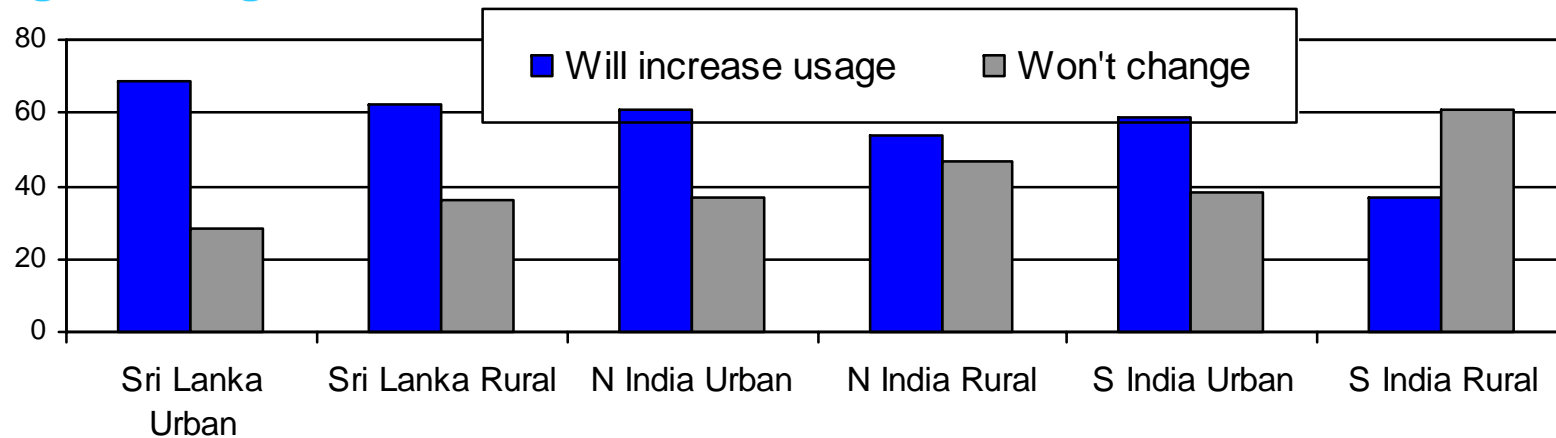
Reflects the said reasons for choice of mobile : **convenience**

Public access: more affordable in rural areas

Perception of current costs

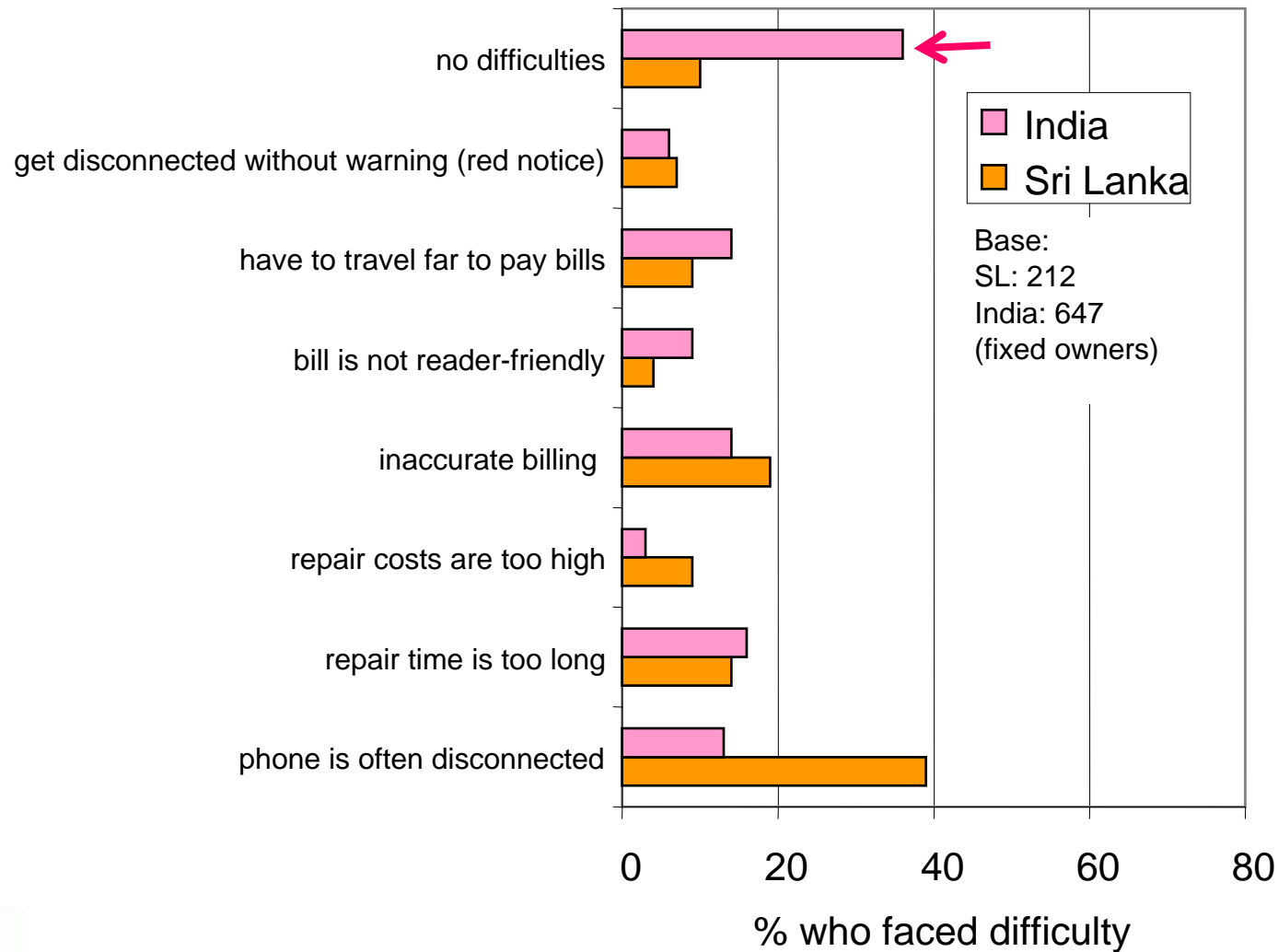


Change in usage if costs were halved

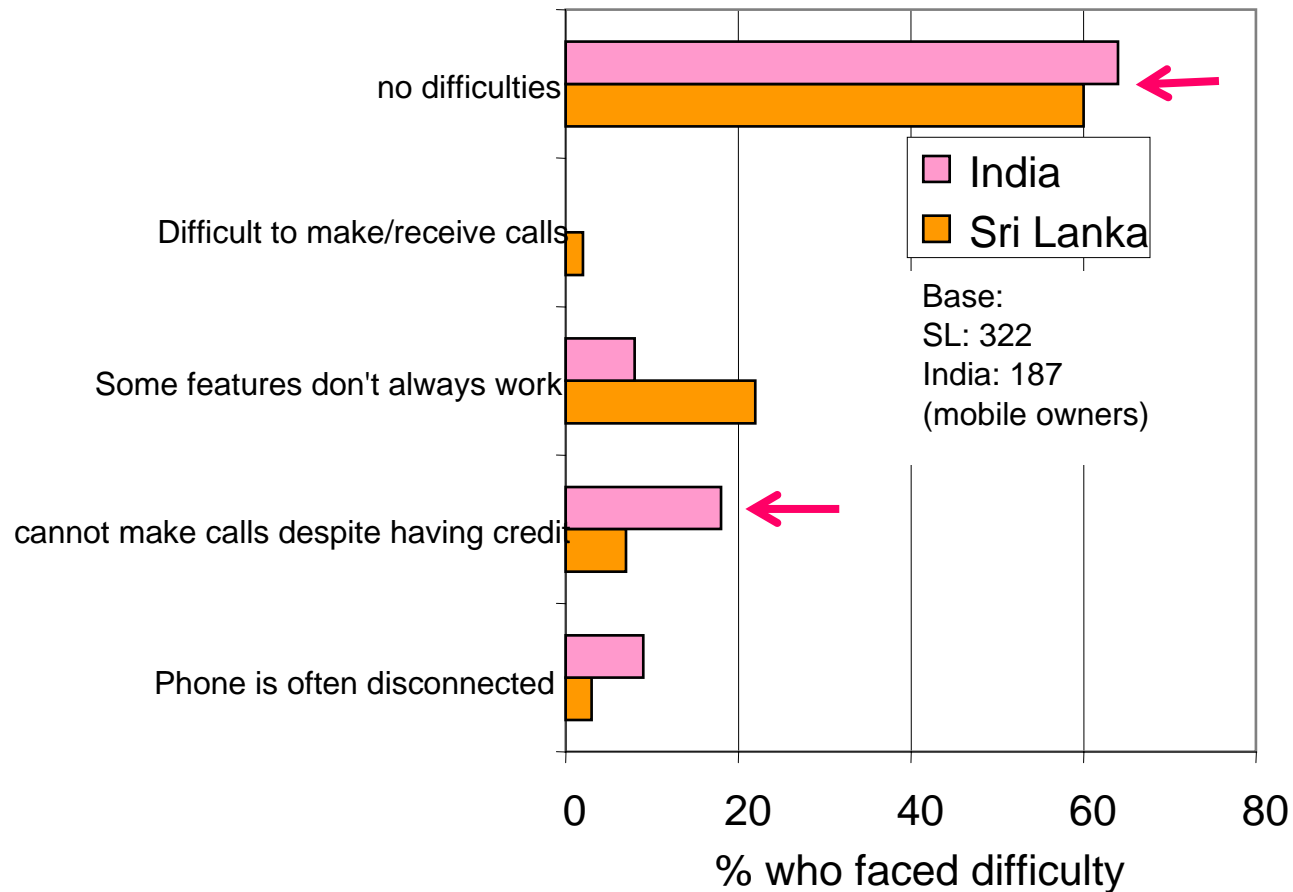


Despite respondents in India perceiving current costs to be affordable, they are willing to increase phone usage if costs were halved.

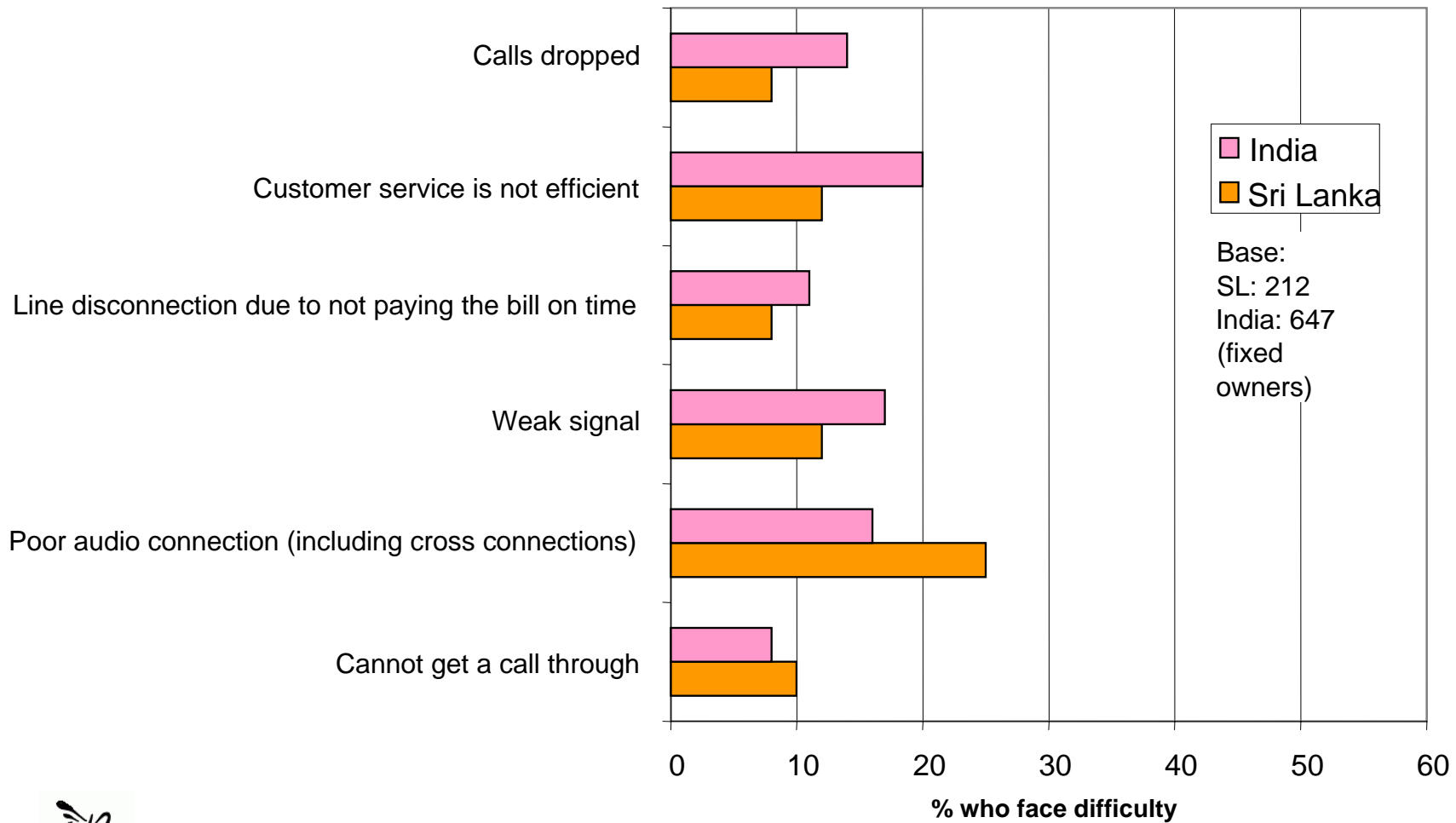
Difficulties in use of fixed phones



Less complaints about mobile use

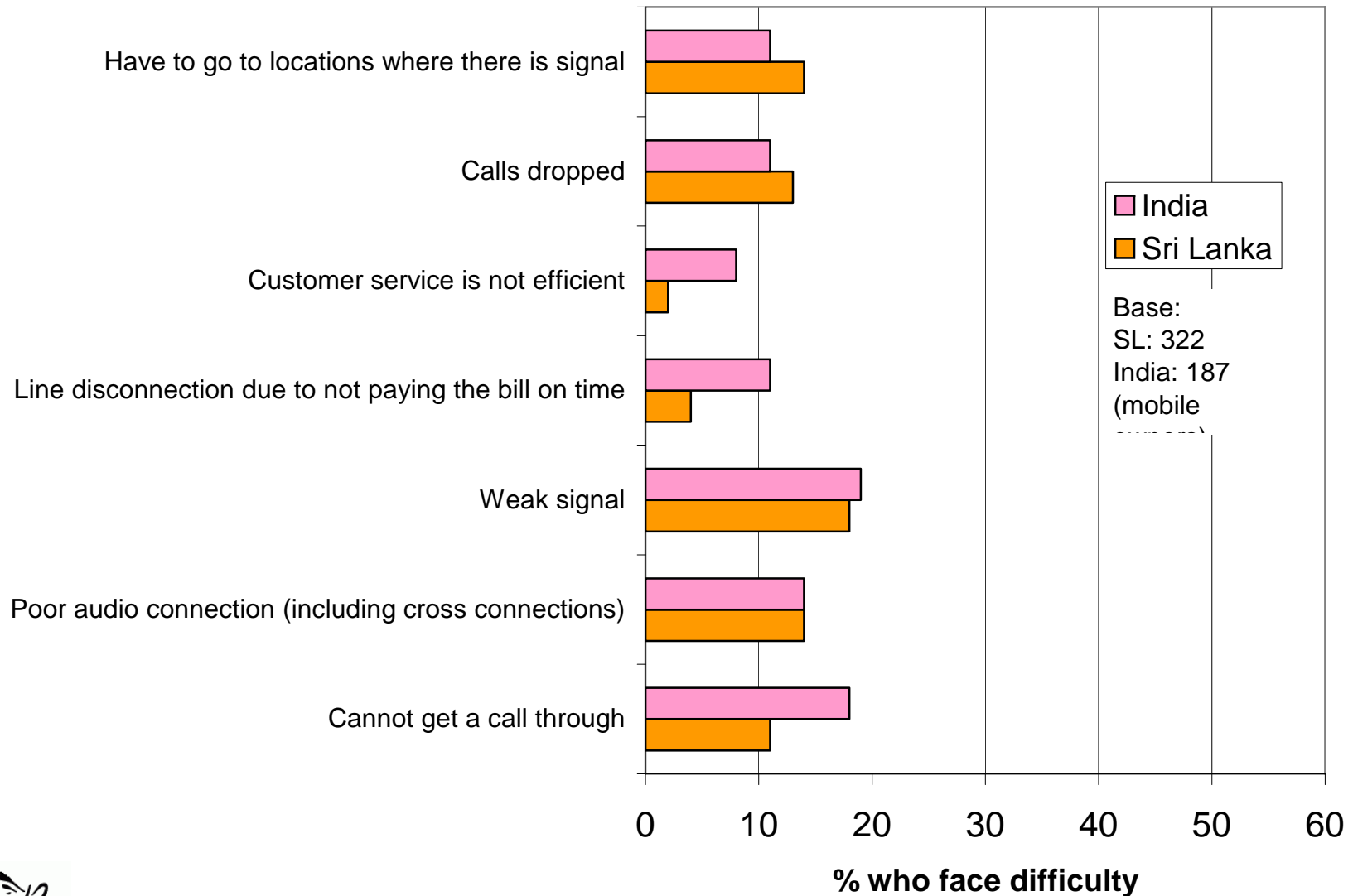


Problems with the connection: fixed



Problems with connection: mobile

- some complaints of poor quality connection



In conclusion

- Neglected, silent group of consumers
 - Most rely on shared access
 - Little discretion
 - Not entirely happy with cost, esp. on mobile
 - Spend considerable amount on telecom services