

# Profiling the BOP

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

11 December 2009

LIRNEasia@5



This work was carried out with the aid of a grant from the International Development Research Centre, Canada and the Department for International Development, UK, with contributions from Telenor Research & Development Centre Sdn. Bhd., Malaysia.



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développement international



# 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)

# Sampling logic

- Multi-staged stratified sampling by probability proportionate to size
  - Regions (states/provinces/districts) randomly selected in 2006; kept the same for comparison in 2008 (except BD)
  - Stratification of cities within state, province etc
  - Geographical ordering of cities, villages
  - PPS selection of cities, villages
- Within PSU
  - Random starting points
  - 10 HH per starting point; right hand rule
  - KISH grid to select respondent in HH

# 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 <sup>[1]</sup>	India	Sri Lanka <sup>[2]</sup>	Philippines <sup>[3]</sup>	Thailand <sup>[4]</sup>	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)

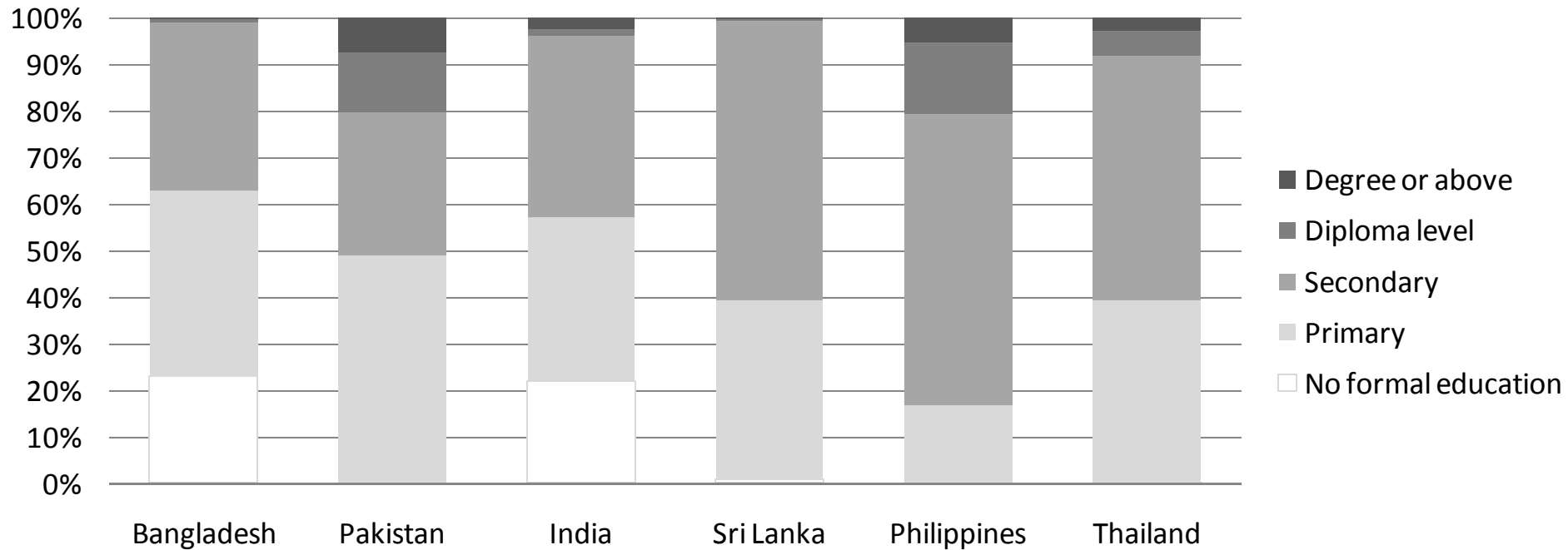
	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
Mean household income (USD/day)	117	126	99	151	127	171
Mean personal income (USD/day)	36	37	38	54	45	79

- Earning ~USD1-2 per day



# Educational attainment does not exceed primary or secondary education

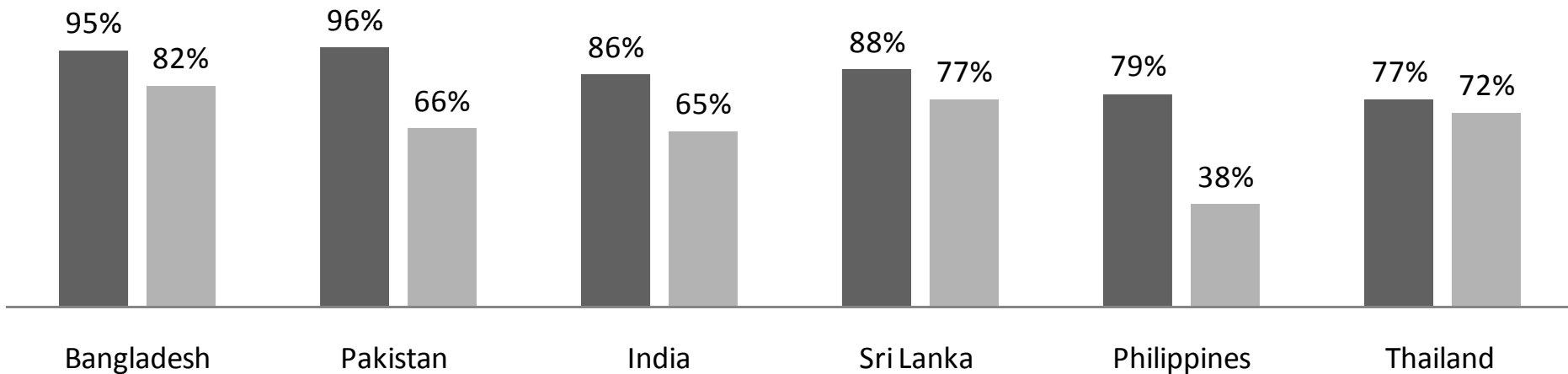
Educational attainment (% of BOP teleusers)



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

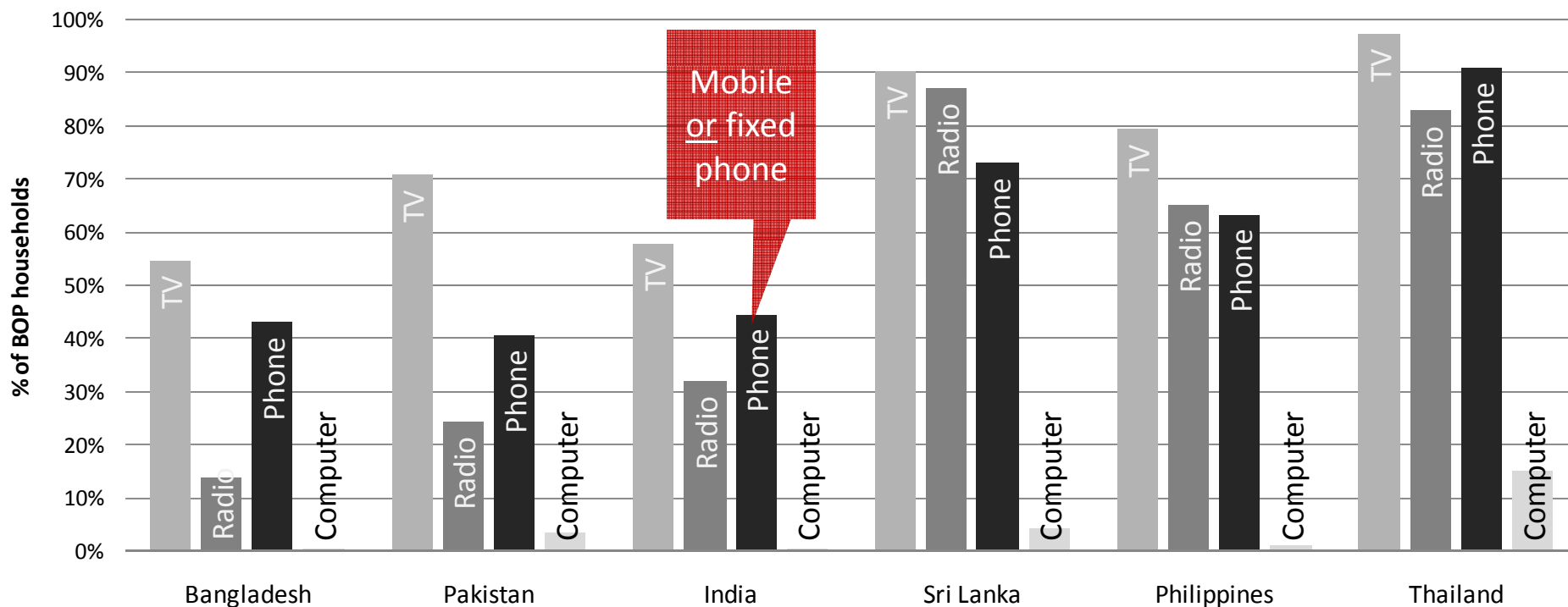
Use of the phone (% of BOP [outer sample])

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



# Many own phones

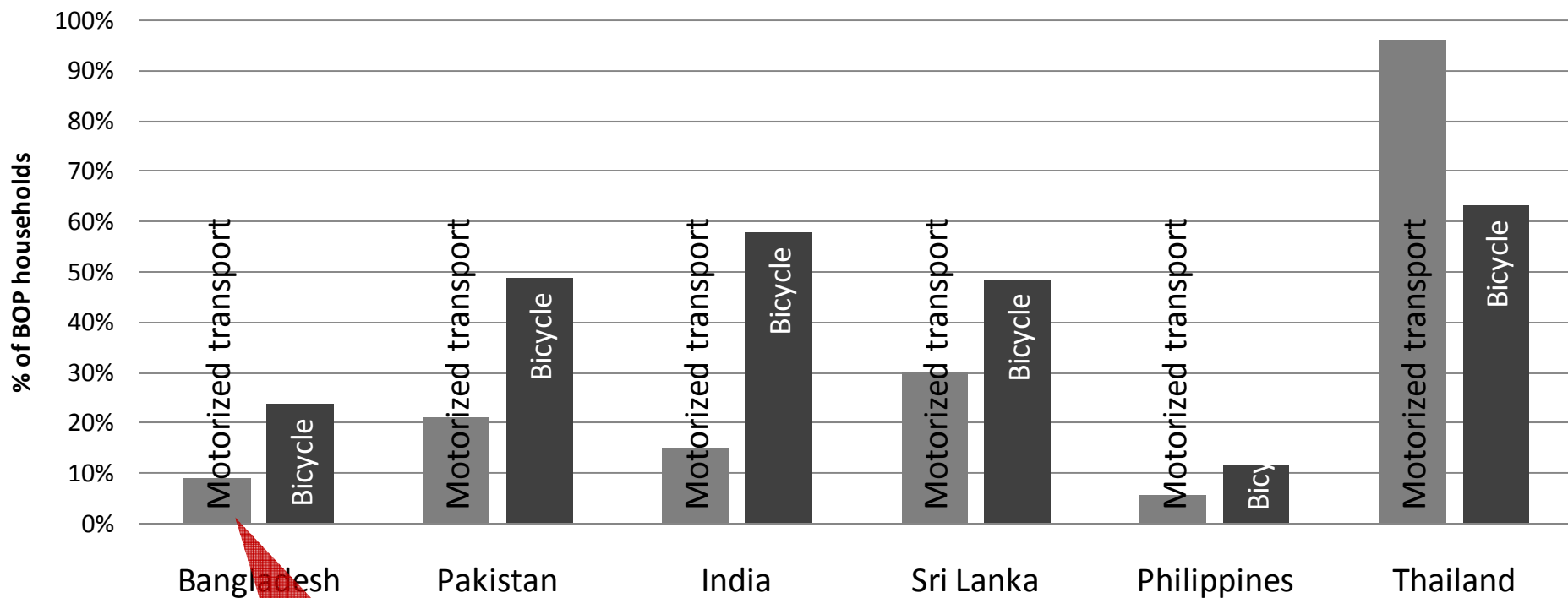
Access to communication technologies within the household (% of BOP teleusers)



- 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)



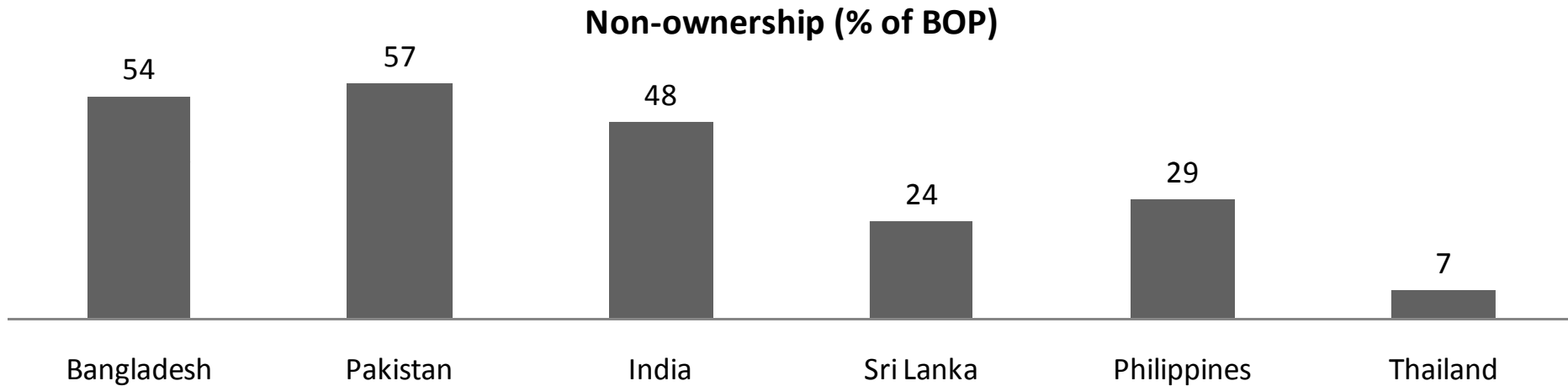
Incl. motor bike,  
trishaw,  
scooter,  
tractor, etc

# 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

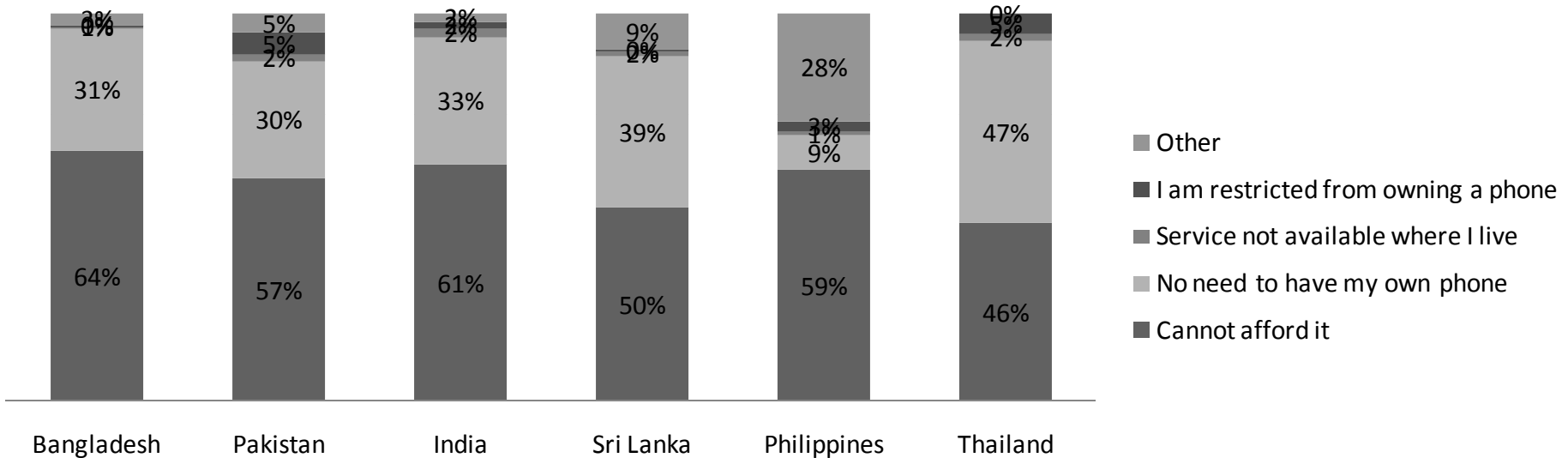
# AFFORDABILITY

# Not everyone owns a phone...



# Main reason for not owning is affordability

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

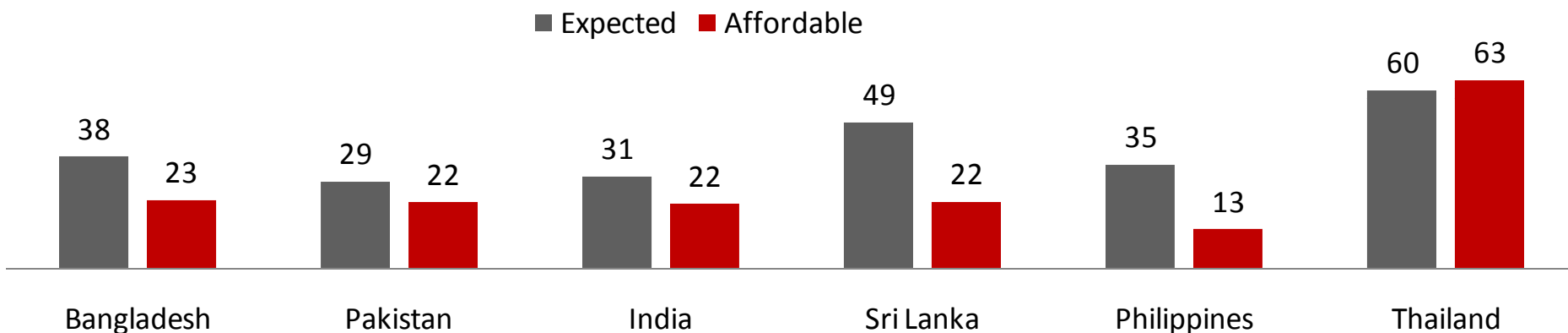


- As many as 50-60% in BD, PK and IN don't own a phone



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

Initial cost of getting connected (USD)

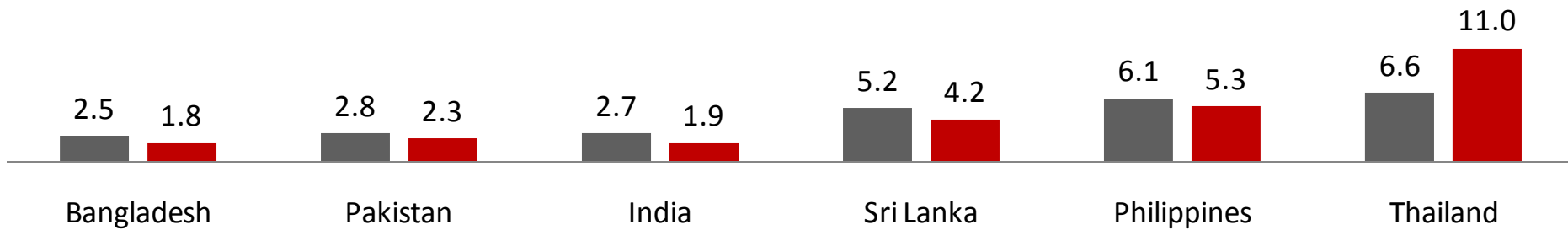


- Some can only afford to spend as little as **USD1.80** per month on mobile usage
- 20-60% say calls are expensive

# Some can only afford to spend as little as **USD1.80** per month on mobile usage

Monthly expenditure (USD)

■ Expected ■ Affordable



# 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%	

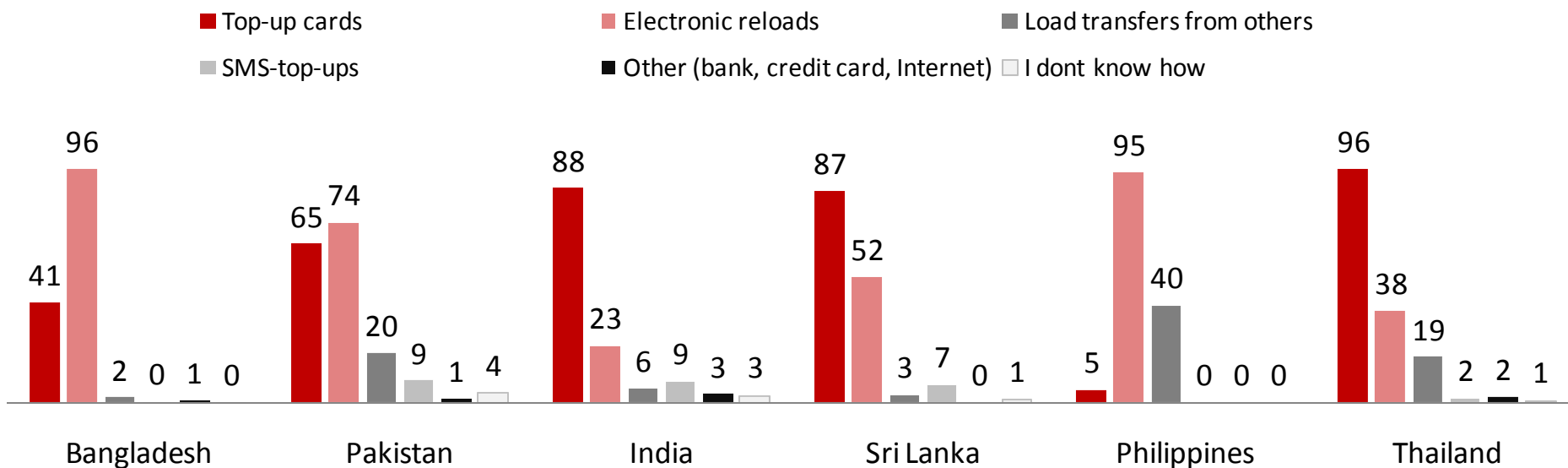
- Key reasons:
  - Minimizing communication expenditure (on-net calling)
  - Poor network coverage on some networks
  - To keep contact lists separate (e.g., boyfriends/girlfriends, etc)

# Owners spend little, but often

## Micro-top-ups on prepaid

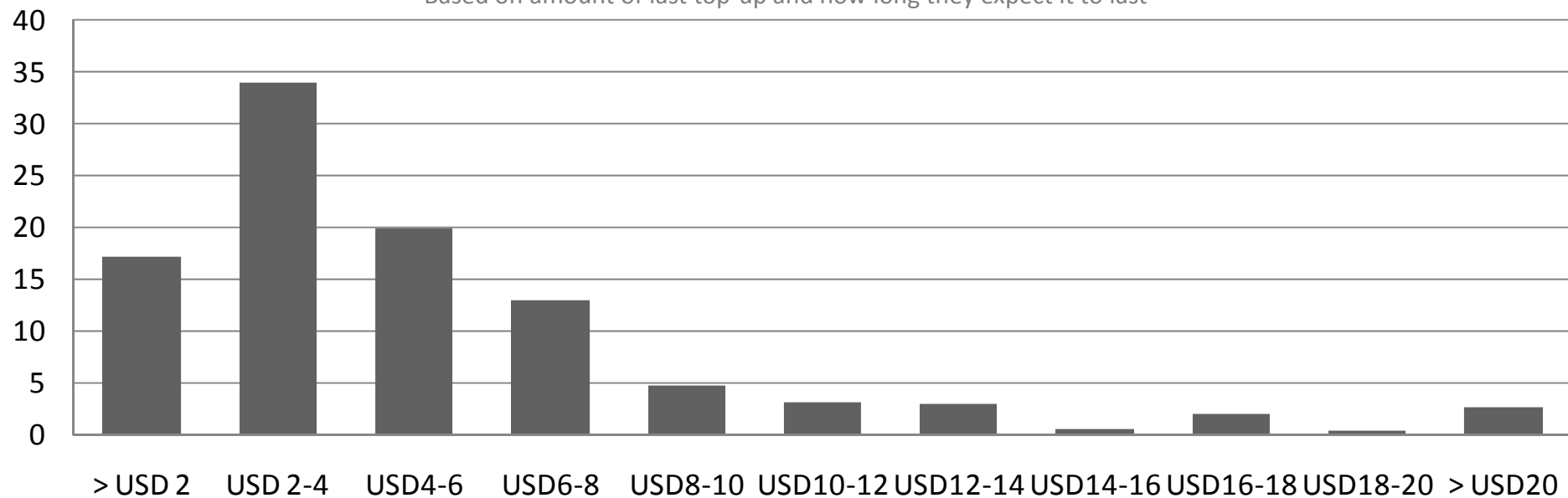
	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
Last top-up (USD)	0.50	0.87	1.71	1.26	0.65	2.49
No. of days expected to last	4	7	13	12	2	11

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



# Long tail in monthly mobile expenditure (India)

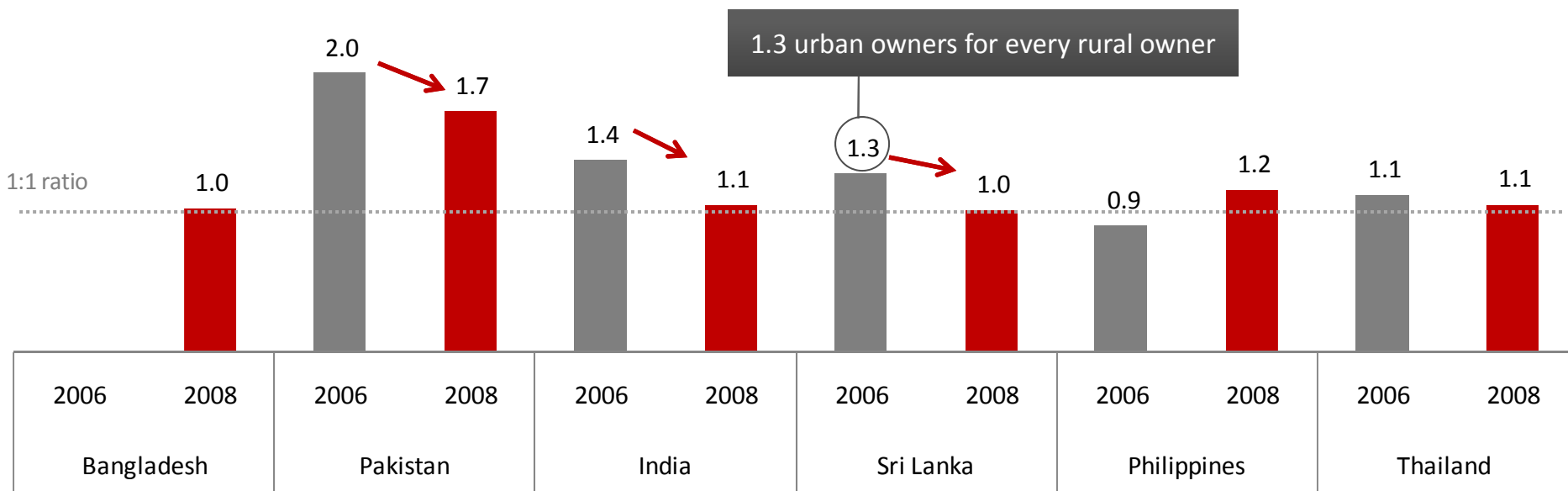
**India: monthly prepaid expenditure (USD)**  
Based on amount of last top-up and how long they expect it to last



# The rural BOP is not very different from the urban BOP

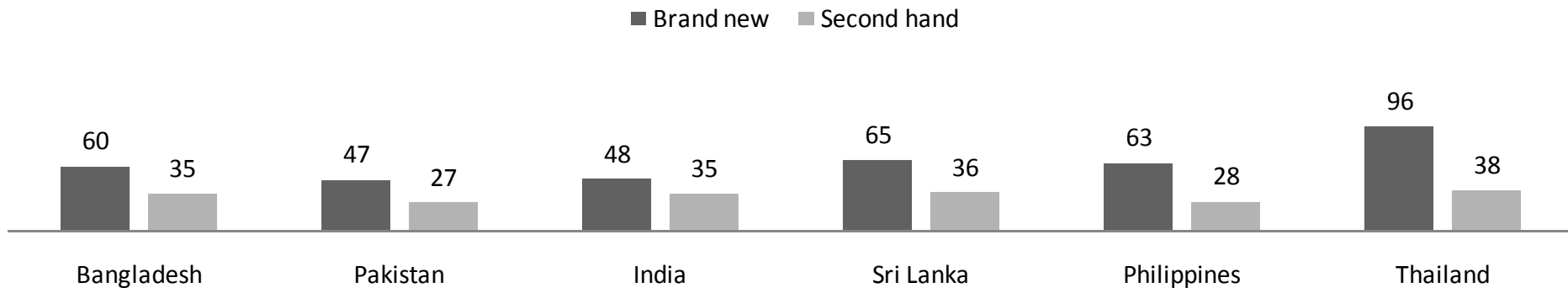
no trend data for BD available

## Urban-rural divide in phone ownership (urban:rural)



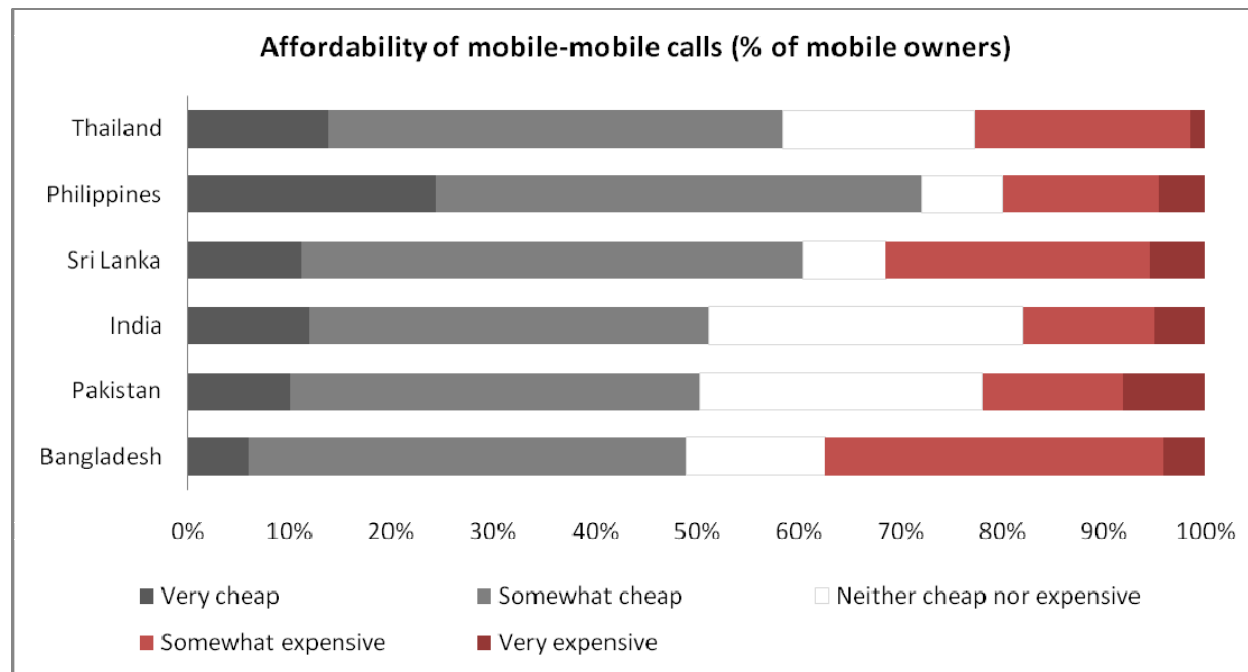
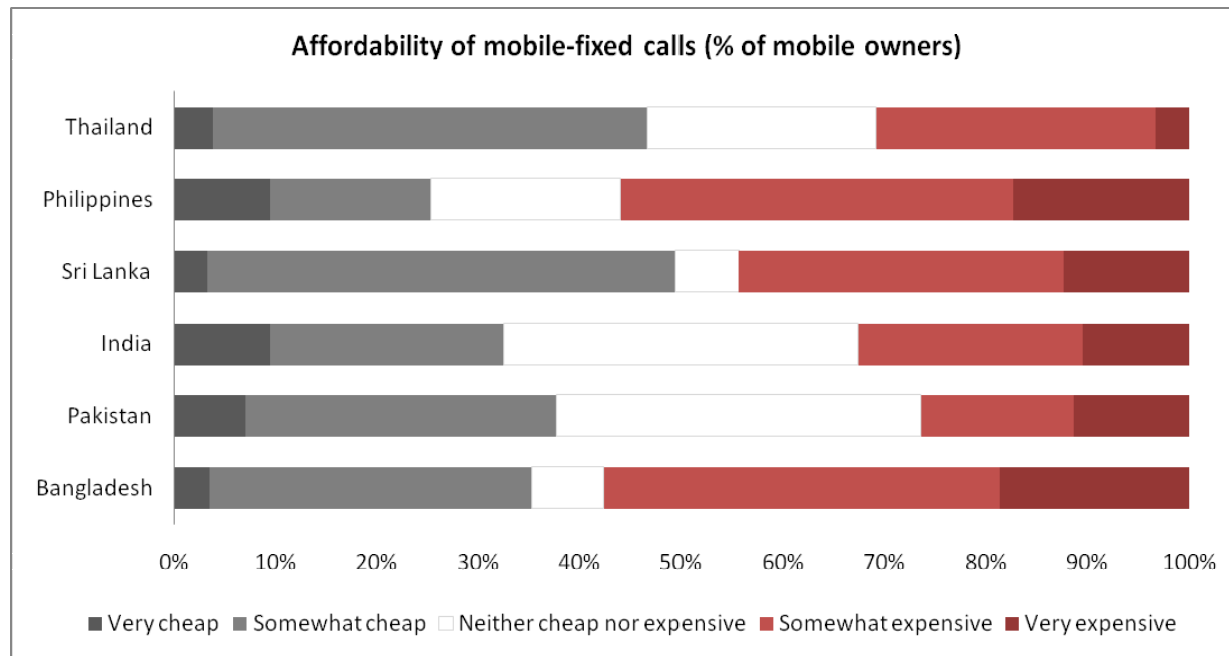
# Savings made on second hand handsets

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



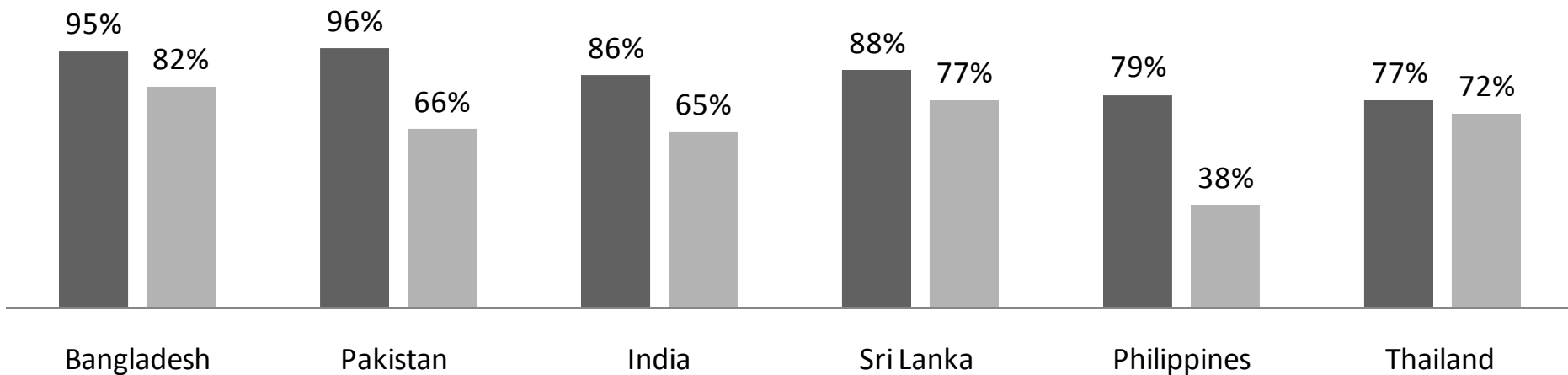


# DEMAND

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

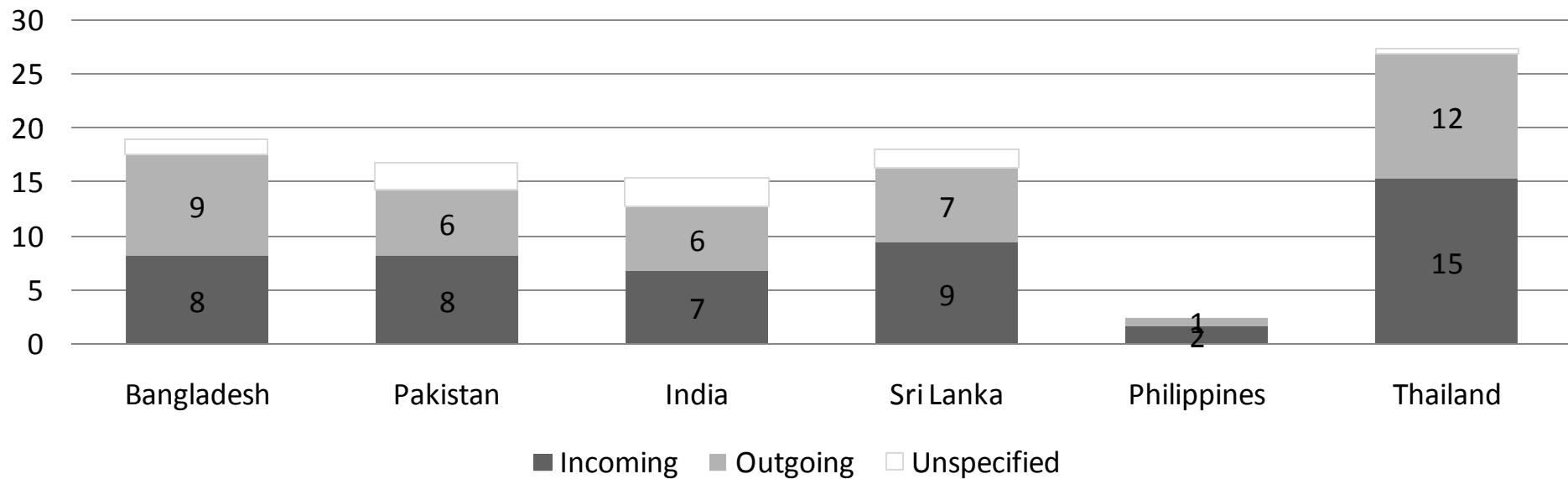
Use of the phone (% of BOP [outer sample])

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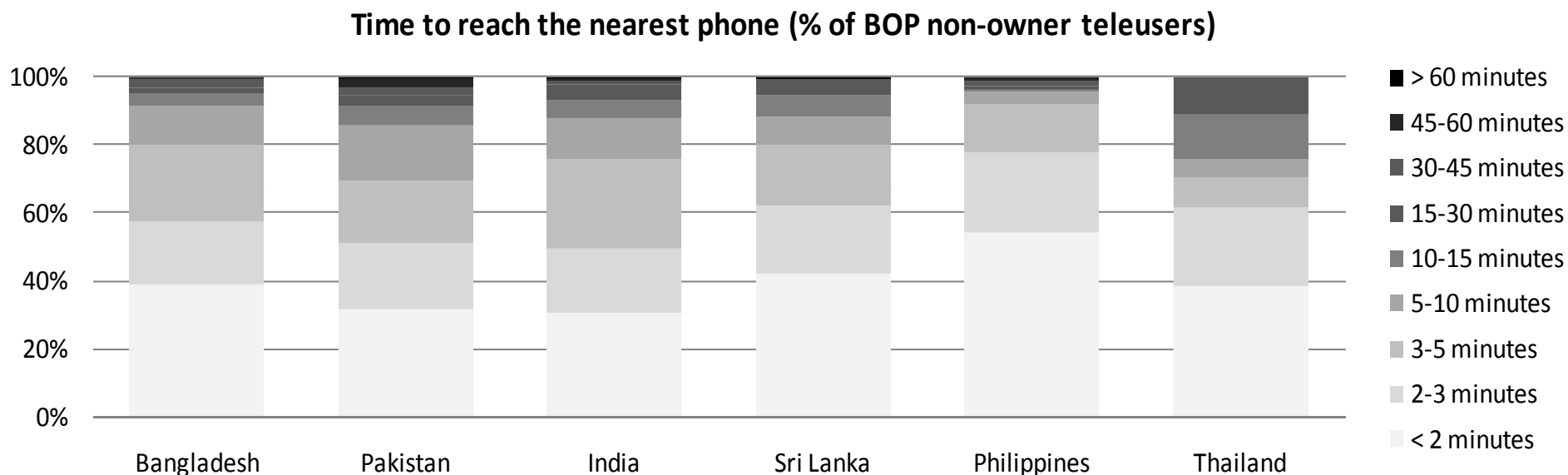


# ~1 call per day (outgoing)

Average number of calls per week



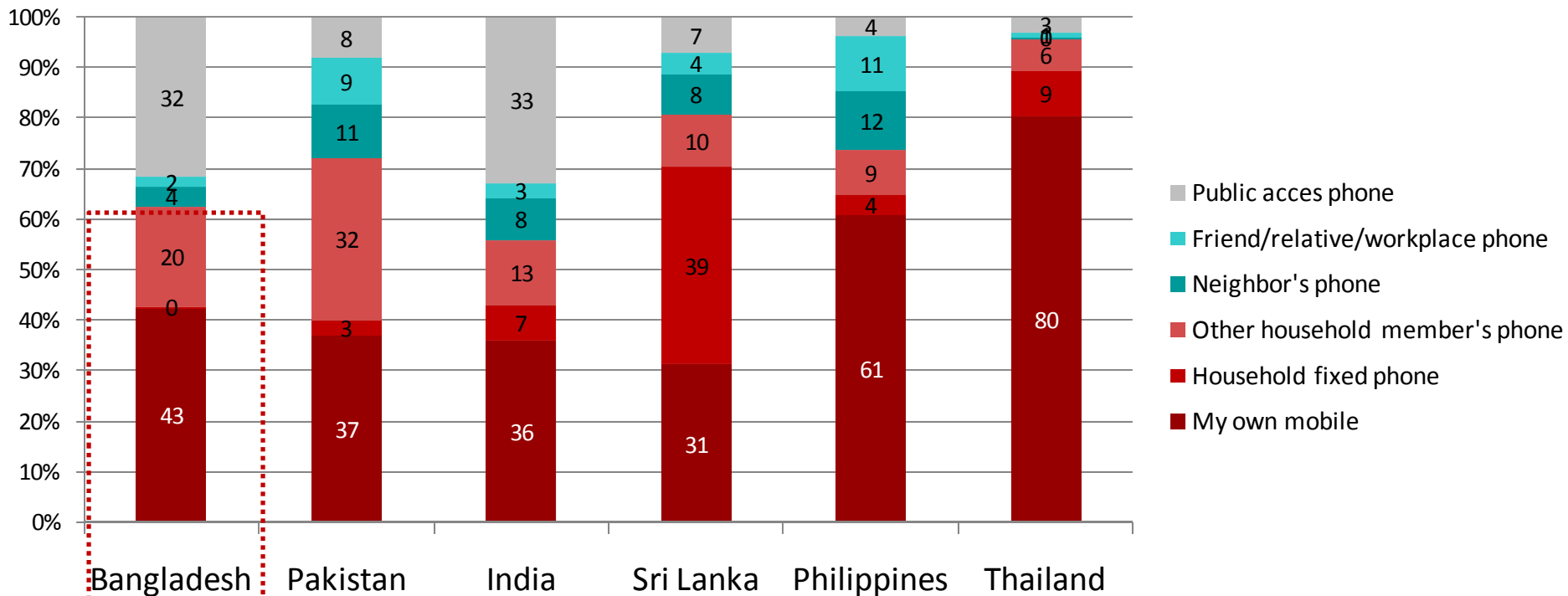
# Non-owners can get to a phone in ~5 minutes



- Most non-owners walk to the nearest phone
- Includes other householders' phones, neighbor's phones, public phones, relatives/friends' phones, etc.

# Many non-owners, still have mobile access within the household

Most frequently used phone (% of BOP teleusers)

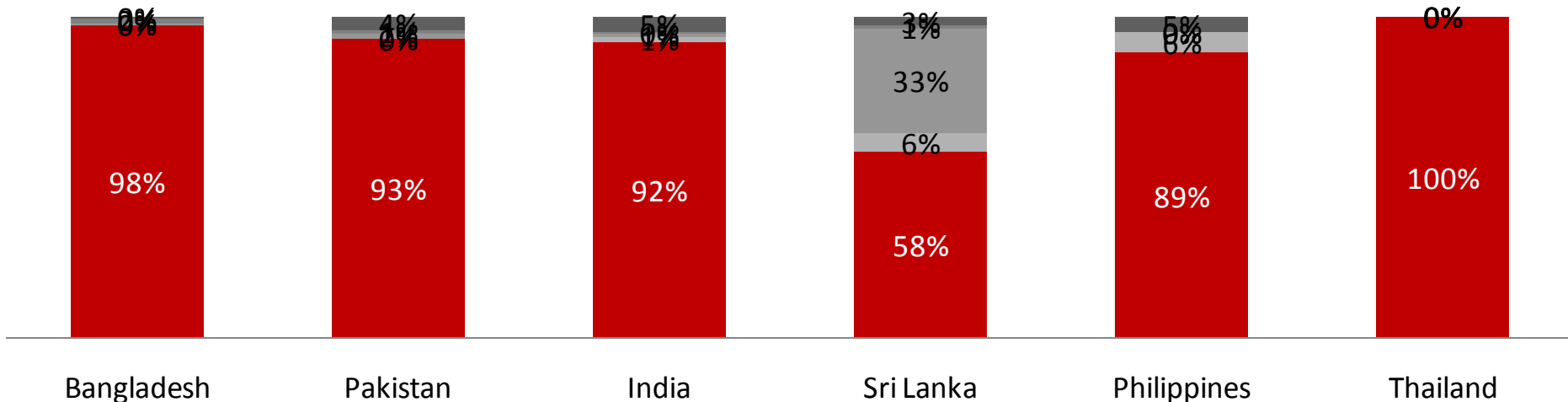


**Access within the household**

# 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)

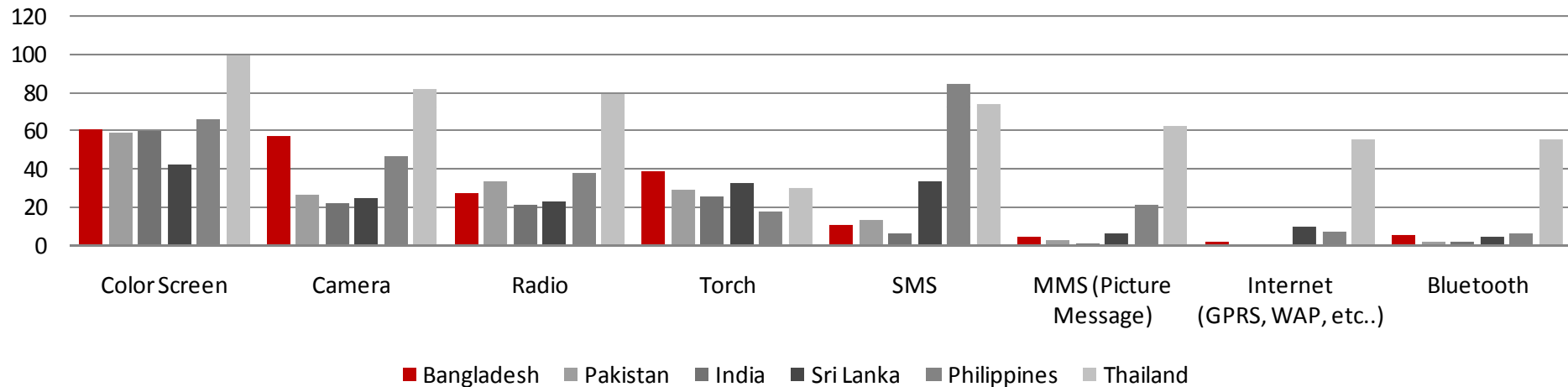
■ Mobile ■ Fixed (wireline) ■ Fixed (wireless) ■ Fixed (undecided) ■ Not decided



- 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

# Color screen, camera & torch are the most sought after phone features

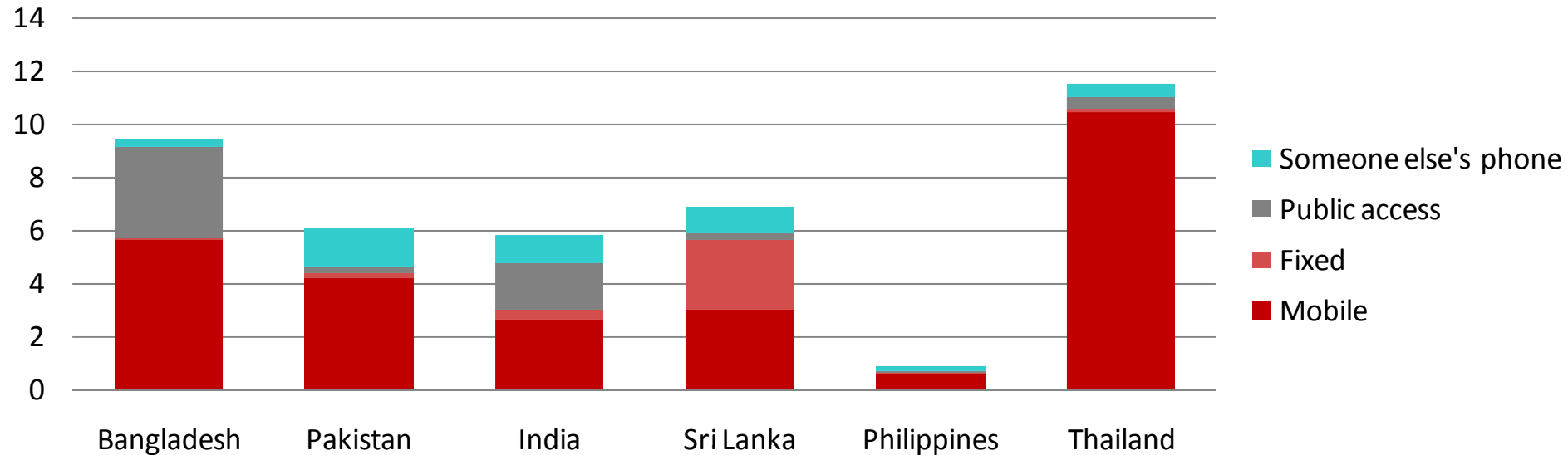
Desired phone features (% of potential owners)



# Calls mostly made from own mobiles

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

Source: Diary data

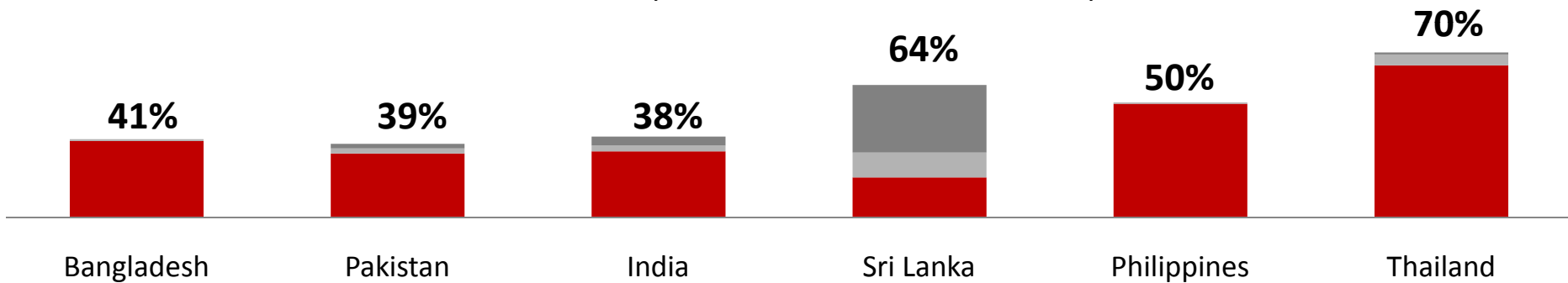




# Most own a mobile

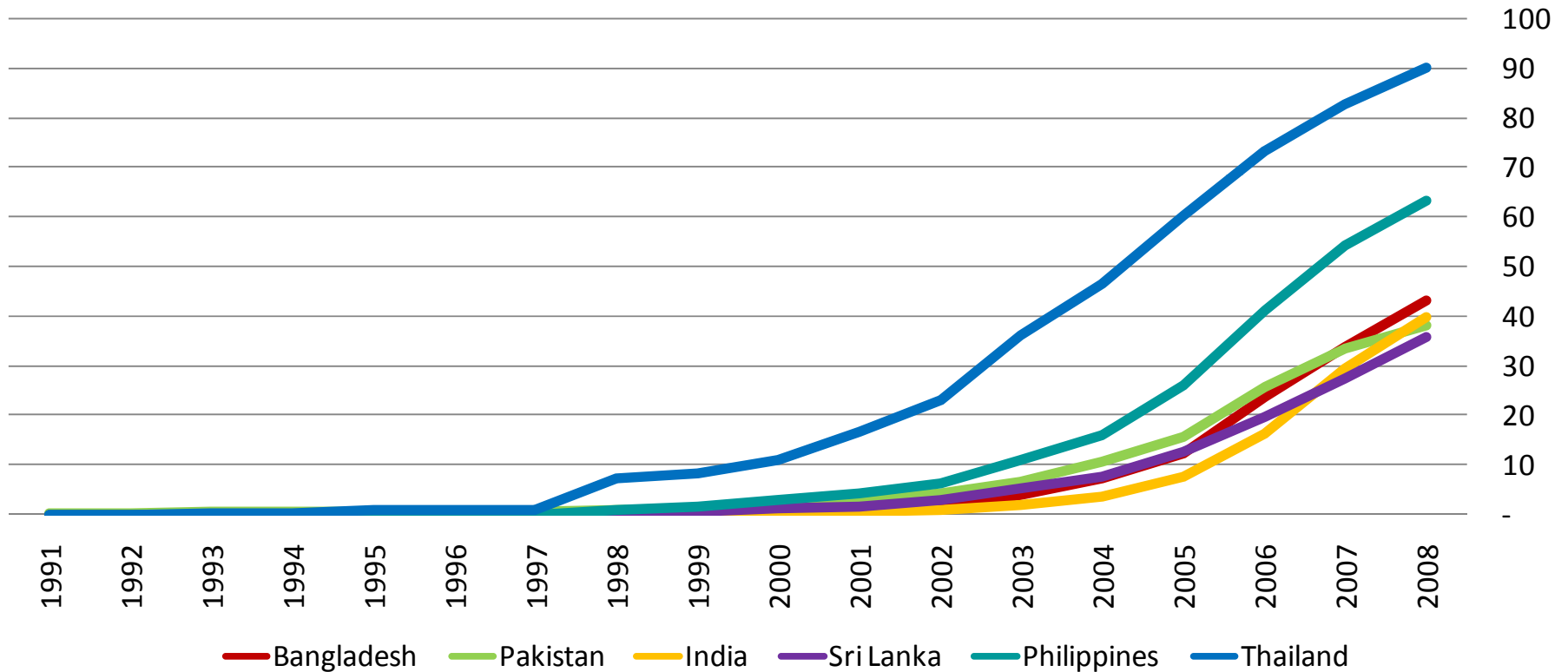
Phone ownership (% of BOP)

■ Mobile only   ■ Mobile + fixed   ■ Fixed only



# Many are recent adopters

Growth in mobile ownership (% of BOP teleusers)



# 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

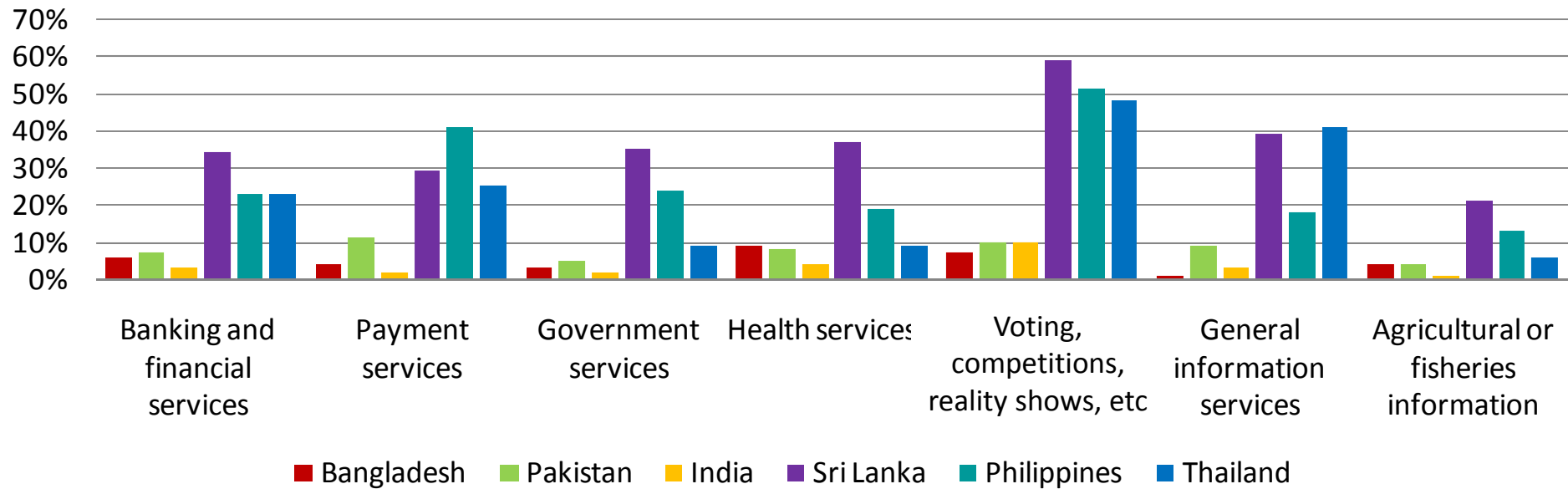


- Ronnie downloads ringtones as well as has ring-back tones on her phone which expire in 24 hours. So she activates them frequently. She also downloads these from the Internet at a cybercafe too.



# Mobile2.0 services: Awareness among BOP is poor in BD, PK and IN

Awareness of services available on phones and computers (% of BOP teleusers)



# Mobile2.0 services: Small amount of usage in LK, PH and TH

- 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.

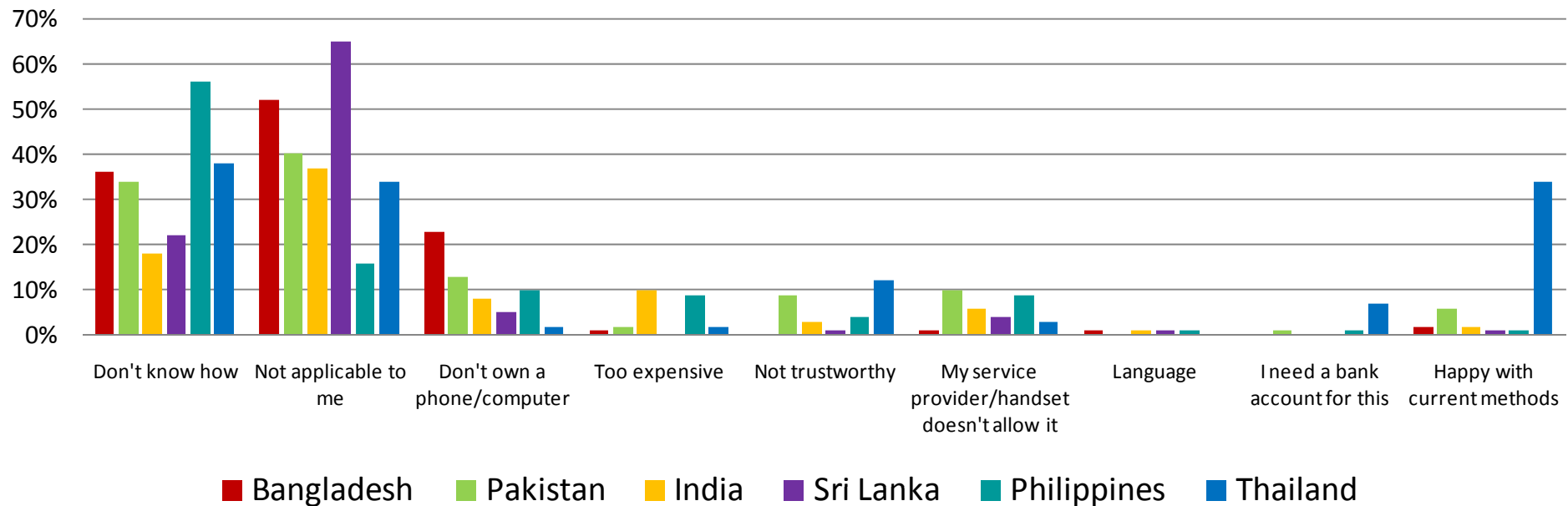




# POTENTIAL FOR MOBILE2.0 SERVICES?

# Why? Payments: Most who are aware don't know how or don't feel the need to use it

Reason for not using payments (% of those that are aware but don't use)



# Why don't they use these services?

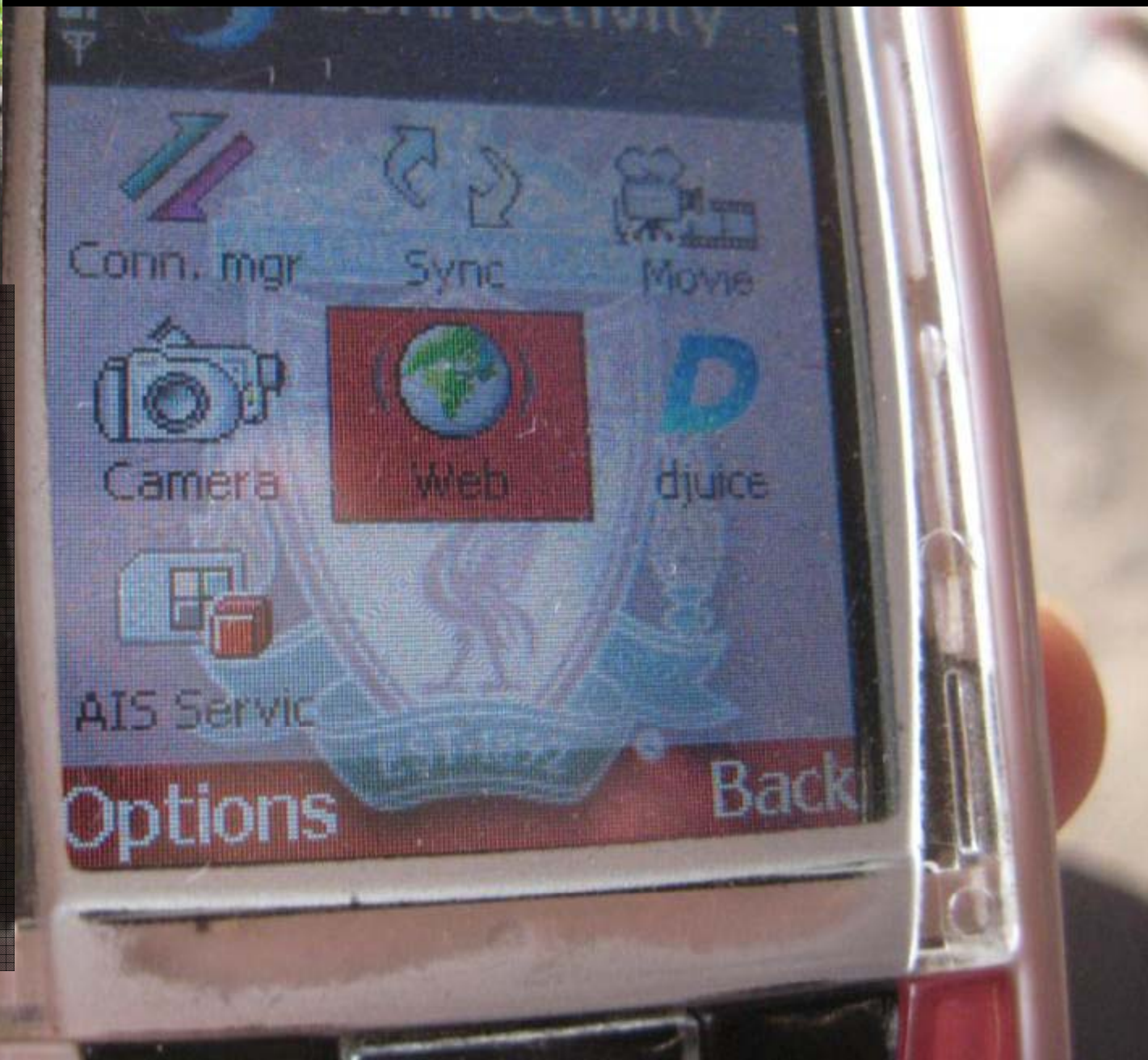
- Don't know how
- Not applicable to me
- Too expensive, when they're available free via other modes...

# Dinn | Automobile mechanic

15 years | Jae Hom, Thailand

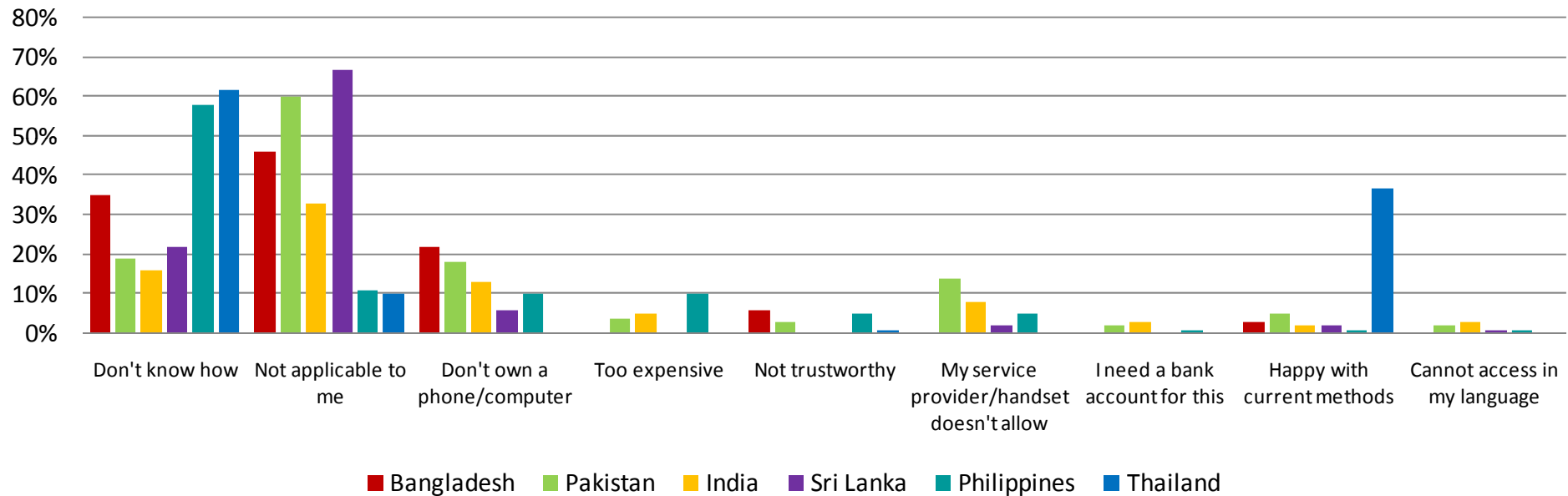


- Previously subscribed to sports news on his mobile, until he felt that the service was not worth spending on, since the same information is available for free on the TV and Internet.
- Tried using the Internet on his mobile, but he lost all his credit (THB50) in less than 5 minutes. He no longer uses 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.



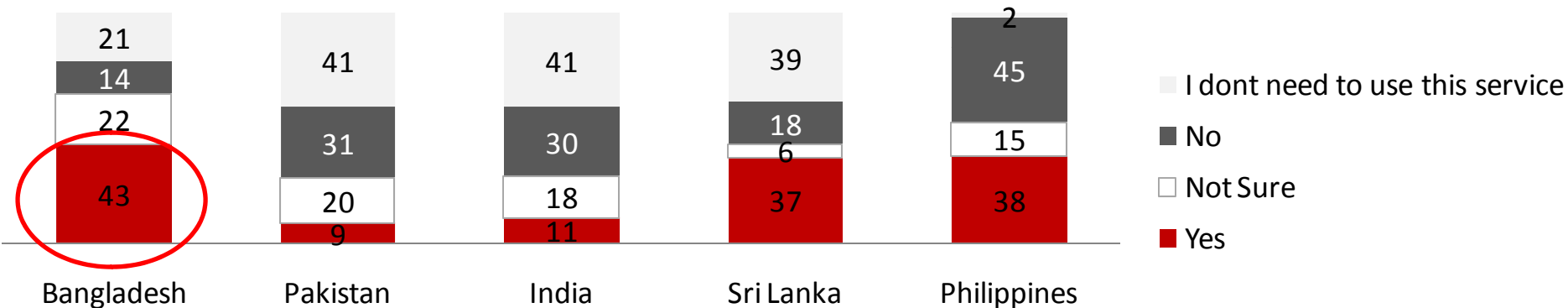
# Government services: Most who are aware don't know how or don't feel the need to use it

Reason for not using government services (% of those who are aware but don't use)

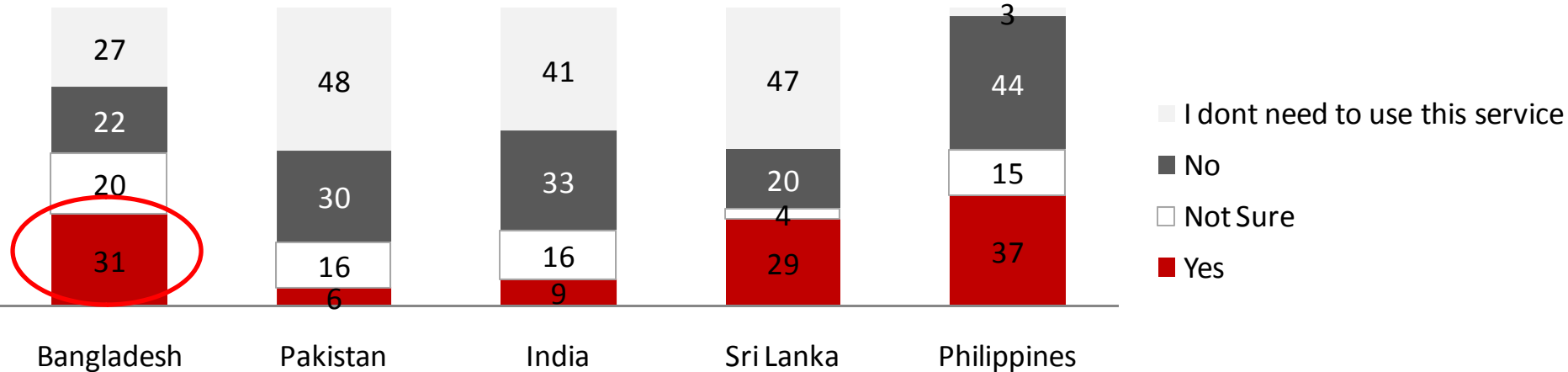


# However willingness to try money transfer services and govt services via a mobile exists

Willingness to try **sending or receiving money** (% of BOP teleusers who are currently unaware of such services)

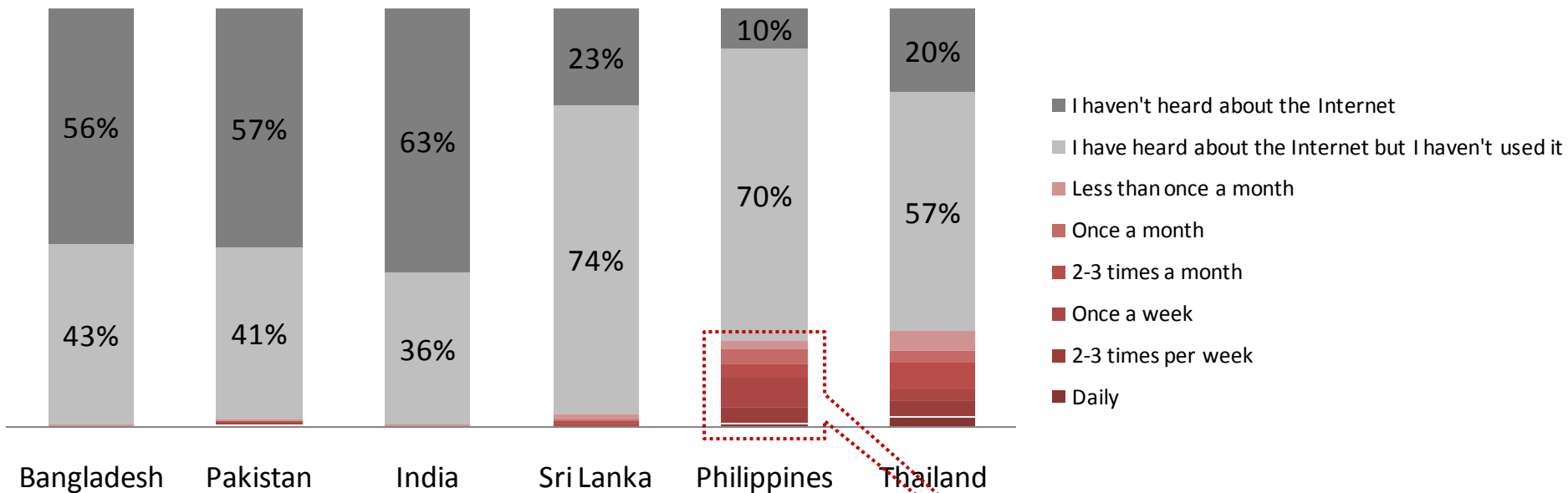


Willingness to try **accessing government services** (% of BOP teleusers who are currently unaware of such services)



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

Internet use (% of BOP teleusers)



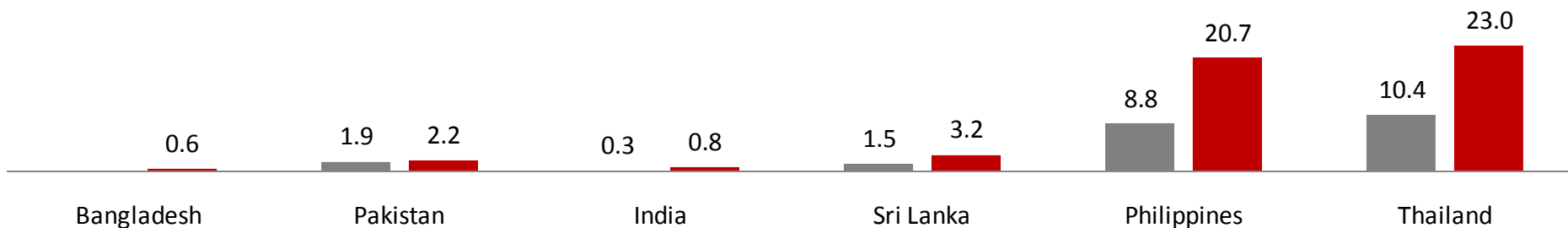
	Bangladesh	Pakistan	India	Sri Lanka	Philippines	Thailand
Use the Internet	0.6%	2.2%	0.8%	3.2%	20.7%	23.0%



# Little growth in South Asian Internet use since 2006

Internet use (% of BOP teleusers)

■ 2006 ■ 2008



# 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
  - 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
- Other respondents seemed to be doing the same. It is only available internally, but useful to send money to rural areas.
- Migrants try to maintain good relations with shopkeepers in their village who provide this service
- 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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