

Helping BOP micro-entrepreneurs to do business through mobiles

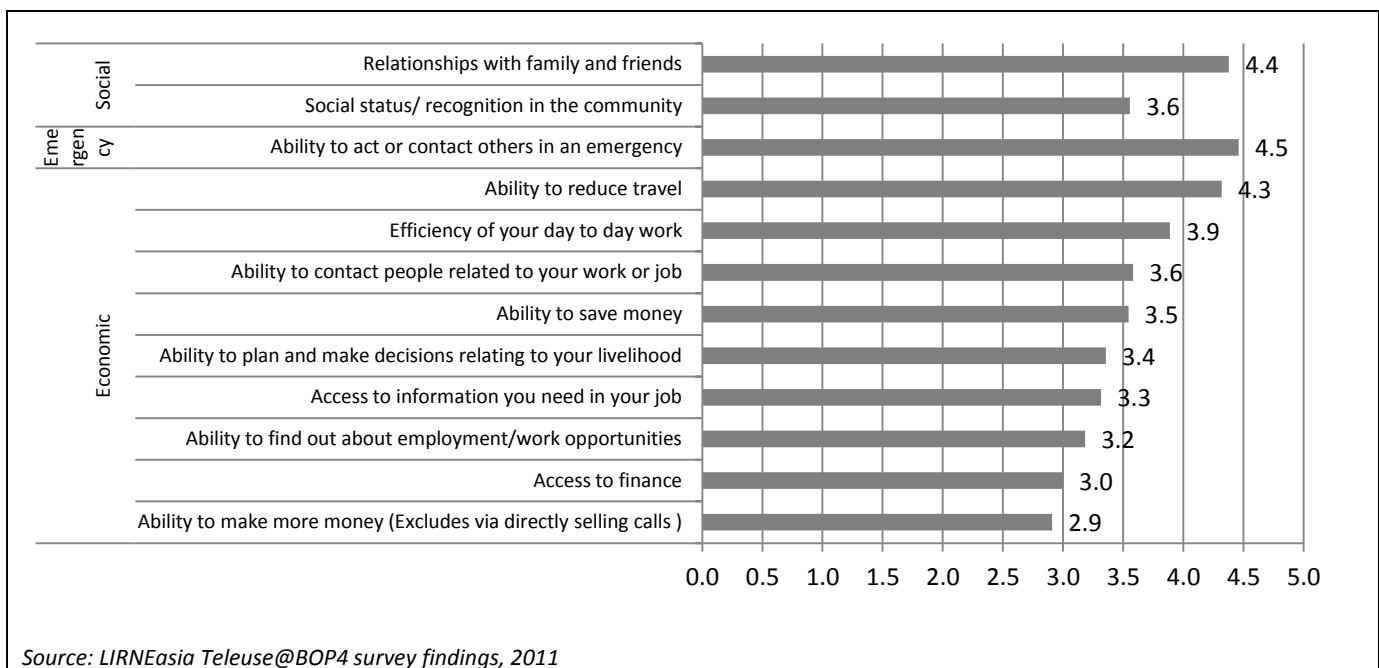
Innovation brief

Much of the existing research on mobile communication among the poorer market segments has now confirmed that the primary purpose of communication on mobiles within this segment is “social.” LIRNEasia’s Teleuse@BOP¹ research has consistently demonstrated this in the Asian countries studied since 2005. Despite this, there is indeed a significant role that mobiles play, both direct and indirect, in supporting business at the bottom of the pyramid (BOP) especially through social means. Close attention is needed to understand the role of mobiles in BOP business, and help service providers and app developers among others to develop useful tools and services for this segment.

Mobiles perceived as an economic tool

Mobile phones are perceived as an economic tool by many mobile owners at the BOP (Figure 1). When questioned as to what impact the phone has had on their lives in terms of various economic aspects of their lives, the biggest impact was perceived in reducing the need for travel. The average response given by respondents with respect to this aspect of their lives was 4.3. Thereafter, benefits were seen in terms of bringing efficiency into their day to day activities, with an average response of 3.9. The phone was also seen as useful in terms of work-related matters (including finding work opportunities) saving money and planning and making livelihood-related decisions. Strong social benefits (in terms of maintaining relationships) were also perceived; at the BOP, where social and work-related networks do tend to overlap, these kinds of “social” benefits can also have significant indirect economic impacts.

Figure 1: Perceived benefits of access to a phone on respondent’s social, emergency and economic factors. Ratings given on a scale of 1 (no change) to 5 (greatly improved).

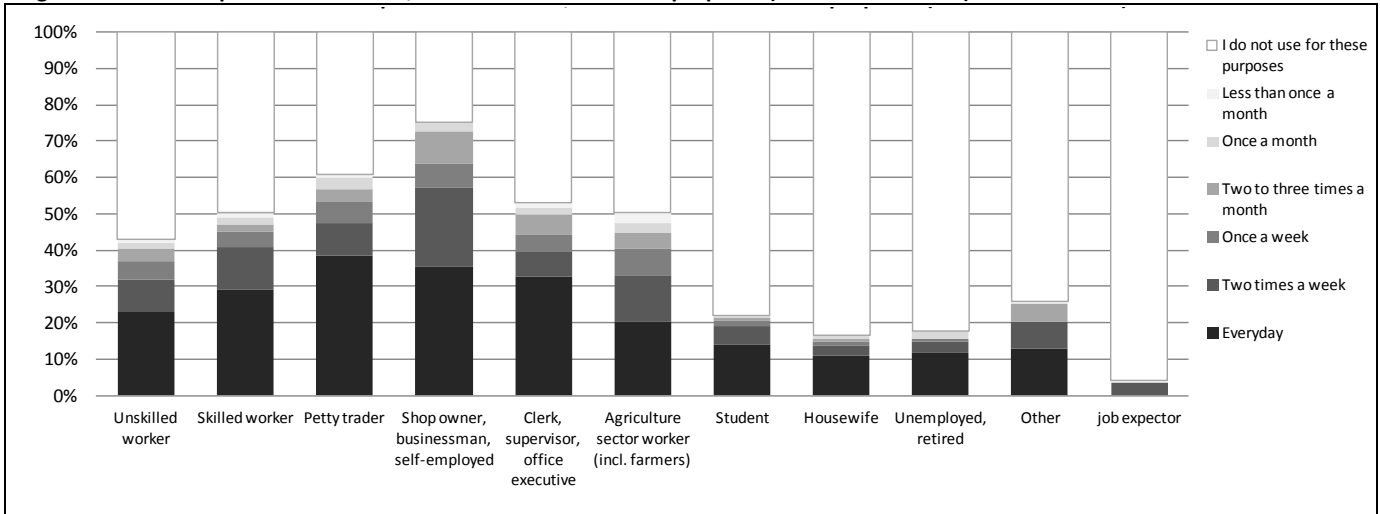


¹ <http://lirneasia.net/projects/icts-the-bottom-of-the-pyramid/>

Business use of the phone

The Teleuse@BOP findings confirm that much business, work or finance-related communication is in fact taking place on mobiles. There are large numbers among the BOP who say that they use their mobiles for such purposes, many on a daily basis (Figure 2). Many of these are among the working BOP population. The overly-hyped but very real examples of micro entrepreneurs coordinating with customers and suppliers, and farmers and fishermen checking market prices and conditions through their mobiles before deciding which market to take their goods to do exist, but perhaps not on as large-scale as was anticipated among the BOP.

Figure 2: Use of the phone for business, financial or work-related purposes (% of BOP teleusers)



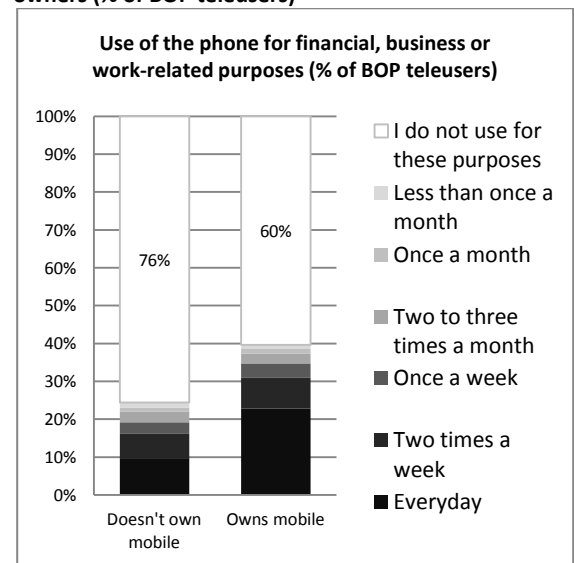
Source: LIRNEasia Teleuse@BOP4 survey findings, 2011

On average, when compared to non-mobile owners, mobile owners used phones for their business, work-related or financial needs, with 24% of the former group using phones for these purposes compared to 40% of the latter group (Figure 3). In addition, a larger percentage of those over the age of 35 (42%) compared to those aged 35 or less (35%) used the phone more often for these purposes.

Building trust in business is important; mobiles play a role

The study observed that the most effective way to build long term client relationships and reach out to new client pools was by providing enhanced services and extra benefits to existing clientele. BOP entrepreneurs and business owners use various ways to gain their customers’ trust and loyalty and maintain good relationships with them. Many respondents such as Akhtar from Bangladesh and Arawinda from Sri Lanka have a deep understanding of the importance of trust and relationship building in doing business, and spend time and money on building them.

Figure 3: Use of the phone for business, financial or work-related purposes by mobile owners vs non-owners (% of BOP teleusers)



Akhtar for example, a Bangladeshi electrician interviewed in the research pays daily visits and does odd-jobs for free for some of the town shopkeepers in return for them recommending his services to others. Arawinda, an auto-rickshaw driver near Sri Lanka’s largest fruit and vegetable market has built a reputation as a trustworthy transport provider for farmers to bank their monies late in the night. BOP entrepreneurs like these then leverage on these relationships and trust gained to derive direct and indirect livelihood benefits, ranging from increased work opportunities, to new skills, to new service offerings, to discounts on inputs.

The mobile phone plays a key role in supporting this economic activity for entrepreneurs like Akhtar and Arawinda. Coordination of activities through the mobile phone, between entrepreneurs and clients increases efficiencies whilst allowing them to strengthen trust and relationships with their clients. Akhtar tells clients that they can reach him any time on his mobile number, which he hands out on his visiting card. Being always available and accessible is important for building trust among ones professional network. It facilitates the perception of dependability amongst clients. In this manner, the phone makes it easier for the client to reach the service provider. This helps build a lasting relationship between the two and also helps the service provider offer more services than usual. Some of Arawinda's clients for example sometimes request him to collect snacks and other small items on the way to picking them up. In certain cases, being available over the phone translates into service provision through the phone itself, which leads to cost savings and a better rapport with clients. Finally, the use of value-added-services (such as voice mail, missed call alerts, ring-back tones) are also used by some BOP entrepreneurs to strengthen relationships with clients as well as the perception of dependability. Arawinda, for example spent approximately 30 US cents per month on caller-tunes, and he changes the song on a daily basis, purely for his clients' listening pleasure. He also spends the same amount on voicemail, just to ensure that he never misses a call. Akhtar not only provides free repair advice through mobile phone to his regular clients who call him, but he has activated call waiting for priority contacts, as well as the missed call alert service and caller tunes on his mobile phone.

Mohamed Akhtar, 32
Electrician and handyman
Bangladesh



Mohammad Akhtar is a 32 year old electrician and handyman from Chandina, Bangladesh. He initially started his career as a plumber, electrician and as a laborer for pocket money. He then moved from his native village to Narayanganj district in search of a job, leaving his family (including his wife and son) in the village. He now works mostly as an electrician and handyman for ten electrical goods shop, earning approximately 8000-10,000 Taka (USD98-122) a month. Over the years, he has developed a good rapport with these local shop owners, and this helps him to build and maintain a network in the village, leading to further work opportunities. He makes daily visits to these shops to inquire about work, and he sometimes helps out in the evening rush often without pay, in order to build his network and relationships.

Akhtar understands the economic value of network and relationship-building in terms of getting work from these shops, but also from their clients upon the shop owners' recommendations. He is well trusted among these core clients and within the town. Through his relationships he has realized economic benefits, such as further work opportunities and recommendations, new skills, discounts on high quality tools and free services, among other things. His rapport with the clients is such that they themselves offer to teach him new skills. For instance, he learnt gas repair, drilling, painting and printing, when different clients insisted that he do it. He now uses this skill set to get diverse work. He once worked for a signboard design shop in his neighborhood, and received personal visiting cards and flyers in return.

Though he started off as a plumber, he has expanded his service offerings to include logistical assistance (e.g., installing fans, TV connections, etc) for house moving, he also buys, repairs and re-sells used items, including mobile phones, and also loan services (where mobile phones are taken as collateral).

Akhtar claims that networking is one of the most important factors affecting his job. Initially, he faced a lot of challenges in networking but having a mobile phone has helped immensely. He tells clients that they can call him any time as he hands out his visiting cards.



He uses the phone to coordinate with clients, to schedule work meetings and negotiate contract prices over the phone to avoid hassles later. Additionally if it seems like the work involves lower profit and longer distances, he decides to skip it and waits for a more profitable option. In this way he uses the phone to optimize his effort and gain more value out of it.

The mobile phone is crucial to his job, especially for networking and relationship building. He gives free advice and repair instructions over the phone in order to build his relationships, especially where the job is small. He uses call waiting and missed call alerts in order to ensure he doesn't miss any calls and to maintain the perception of dependability in his clients' minds. He uses ring-back tones for the listening pleasure of his clients. He also uses the Internet through his mobile to learn about new tools and learn new skills (in addition to general entertainment), and has downloaded an Bengali-English dictionary.

The research presented in this brief is based on the findings of the fourth and most recent Teleuse@BOP study conducted in five Asian countries: India, Pakistan, Bangladesh, Thailand and Sri Lanka. Two separate face-to-face surveys were conducted, a BOP²-representative survey of over 10,000 respondents in six countries (including Java, Indonesia), and a non-representative survey of 950 agriculture sector micro-entrepreneurs and farmers in India, Bangladesh, Thailand and Sri Lanka. Additional qualitative research was conducted in all countries to enhance the understanding of the survey findings. Research was conducted in 2011. This work was supported by a grant from the International Development Research Centre (Canada) and UKAid from the Department for International Development (UK). For more information visit www.lirneasia.net

Full report available at <http://lirneasia.net/projects/2010-12-research-program/teleusebop4/>

² Defined as belonging to Socio-economic classification groups D or E.