

With 62% Smart Phone ownership, Myanmar's Entry into Digital World will be Different to Other Asian countries

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Among emerging Asian economies, Myanmar is best positioned to deliver real value to its citizens via mobile phones. A majority (62%) of Myanmar phone owners have a smart phone. Compared to feature phones, smart phones provide an improved user experience. The ability to install apps means Government and private sector service providers have a sophisticated terminal device they can use to deliver services to citizens. For example, Myanmar farmers no longer need to rely on SMS-based crop advisories, but can have a rich, graphic-based experience. Clearly, signal coverage and quality (speed of download) matters greatly in using content-heavy applications. The conditions for increased service quality may be present. It appears the incumbent operator's signal reaches over 72% of wards or villages in the country. This means, the two new entrants will provide service-provider choice, the fundamental condition (along with low switching costs) for differentiated service quality.

SUMMARY OF FINDINGS/ RECOMMENDATIONS

- 1. The majority (62%) of phone owners have smart phones**
- 2. Over 70% of wards/villages already have incumbent signal**
- 3. Government and private service delivery should focus on mobile apps.**

THE RESEARCH

I FIRST NATIONALLY REPRESENTATIVE SURVEY OF ICT USE IN MYANMAR

LIRNEAsia conducted what is considered to be the first nationally representative sample survey of ICT & knowledge uses & needs in Myanmar. It included 8130+ surveys of individuals at household level, and 420 cluster level surveys (a cluster refers to a ward in urban areas and a village in rural areas). The fieldwork was carried out in February/March of this year (2015), and is representative of 91.8% of the population, with +/- 2.5% margin of error (1).

II OVER 90% OF WARDS AND VILLAGES HAVE SIGNAL. MOST WILL SOON HAVE OPERATOR CHOICE.

Signal was available in over 90% of the wards/villages nationwide, with only minor differences between urban vs. rural areas. Re-loading (of phone credit) was possible in 72% of wards/villages (without having to travel to the neighboring one). Most of the coverage was from the incumbent operator. This is good news, since the two new entrants are rolling out services, it means the majority of Myanmar citizens will have the power of choice soon. Most (99.3%) consumers have pre-paid connections, so switching costs are low (though it could be even lower if mobile number portability is made available). That means consumers who are not happy with the service quality of one operator can relatively easily switch to

the other operator. This provides an incentive for operators to improve data download quality in order to retain the customer, or at least to offer differentiated price-quality service bundles.

III VERY HIGH SMART PHONE OWNERSHIP, AT 62%

The biggest surprise to the research team was that 62% of phone owners had smart phones. Compared to India (under 20% smart phone penetration), Thailand (around 30 – 40% smart phone penetration) and many other Asian neighbors that started the telecom market liberalization many years ago, Myanmar's figure was reached 6 months after liberalization is extremely high. It seems Myanmar will have a fundamentally different entry into the digital era – jumping straight to internet, OTT applications (WhatsApp, Viber etc) instead of the traditional Voice + SMS start other Asian countries had.

At the time of the survey, a majority had paid USD 87 for their phones. Smart phone penetration will only increase, with the newly available USD 50 or even USD 30 priced smart phones that are now available in the country.

IV APPS SHOULD BE MYANMAR'S FOCUS.

All pre-conditions for the continued growth of smart phone use exist in Myanmar: High current penetration of smart phones, even lower prices for smart phones since the survey was done, operator choice coming to a majority of citizens in the near future, low switching costs, incentives for the supply of differentiated quality service offering. It is likely that even the poorest people will soon have access to a phone that can accommodate the installation of apps, and all Myanmarese may have reasonable data download/upload speeds. As such, the government can make a major push towards developing apps to help deliver government services to citizens – this is different from many countries where governments could only deliver sophisticated content via big-screen-based terminal devices like computers, and could only use rather simple SMS or voice services to the poorer people who only had a feature phone.

ACKNOWLEDGMENTS

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SOURCES

(1) Detailed methodology note at <http://lirneasia.net/projects/2012-2014-research-program/responding-to-the-policy-window-in-myanmar-to-help-lay-foundation-for-inclusion/btr/dm/>

FURTHER INFORMATION

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