

# CellBazaar: A mobile-based e-marketplace

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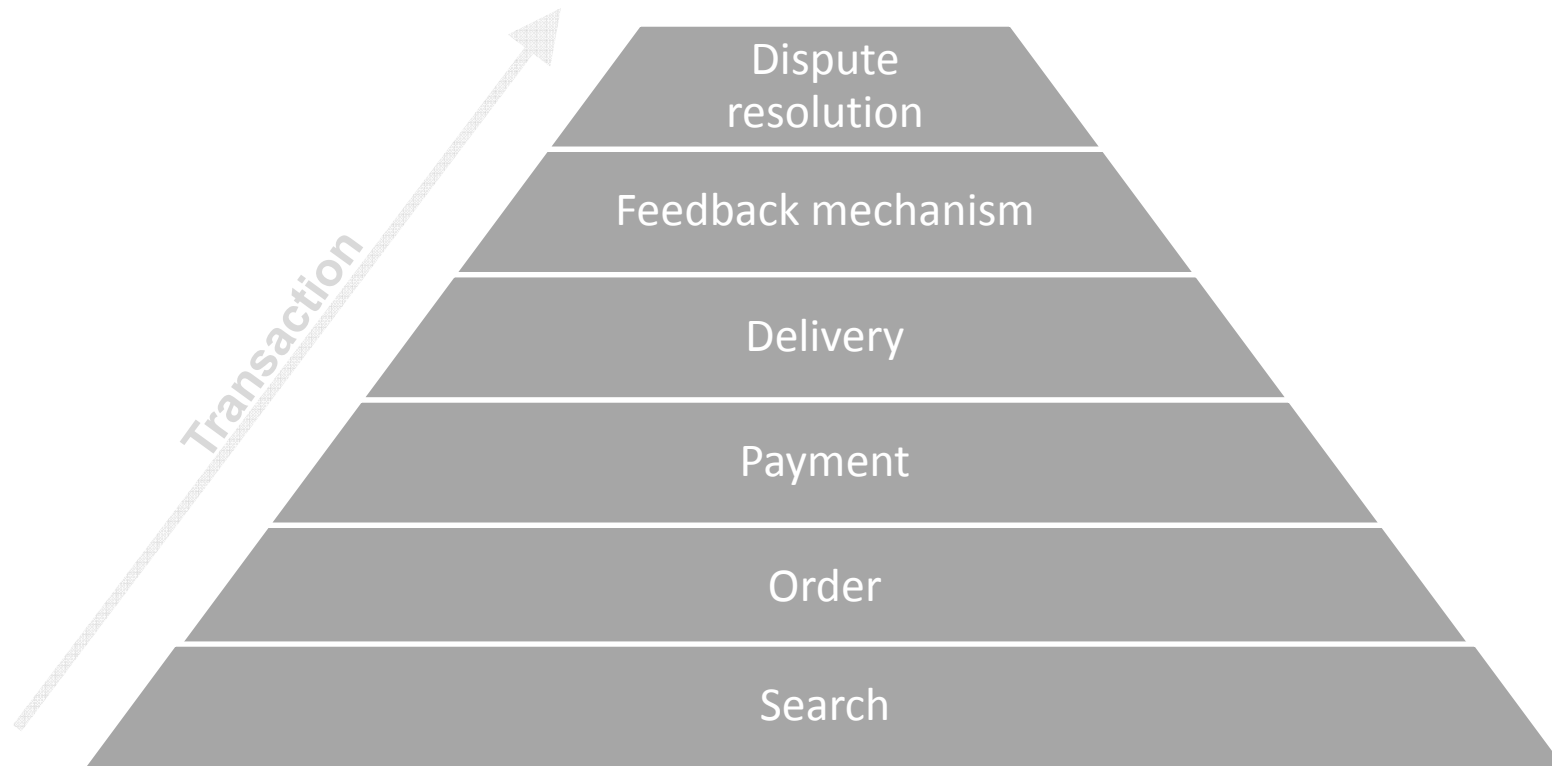


# Key takeaways

- CellBazaar represents a working form of e-commerce for the developing world
  - Providing market information to a wider audience than otherwise possible (non-poor + poor)
- Several issues of trust, infrastructure and policy need to be overcome to extend the service
  - Infrastructure and policy will be the most problematic
- Nevertheless, even in its limited form, market information at the mobile user's fingertips alone improves market efficiency

# The service

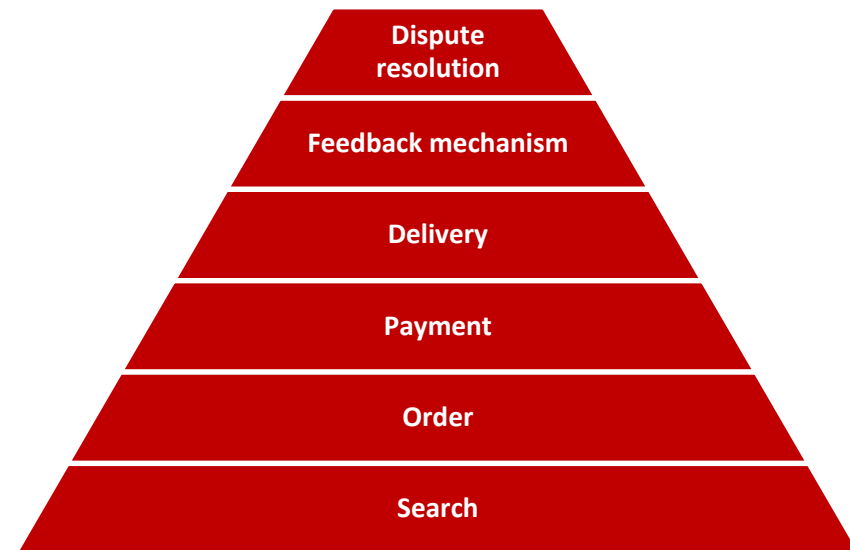
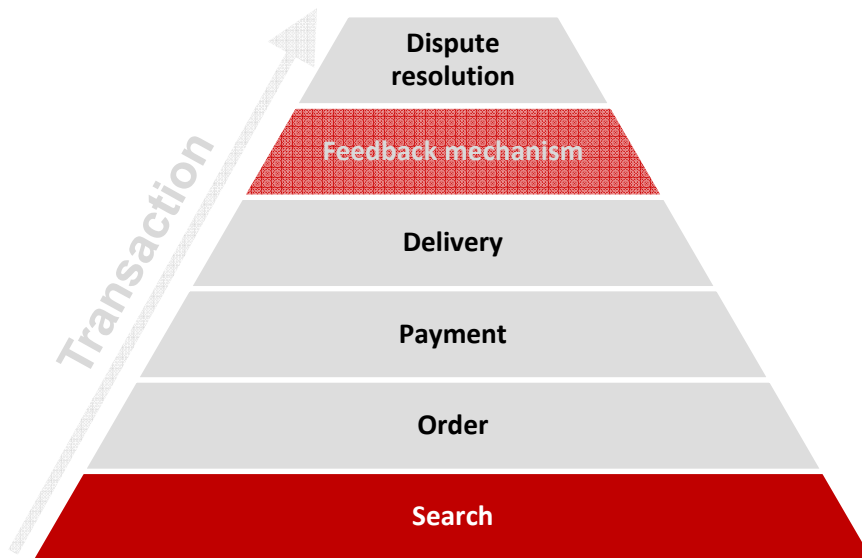
# e-marketplaces (broadly defined) electronically support one or more functions



# CellBazaar focuses on **search** only

## CellBazaar

## Amazon Marketplace



## CellBazaar: The "Craigslist of Bangladesh"

- Potential buyers and sellers can **search for, and post information on** goods and services for sale
- Accessed exclusively via Grameenphone mobile (**SMS**/WAP/IVR\*) and computer (Internet)
- System operates in English language (except IVR)

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

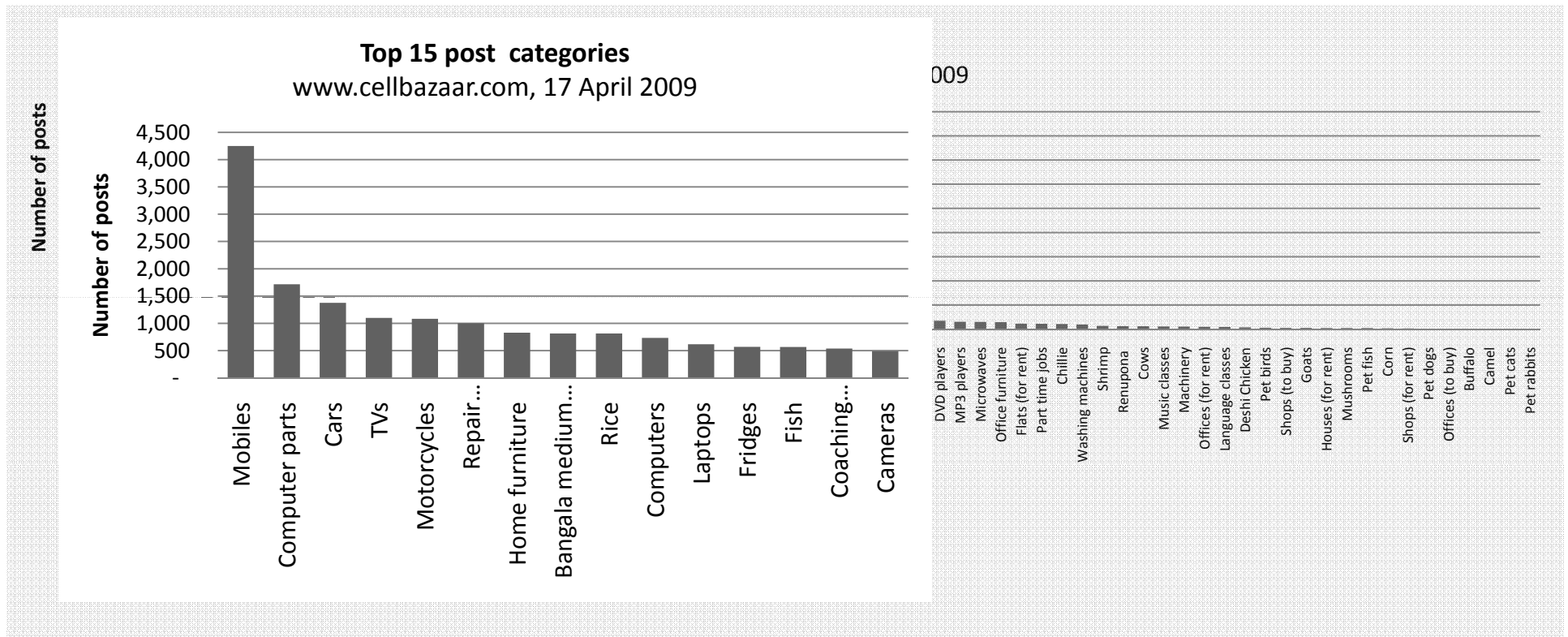
- Apartment (21)
- Land (7)

To-Let

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

Agri-Wholesale

# 69 predefined categories to select from



- Communication devices (mobiles, computer parts, TVs, computers, laptops) constitute 5 of top 15 post categories
- Majority of goods are second hand
- Wholesale (mostly) and retail agri-produce

# Revenue streams

- WAP browsing fees (BDT 0.02 /kb)
- SMS charges (BDT 0.02/SMS)
- IVR platform charges (3 BDT/min)
- Web browsing charges (?)
- Calls resulting from enquiries (est. 20 calls per post)
- Targeted advertising platform

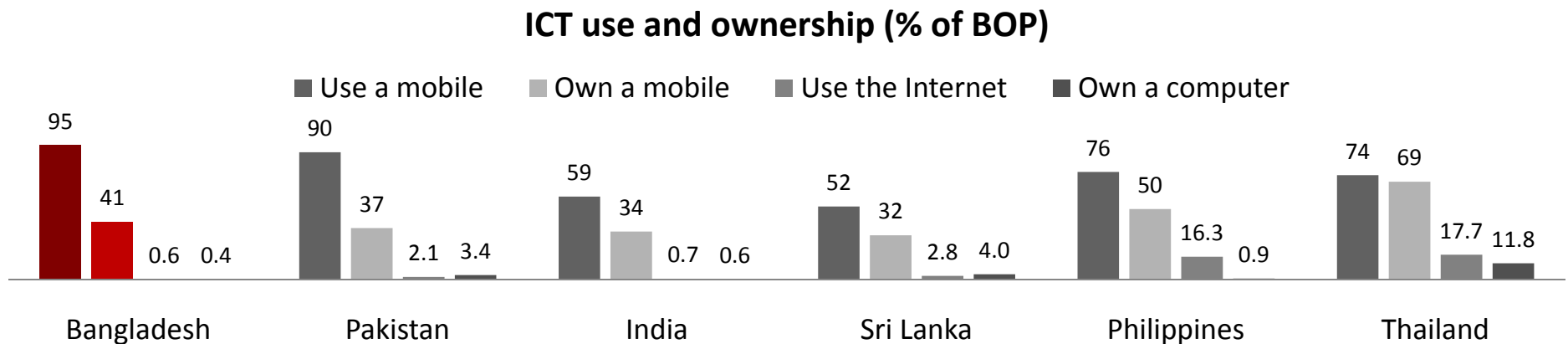
# Success? i.e., is it reaching the BOP?

- 3.5 million + users, 1,000 new posts per day (2009)
  - 15% monthly growth
- “51% from rural areas” (CB internal market study, 2008)
  - Our calculations: 45% from Dhaka, 55% outside Dhaka (17 April 2009)
  - 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?
- Multiple awards (e.g., 2008 GSMA award for best use of mobile for development)

# 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**

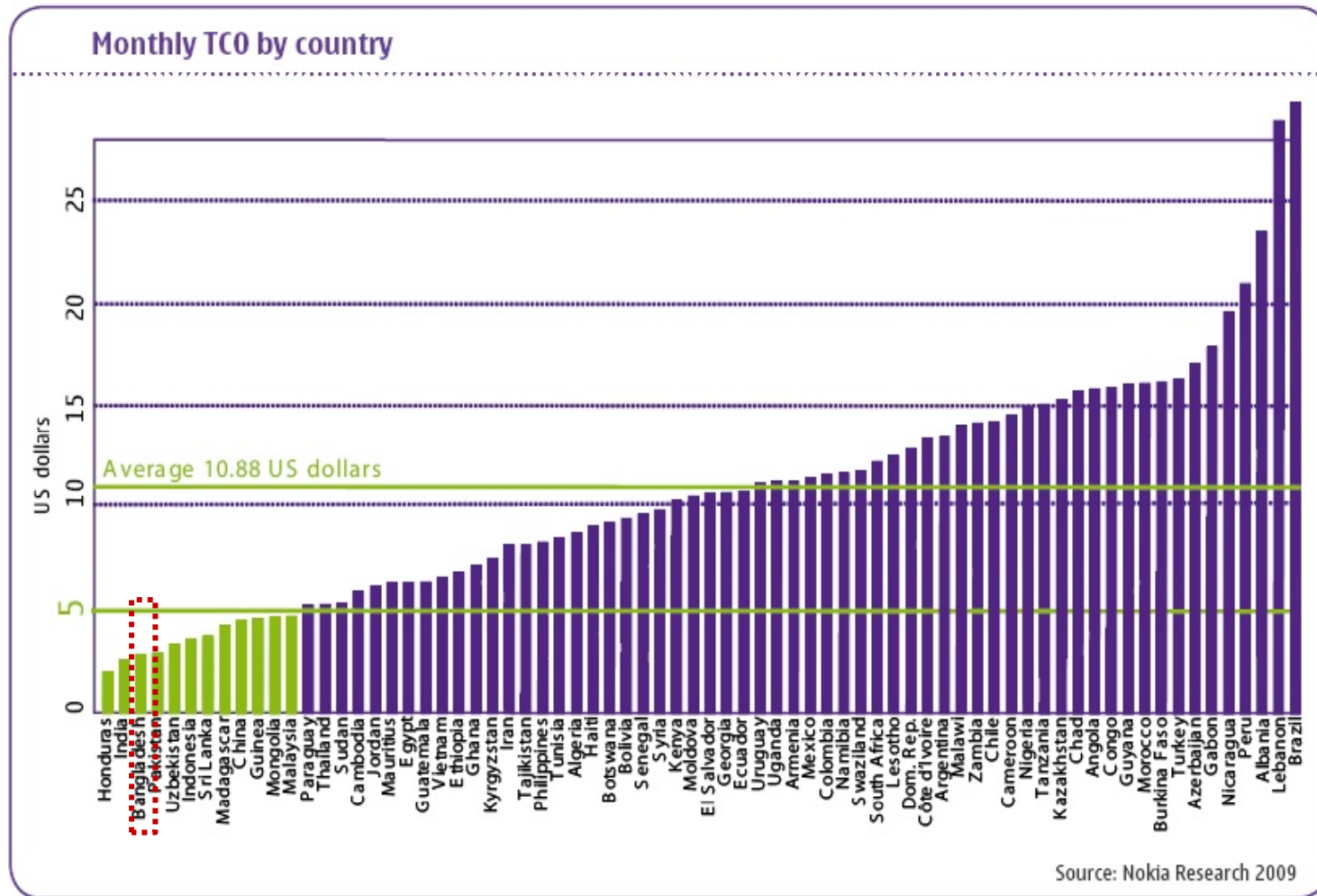
### SMS charges in South Asia (February 2009)

	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>

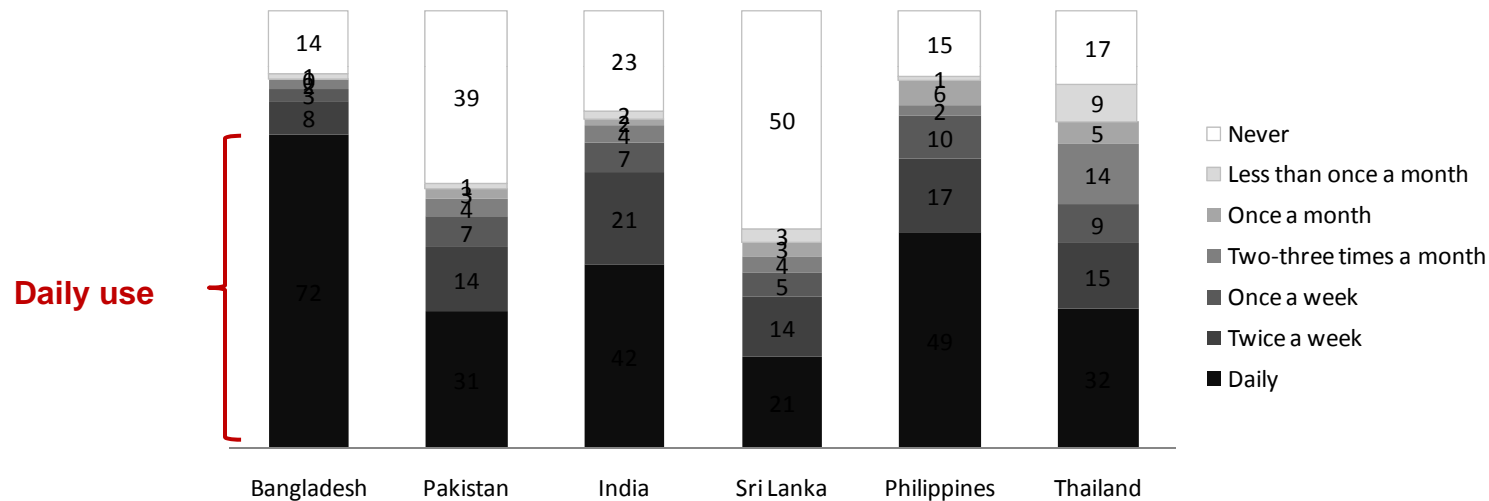
# Bangladesh among the lowest priced in the world, according to Nokia and LIRNEasia



# Success factor 3

- Entrepreneurial culture

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



# Success factor 4

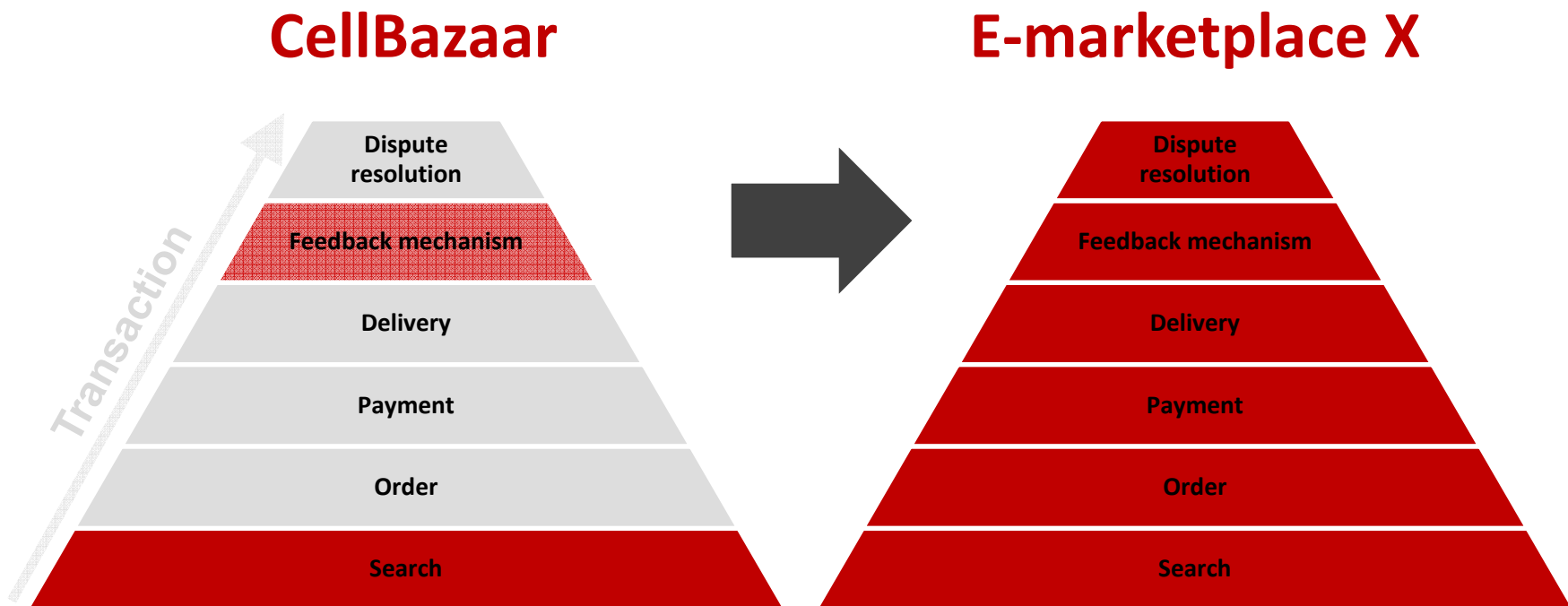
- Exclusively partnered with largest operator
  - 20 million + potential user base (47% market share), with extensive rural coverage (98% of country plus part of India)
  - Association with established, trusted brand

# Potential for expansion beyond search?

# Potential for expansion?

(Considering the more complex case of goods)

- What will it take to go from



# Problems with shopping in e marketplaces

- Asymmetric information
  - Seller has better information than buyer; incentives for
    - False representations (adverse selection)
    - Bad behavior (moral hazard)
  - Discourages buyers
  - Worse where goods are less standardized and second-hand
- Assumes reliable (and affordable) payment and delivery mechanisms in place

# Feedback mechanism needed (even if it doesn't really work!)

- Reputation-building → “trust among strangers”  
(Resnick et al., 2000, 2001)
  - Discourages “bad” behavior and deters “bad” sellers
  - Perception of a working system is what counts
  - Reputation matters more for “riskier” goods
- Dispute resolutions mechanisms can also help

# Secure payment mechanism needed

- More mobiles than bank accounts at BOP
- Mobile payment system can be easily implemented
  - Policy and regulatory uncertainty exists
  - Question of uptake
- “Value pay post” option exists

# Affordable, reliable delivery mechanism with tracking needed

- National post – affordable, but reliable?
  - Opportunity to innovate
- BOP not an attractive market for private courier companies, but given critical mass...
- What about the goats?

# Key takeaways

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  - Infrastructure and policy will be the most problematic
- Nevertheless, even in its limited form, market information at the mobile user's fingertips alone improves market efficiency

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