

# CellBazaar: A mobile-based e-marketplace

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# Key takeaways

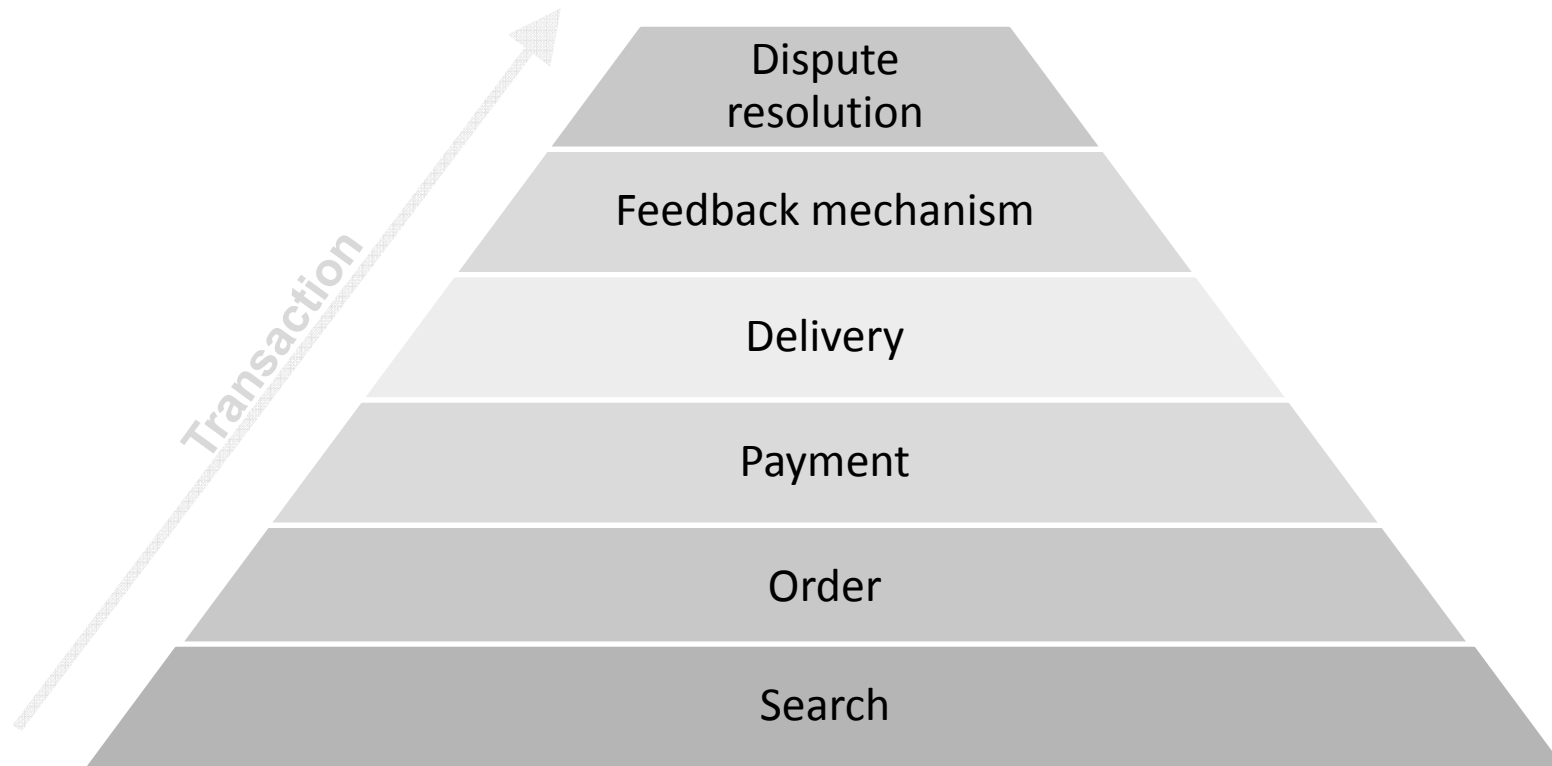
- CellBazaar represents a working form of e commerce for the developing world
  - “Successful” in providing market information to a wider audience than otherwise possible (elite + non-elite)
- Several issues of trust, infrastructure and policy which need to be overcome to extend the service
  - Infrastructure and policy will be the most problematic

# CellBazaar: The "Craigslist of Bangladesh"

- Potential buyers and sellers can **search for, and post information on** goods and services for sale
  - Price (optional)
  - Description
  - Seller contact info and location
  - Photo (optional)
- Can be used through Grameenphone mobile (SMS/WAP/IVR\*) and computer (Internet)
- System operates in English language (except IVR)



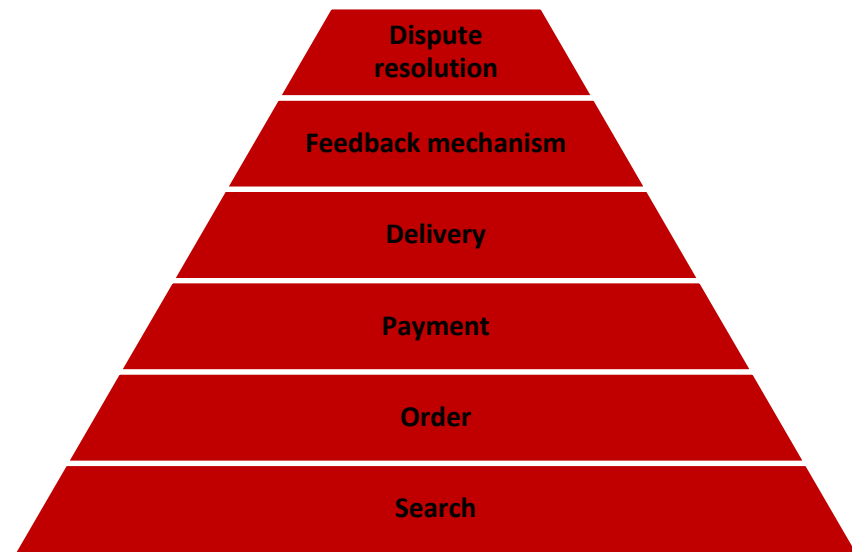
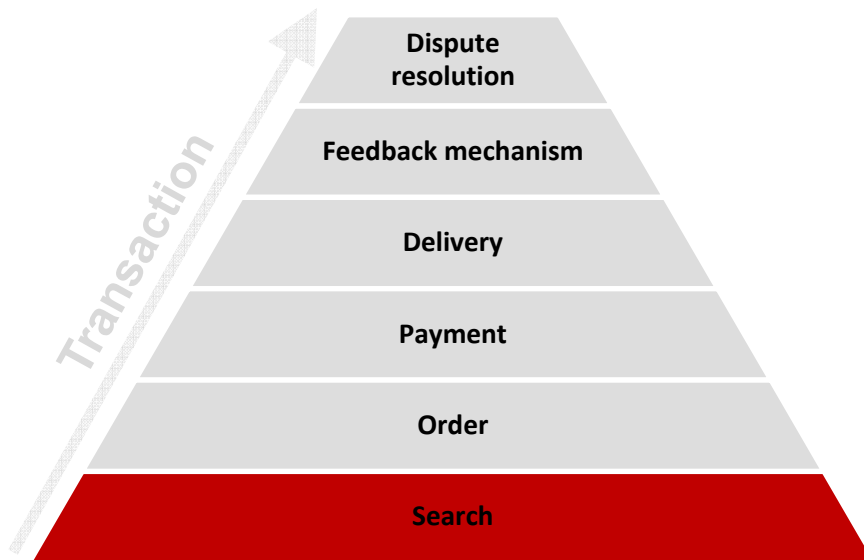
# Different e marketplaces provide one or more functions, starting with search



# CellBazaar focuses on **search** only

## CellBazaar

## Amazon Marketplace



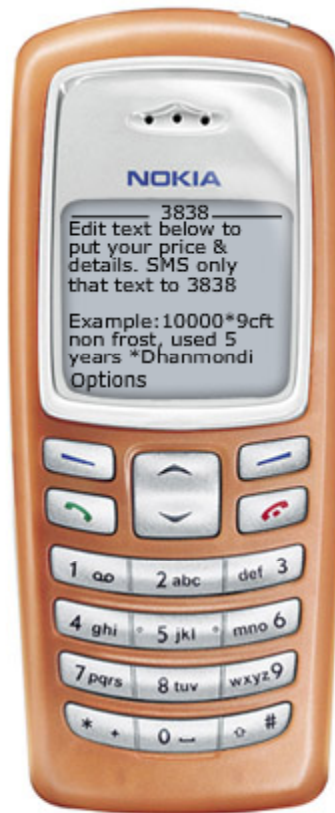
CellBazaar

Amazon Marketplace

# Posting and searching through SMSs (min. 5)

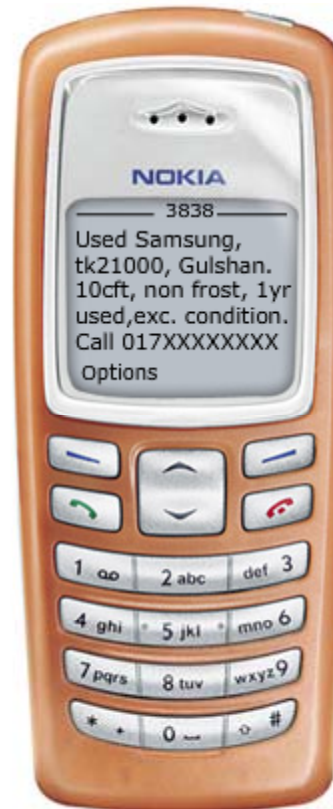
WAP and Internet posting also available, but SMS most popular; IVR option also available for search

[Home](#) | [Experience](#) | [Sms Buy](#) | [Sms Sell](#) | [Wap](#)



1. SMS **sell** t
- ▶ Get reply **S**
2. SMS **2** to :
- ▶ Get list of t
3. SMS **7** to :
- ▶ Get list of f
4. SMS **5** to :
- ▶ Get an exa information
- ▶ Delete all e and word "
5. Send edit
- ▶ Get confirm available fc

[Home](#) | [Experience](#) | [Sms Buy](#) | [Sms Sell](#) | [Wap](#)



1. SMS **buy** to **3838**
- ▶ Get reply **Buy what?** followed by list of choices
2. SMS **2** to **3838** to choose used items
- ▶ Get list of used items
3. SMS **3** to **3838** to choose fridges
- ▶ Get list of fridges
4. SMS **6** to **3838** to choose Samsung fridges
- ▶ Get list of price range for Samsung fridges
5. SMS **4** to **3838** to choose items above TK 20000
- ▶ Get full description of item for sale
- ▶ Call phone number of seller

Share Items on Facebook!

Search by Mobile 017xxxxxxx Search

Search by Item Item name Search

Latest Items

03:23 PM ... New Computer Pentium4 from ElephantRoad, asking price Tk. 19,500 ... more

03:21 PM ... Used Mobile Nokia from Mirpur, asking price Tk. 9,500 ... more

03:20 PM ... Tutor Language English from Dhanmondi, asking price Tk. 5,000 - 8,000 ... more

03:19 PM ... Used Laptop Toshiba from Mirpur, asking price Tk. 25,000 ... more

03:17 PM ... New Mobile Other from Chittagong, asking price Tk. 27,000 ... more

Refresh | See All Latest Items

Sell Your Item

Today's Top Pick

Full View

Category Agri-Retail Goat Bideshi

Tk. 7,000

Location Gabtali

Summary

Pakistani, 4 Teeth, Weight 20kg, Age 8 years, Brown color

Details



Posted

Feb 17, 2009 03:00 PM

Call

01718228725

Favorite

Seller Shop

Outside Dhaka

- Bagerhat (96)
- Bandarban (5)
- Barguna (42)
- Barisal (850)
- Bhola (554)
- Bogra (228)
- Brahmanbaria (151)
- Chandpur (34)
- Chapainawabganj (120)
- Chittagong (1971)
- Chuadanga (207)
- Comilla (244)
- Cox'sBazar (23)
- Dinajpur (539)
- Faridpur (122)
- Feni (521)
- Gaibandha (176)
- Gazipur (325)
- Gopalganj (13)
- Habiganj (85)
- Jaipurhat (241)
- Jamalpur (100)
- Jessore (349)
- Jhalokati (88)
- Madaripur (13)
- Magura (65)
- Manikganj (23)
- Maulvibazar (65)
- Meherpur (93)
- Munshiganj (73)
- Mymensingh (607)
- Naogaon (171)
- Narail (101)
- Narayanganj (193)
- Narsingdi (80)
- Natore (96)
- Netrakona (17)
- Nilphamari (224)
- Noakhali (253)
- Overseas (21)
- Pabna (125)
- Panchagarh (103)
- Pirojpur (53)
- PotuaKhali (77)
- Rajbari (64)
- Rajshahi (766)
- Rangamati (44)
- Rangpur (431)
- Satkhira (51)

Postings from Mohammadpur | See Items from all Locations

Used

- Car (47)
- Motorcycle (16)
- TV (18)
- Fridge (11)
- Laptop (26)
- Computer (26)
- ComputerParts (62)
- Mobile (82)
- Music (9)
- MP3Player (6)
- Camera (17)
- AC (2)
- Electric (10)
- Electronics (3)
- DVDPlayer (7)
- Microwave (2)
- HomeFurniture (20)
- OfficeFurniture (1)

New

- Car (5)
- Motorcycle (2)
- TV (2)
- Laptop (3)
- Computer (2)
- ComputerParts (3)
- Mobile (18)
- Music (4)
- MP3Player (1)
- Camera (4)
- Electric (3)
- WashingMachine (1)
- HomeFurniture (5)
- OfficeFurniture (1)
- Book (2)

Job

- FullTime (4)
- PartTime (1)

Industry

- Garments (4)
- Machinery (1)

RealEstate

- Apartment (21)
- Land (7)


To-Let


- Flat (13)
- HouseRent (2)
- Shop (1)


Agri-Wholesale


**Sell Your Item**


You may also be interested in


- 


water treatmnt plant, Tk. 1,500,000
- 

Automatic Water Pump, Tk. 2,500
- 

Paper Cutting Machine, Tk. Negotiable
- 

Parpoting Machine, Tk. Negotiable
- 

Printing Machine, Tk. Negotiable
- 

Twill Tape & Belt, Tk. Negotiable
- 

3.5 Ton Gas & Oil, Tk. 2,100,000

**CNG Station**

Category [Industry](#) [Machinery](#) [Other](#)

Tk. 60,000,000

Location [Bogra](#)



[View Original Image](#)


Summary  
CNG Station, ready to sell

Details  
Possible to communicate with end seller with end buyer, ask me the procedure, asking price is 6 Crore at Dhaka-Bogra highway, after Jamuna Bridge  
Posted Dec 03, 2009 01:58 PM

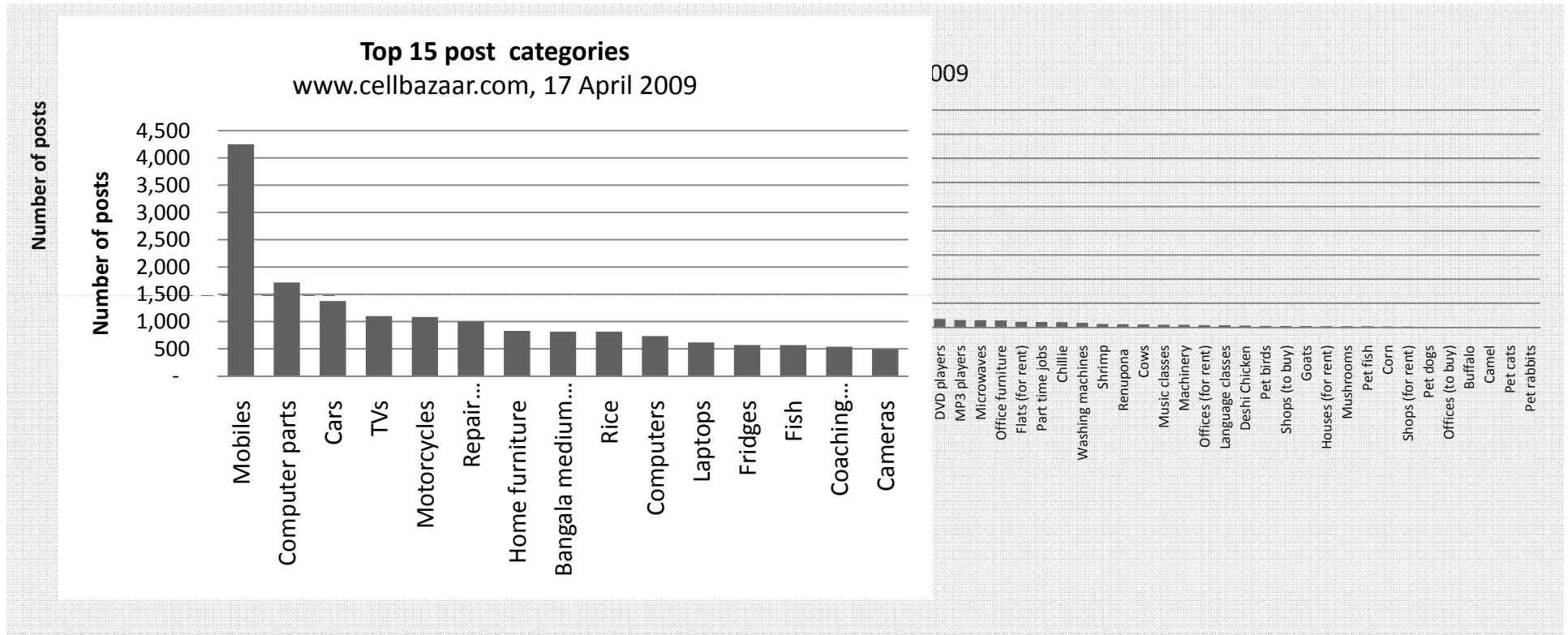
Call  
01710962792

[+ Favorite](#) [Seller Shop](#)

[Facebook](#) | [Twitter](#) | [Digg](#) | [Stumble](#) | [MySpace](#) | [Delicious](#) | [Email](#) | [More](#)

 **Add Your Comment**

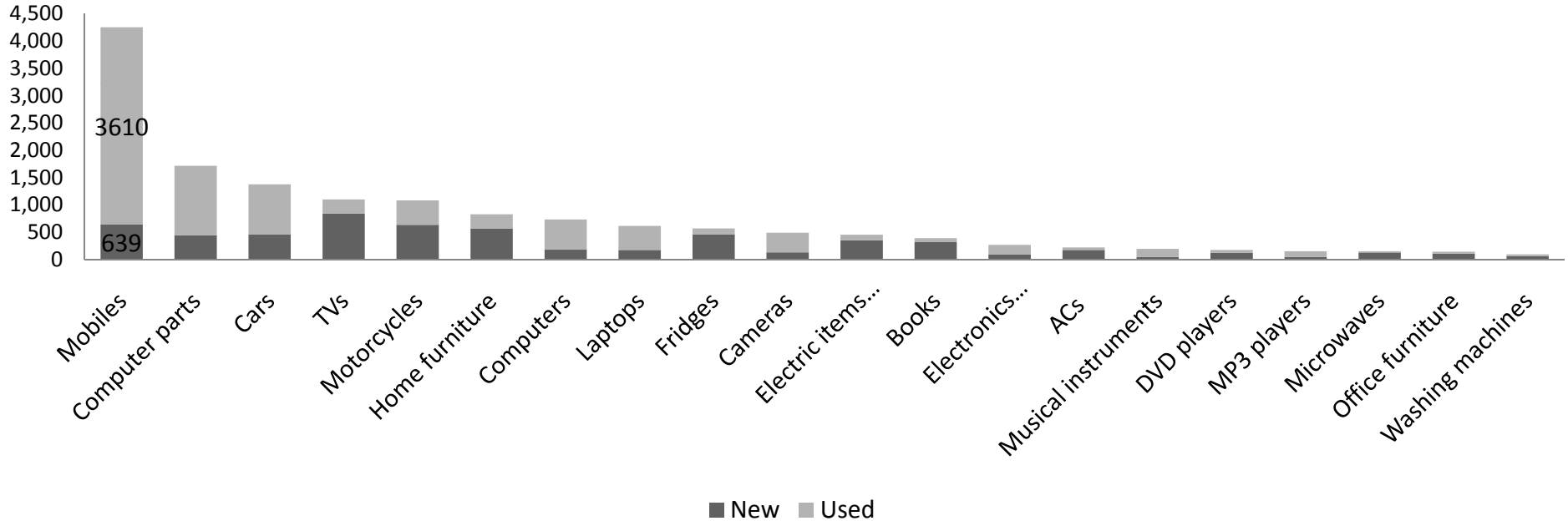
# 69 predefined categories to select from



- Communication devices (mobiles, computer parts, TVs, computers, laptops) constitute 5 of top 15 post categories
- Used (mostly) and new
- Wholesale (mostly) and retail agri-produce

# Some categories sub-divided into new and used

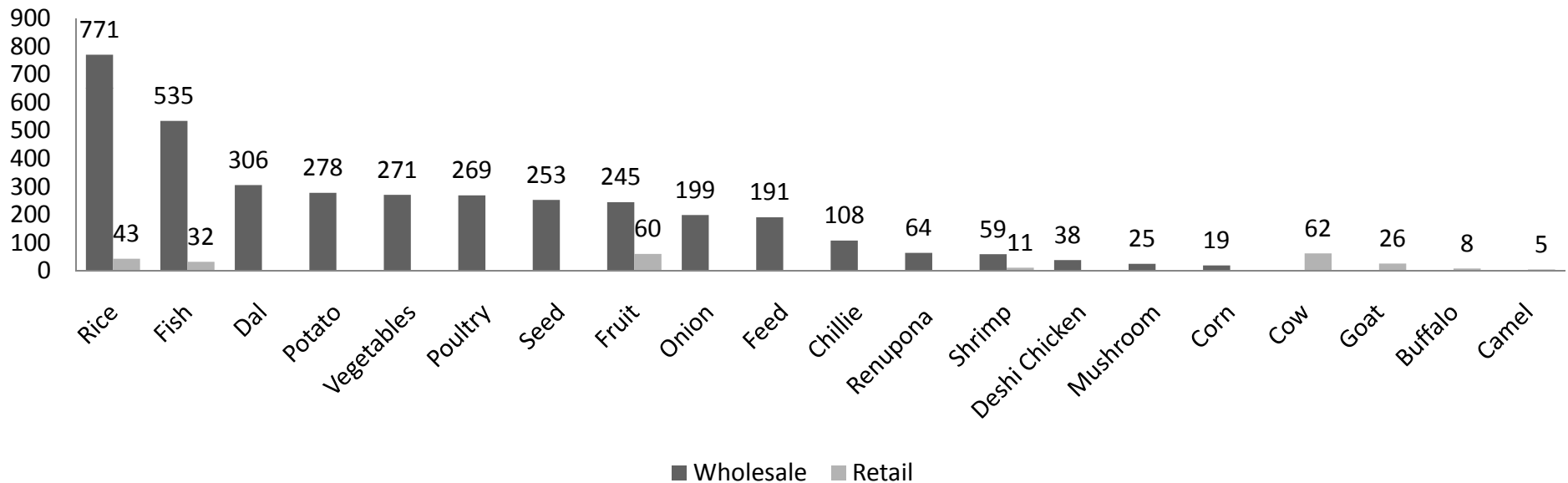
New vs. old items for sale  
[www.cellbazaar.com](http://www.cellbazaar.com), April 17, 2009



# Agri-produce sub-divided into wholesale and retail

## Wholesale vs. retail agri-products

[www.cellbazaar.com](http://www.cellbazaar.com), April 17, 2009



- Posts can be updated as needed

# Revenue streams

- Revenue share with GP (largest mobile operator, most popular data service)
  - WAP browsing fees BDT 0.02 /kb **50%**
  - SMS charges (BDT 0.02) **25%**
  - IVR platform charges (3 BDT/min) **20%**
  - Web browsing charges which (99% from Bangladesh) **5%**
- Calls resulting from enquiries (est. 20 calls per post)
- Targeted advertising platform for Brac Bank

# Success?

- 1.5 million + users (2009)
- 1,000 new posts per day (2009)
  - 51% from rural areas (CB internal market study, 2008)
    - Our calculations: 45% from Dhaka, 55% outside Dhaka (17 April 2009)
  - 15% monthly growth
  - 75% posts via mobile
- “Two out of ten sellers surveyed were able to sell their items within ten days of posting” (survey reported by CellBazaar)
  - → Successful transactions?
- cumulatively, ~USD45 million worth of products posted every month (value of goods)
- Multiple awards (e.g., 2008 GSMA award for best use of mobile for development)

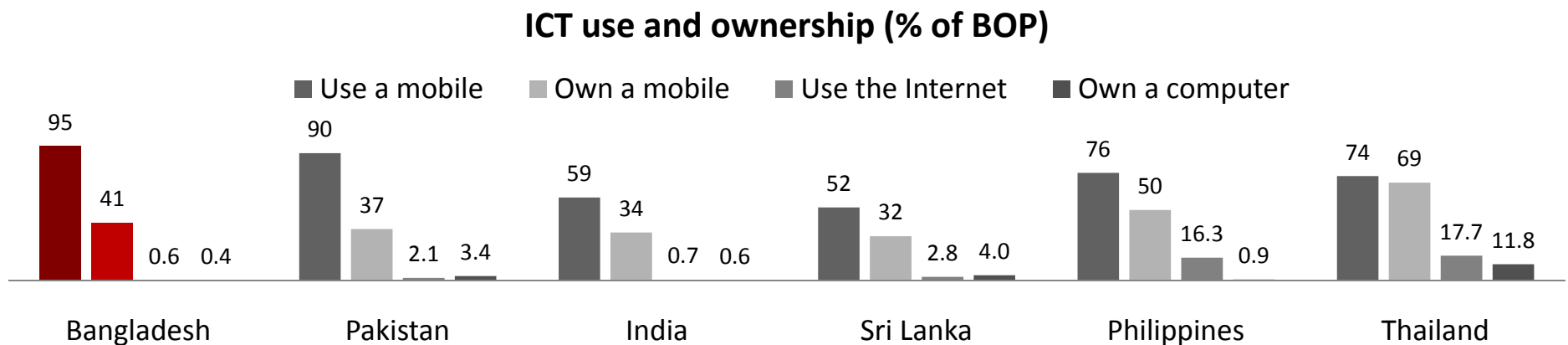
# Why?

- High mobile penetration, low Internet penetration
  - Requires minimal mobile handset capabilities (SMS)
- Affordable access
  - Large market for second hand handsets, with low prices
  - 3<sup>rd</sup> lowest TCO
- Entrepreneurial culture
- Exclusively partnered with largest operator
  - 20+ million potential user base (47% market share), with extensive rural coverage (98% of country plus part of India)
  - Association with established, trusted brand

# What makes it work in Bangladesh?

# Success factor 1

- High mobile penetration, low Internet penetration
  - Requires minimal mobile handset capabilities (SMS)



Source: Teleuse@BOP3, LIRNEasia

## Success factor 2a

- Affordable access (handsets)
  - Large market for second hand handsets, with low prices
  - Not the cheapest in T@BOP3 study countries, but...

	Bangladesh		Pakistan		India		Sri Lanka		Philippines		Thailand	
	Brand new	Second hand	Brand new	Second hand	Brand new	Second hand	Brand new	Second hand	Brand new	Second hand	Brand new	Second hand
Mean	58	35	47	27	48	35	65	36	63	28	96	38
Std Deviation	27	24	45	22	36	20	51	32	33	19	83	38
Mode	43	29	39	26	33	33	46	28	54	22	0	0

Source: Teleuse@BOP3, LIRNEasia

## Success factor 2b

- Affordable access
  - User only pays standard SMS/airtime/WAP charges
  - **Cost of 5 SMSs within Grameen = USD 0.07**

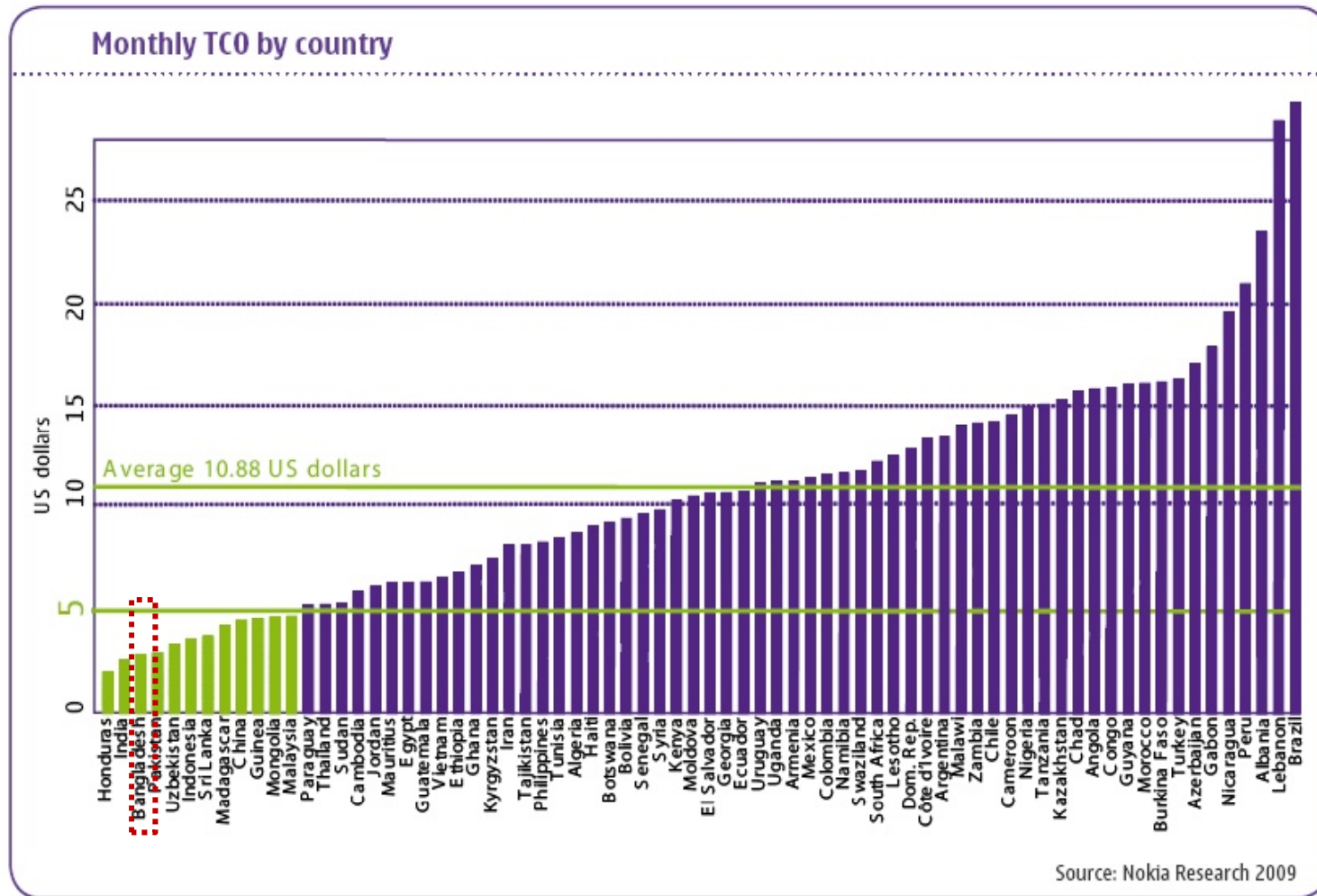
### SMS charges in South Asia (February 2009)

	Afghanistan	Nepal	Bangladesh	Pakistan	India	Bhutan	Sri Lanka	Maldives
On-net	0.048	0.013	0.014	0.013	0.020	0.021	0.009	0.015
Off-net	0.048	0.025	0.014	0.013	0.020	0.021	0.018	0.039

Source: LIRNEasia Mobile Benchmarks

<http://lirneasia.net/wp-content/uploads/2007/08/09-02-sa-baskets-explained-v1-0.pdf>

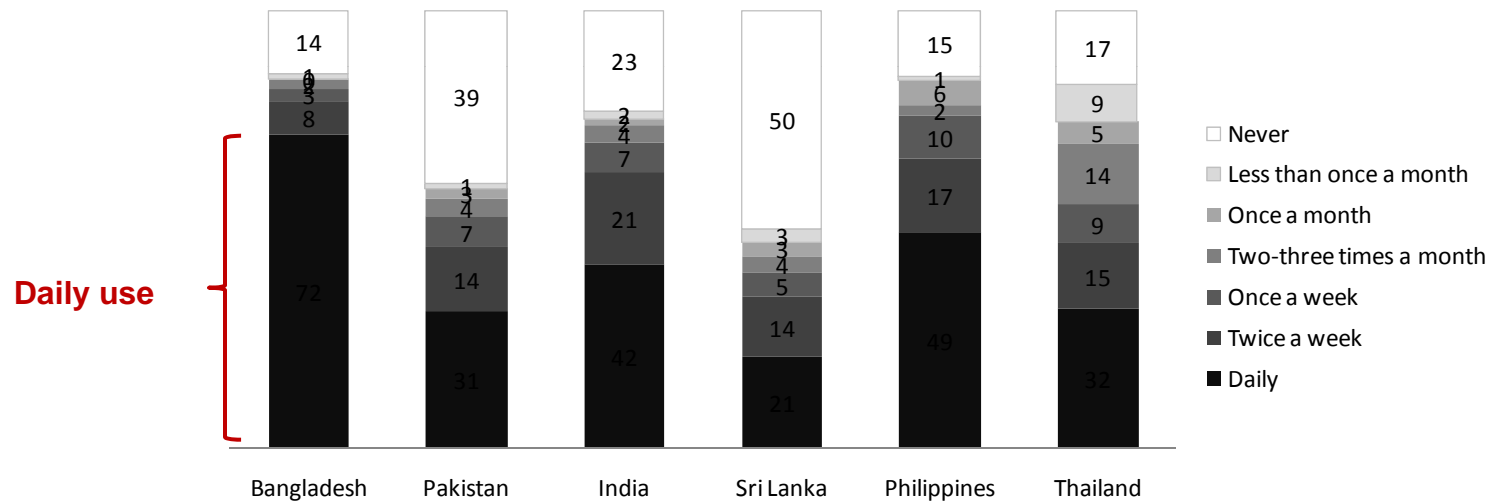
# Bangladesh among the lowest priced in the world, according to Nokia and LIRNEasia



# Success factor 3

- Entrepreneurial culture

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



# Success factor 4

- Exclusively partnered with largest operator
  - 20 million + potential user base (47% market share), with extensive rural coverage (98% of country plus part of India)
  - Association with established, trusted brand

# Success? CellBazaar estimated revenue shares

		<i>Assumptions</i>
Sellers (annual)	200,750	<i>Each ad posted by unique seller; 550 posts * 365 days</i>
SMS per seller	5	
Seller SMS generated (annual)	1,003,750	
Buyers (annual)	799,250	<i>Total 1 m users (annual) ; 1m less sellers</i>
SMS per buyer	7	<i>At least two posts viewed</i>
Buyer SMS generated (annual)	5,594,750	
Total SMS generated (annual)	6,598,500	
Revenue per SMS (USD)	0.014	
Total SMS revenue (annual, USD)	95,596	
Total SMS revenue (monthly, USD)	<b>7,966</b>	
<b>CellBazaar revenue estimate 1 (monthly, USD)</b>	<b>1,992</b>	<i>25% revenue share with Grameenphone</i>
<b>CellBazaar revenue estimate 2 (monthly, USD)</b>	<b>3,983</b>	<i>50% revenue share with Grameenphone</i>
<b>CellBazaar revenue estimate 3 (monthly, USD)</b>	<b>5,975</b>	<i>75% revenue share with Grameenphone</i>

# Potential for expansion beyond search?

# Potential for expansion?

(Considering the more complex case of goods)

- What will it take to go from



to



?

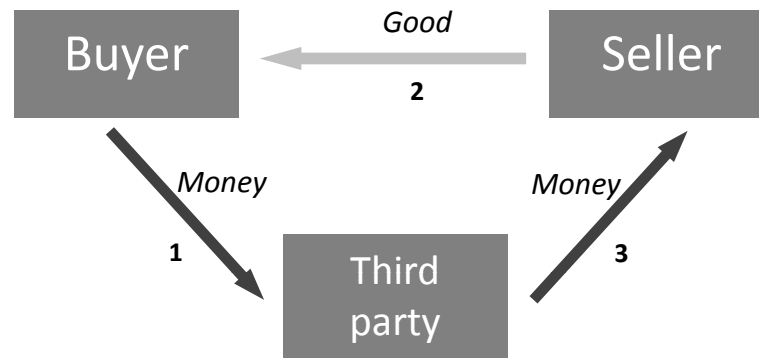
# Problems with shopping in e marketplaces

- Asymmetric information
  - Seller has better information than buyer; incentives for
    - False representations (adverse selection)
    - Bad behavior (moral hazard)
  - Problems more pronounced where goods are less standardized and second-hand
- For any commercial transaction trust is necessary
  - Even more in e marketplaces

# Pre-transaction concerns and options

Concern	Options
Trustworthiness of seller information	<ul style="list-style-type: none"><li>• Feedback system to regulate seller behavior → feedback on seller's past behavior from a few dispersed past buyers distributed to many potential buyers</li><li>• Initiation cost (Grameenphone SIM)</li></ul>

# Payment concerns and options



Concern	Options
Assurance that seller will deliver; assurance that buyer will pay	<ul style="list-style-type: none"><li>• Introduction of third party guarantor to assure payment and delivery</li></ul>
Trustworthiness and security of payment mechanism; ability to track payment (buyer); promptness of payment (seller)	<ul style="list-style-type: none"><li>• Use of mobile payment system (accessible, affordable). Barriers:<ul style="list-style-type: none"><li>• Lack of policy framework for mobile payments</li><li>• Possible lack of uptake among BOP</li></ul></li></ul>

# Post-payment concerns and options

Concern	Options
Assurance that seller will deliver within reasonable time; assurance that seller will respond to complaints	<ul style="list-style-type: none"><li>• Feedback system to regulate seller behavior → feedback on seller's past behavior from a few dispersed past buyers distributed to many potential buyers</li><li>• Initiation cost (Grameenphone SIM)</li><li>• Dispute resolution options, e.g., cancellation of account</li></ul>
Secure, cost-effective delivery mechanism with tracking options	<ul style="list-style-type: none"><li>• Private courier companies; affordable?</li><li>• National postal service; reliable? Adaptation and modernization will be required to support e commerce</li></ul>

# Key takeaways

- CellBazaar represents a working form of e commerce for the developing world
  - “Successful” in providing market information to a wider audience than otherwise possible (elite + non-elite)
- Several issues of trust, infrastructure and policy which need to be overcome to extend the service
  - Infrastructure and policy will be the most problematic

Full report available upon request

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