

# Understanding Affordability: Supply and Demand-side Perspectives

Shazna Zuhyle (@shaznazuhyle)  
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# **THE SUPPLY-SIDE: METHODOLOGY AND TARGETS**

# In looking at consumption patterns, two groups of consumption emerge

**Group 1**

**Group 2**

		<b>Voice</b> (mins/month)	<b>SMS</b> (SMS/month)	<b>Data</b> (GB/month)	<b>ITU Regions</b> represented
Low Income	Data points	13	16	2	Africa, Asia Pacific*
	Mean	81	22	0.26	
	Median	56	12	0.26	
Lower middle income	Data points	27	18	16	Africa, Asia Pacific, Arab States, the Americas, CIS
	Mean	156	68	1.7	
	Median	125	20	0.5	
Upper middle income	Data points	29	26	19	Africa, Asia Pacific, Arab States, the Americas, CIS, Europe
	Mean	159	56	1.27	
	Median	147	47	0.9	
High Income	Data points	40	36	29	Africa, Asia Pacific, Arab States, the Americas, CIS, Europe
	Mean	157	95	2.1	
	Median	139	49	1.9	

\* No data for Comoros, Somalia & Haiti – the only economies from the Arab States and the Americas in this group

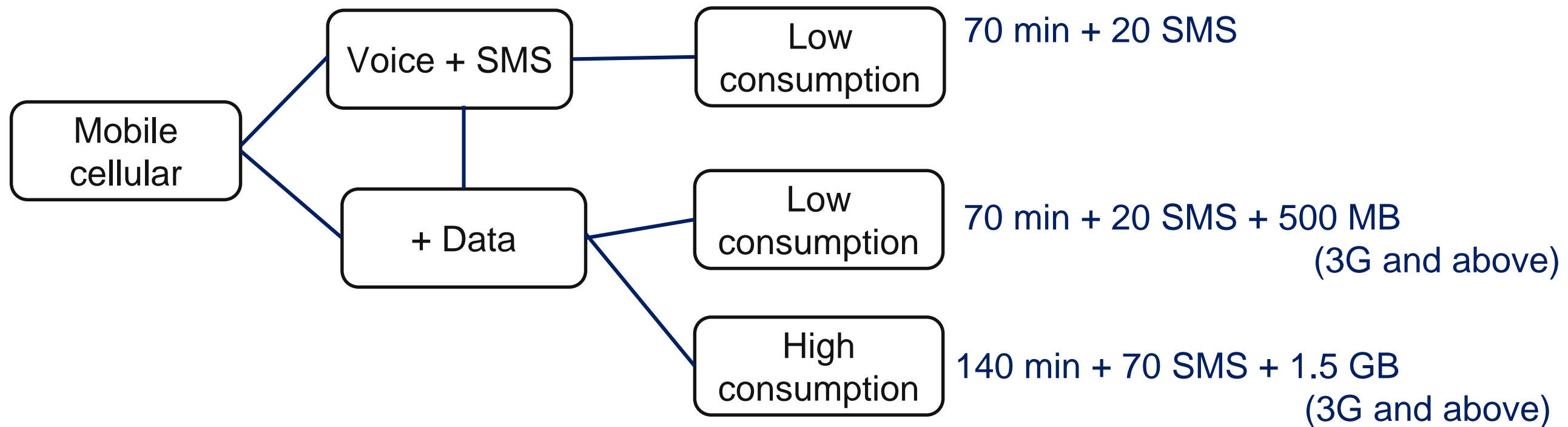
# Mobile Cellular: Change in composition + inclusion of data

Previous basket



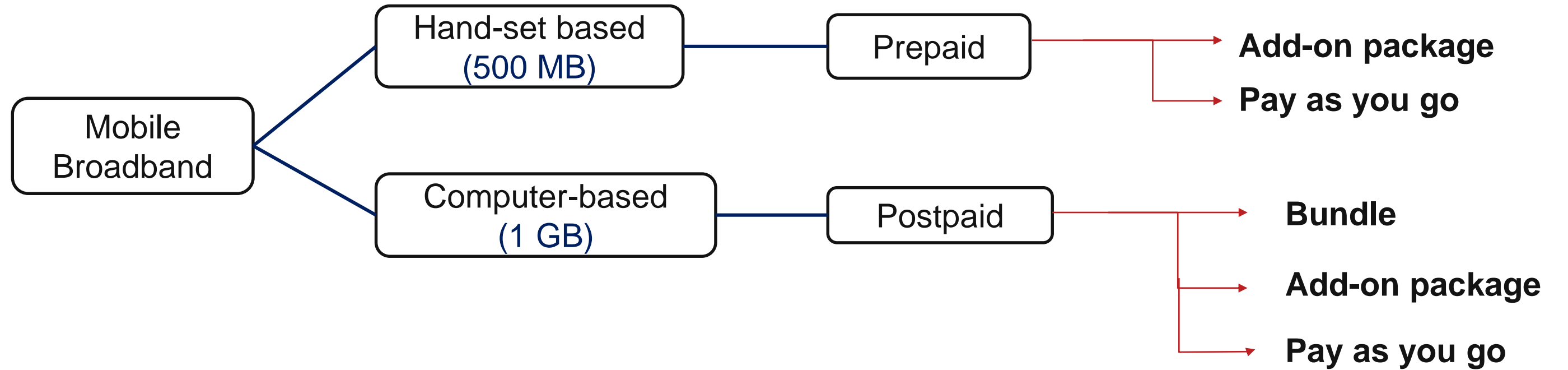
Approx. 50 min + 100 SMS  
(based on OECD 2010)

New baskets

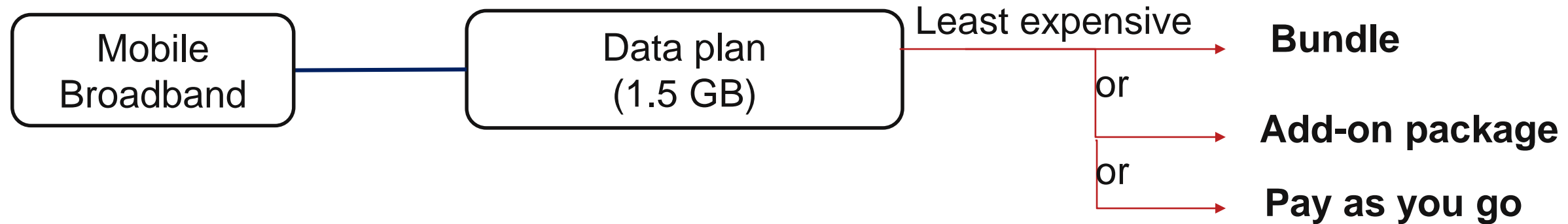


# Mobile Broadband: From two to one basket

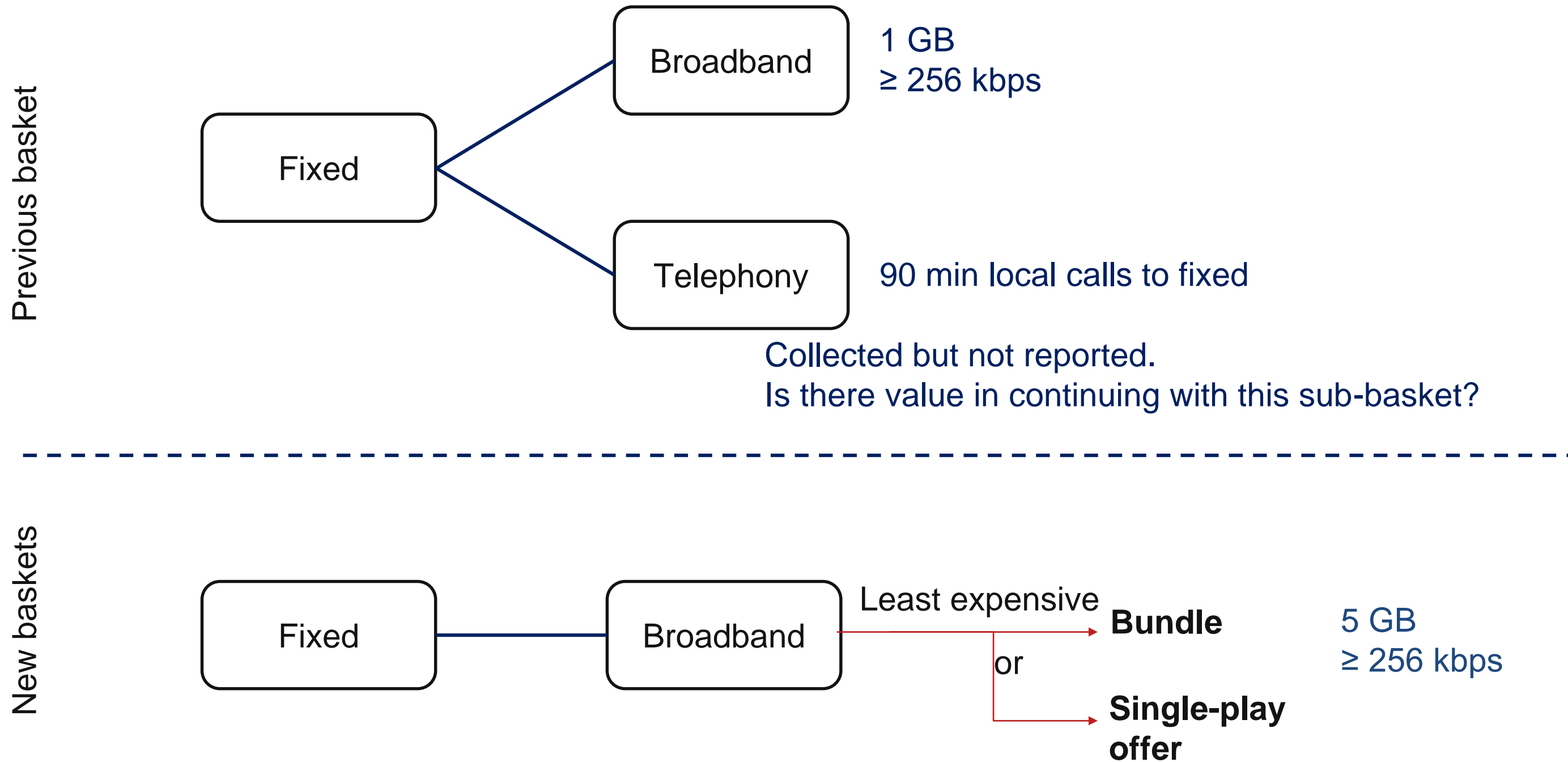
Previous basket



New basket



# Fixed Broadband: Increased data cap



# Affordability for all people should be our target

## But prices are not affordable to the poorest in many countries (e.g. Sri Lanka)

- Sri Lanka meets the Broadband Commission's target #2

Mobile BB 1 GB as a % GNI per capita: ~ 0.49

Fixed Bb 1 GB as a % of GNI per capita: ~ 1.22

- A closer look at price against monthly household income per capita by decile highlights the inequality

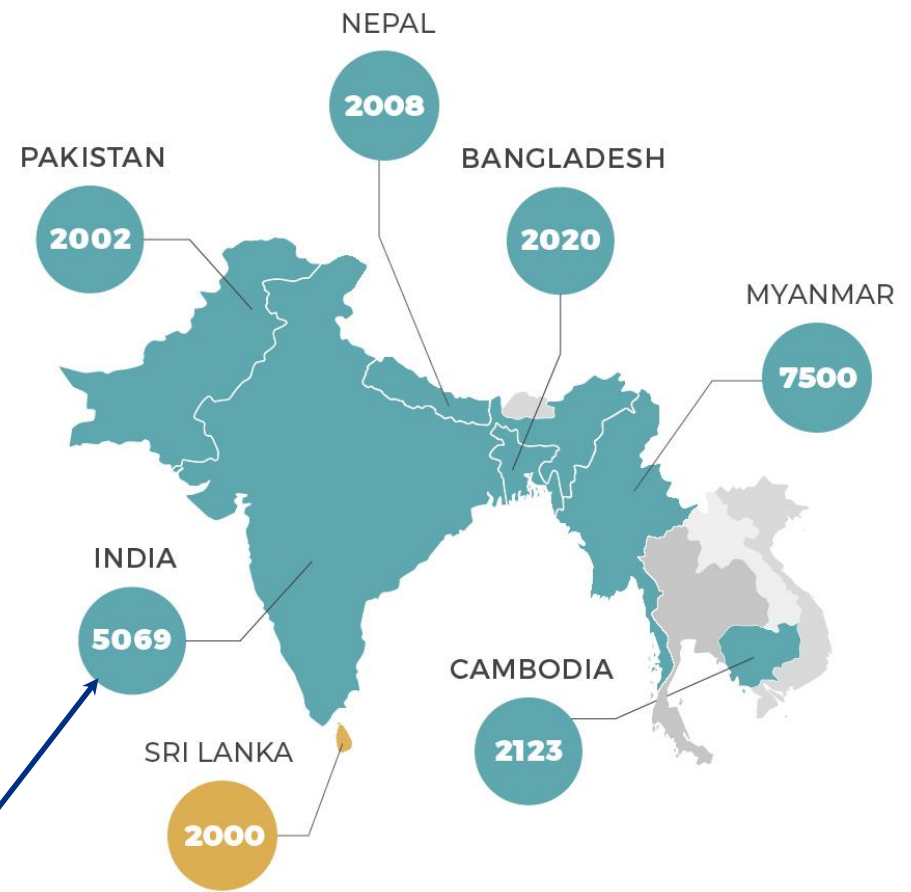
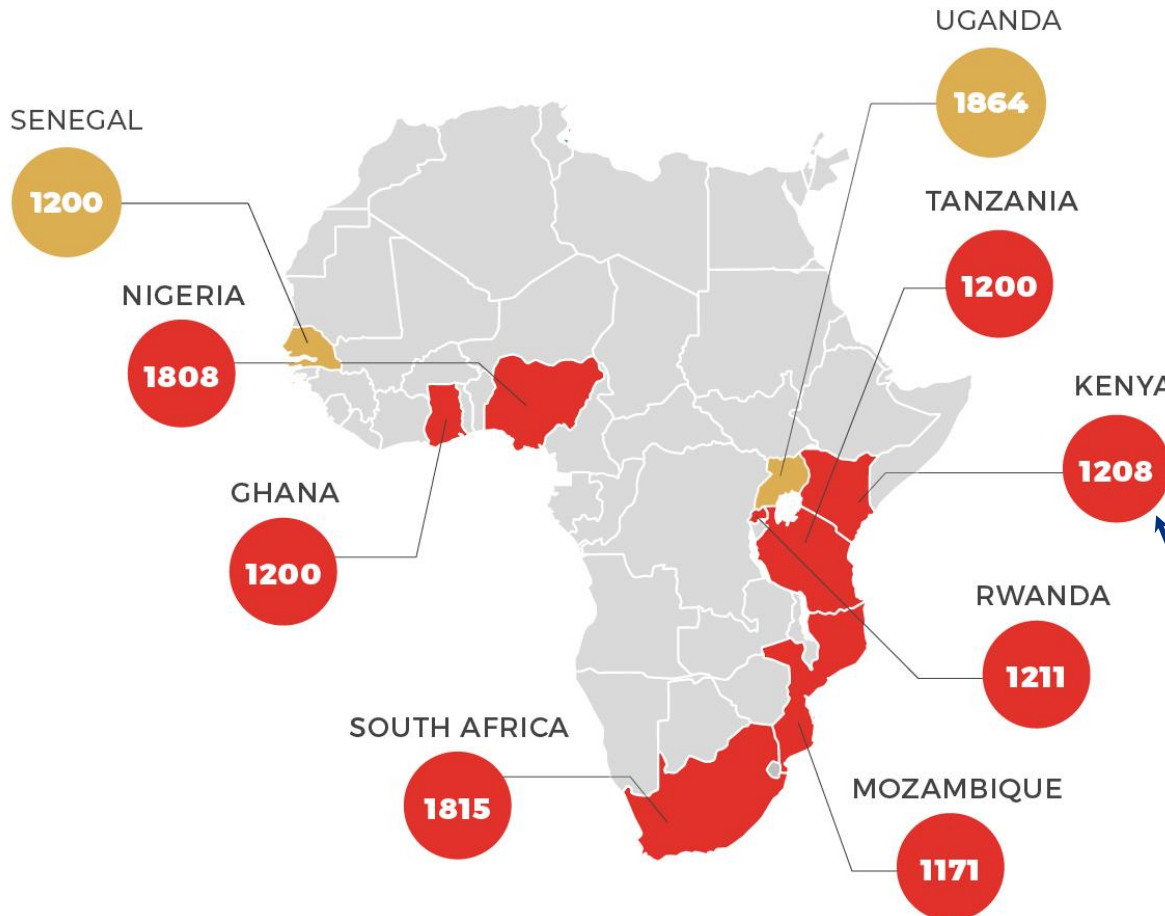
Income Decile Group	Mobile BB 1 GB, as a % of HH income p.c.	Fixed BB 1 GB, as a % of HH income p.c.
Decile 1 (lowest)	8.3%	20.8%
Decile 2	4.3%	10.9%
Decile 3	3.2%	8.1%
Decile 4	2.6%	6.5%
Decile 5	2.2%	5.4%
Decile 6	1.8%	4.8%
Decile 7	1.5%	3.8%
Decile 8	1.2%	3.0%
Decile 9	0.9%	2.3%
Decile 10 (highest)	0.5%	1.3%

Source: ITU ICT Price Baskets, 2017  
 Price as a % of GNI p.c. calculated by the speaker  
 Department of Census & Statistics, Household Income and Expenditure Survey 2016


**DO USERS THINK AFFORDABILITY IS A BARRIER?  
A LOOK AT THE DEMAND-SIDE**



To date 18 countries (covering >30% global population); 38,005 face-to-face interviews; +/-3% margin of error; 22 countries by end Dec 2018

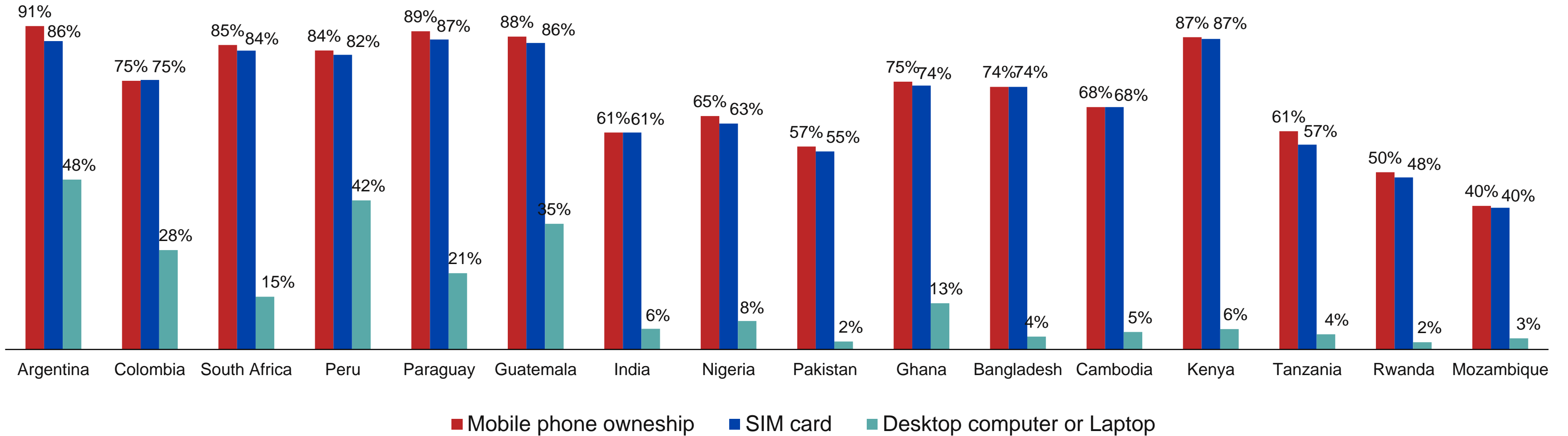


**Sample sizes**  
Nationally representative of  
population aged 15-65

 Research ongoing

# Mobile phones are the prevalent mode of access to the Internet

Mobile phone, SIM card & desktop or laptop ownership (% of aged 15-65 population)

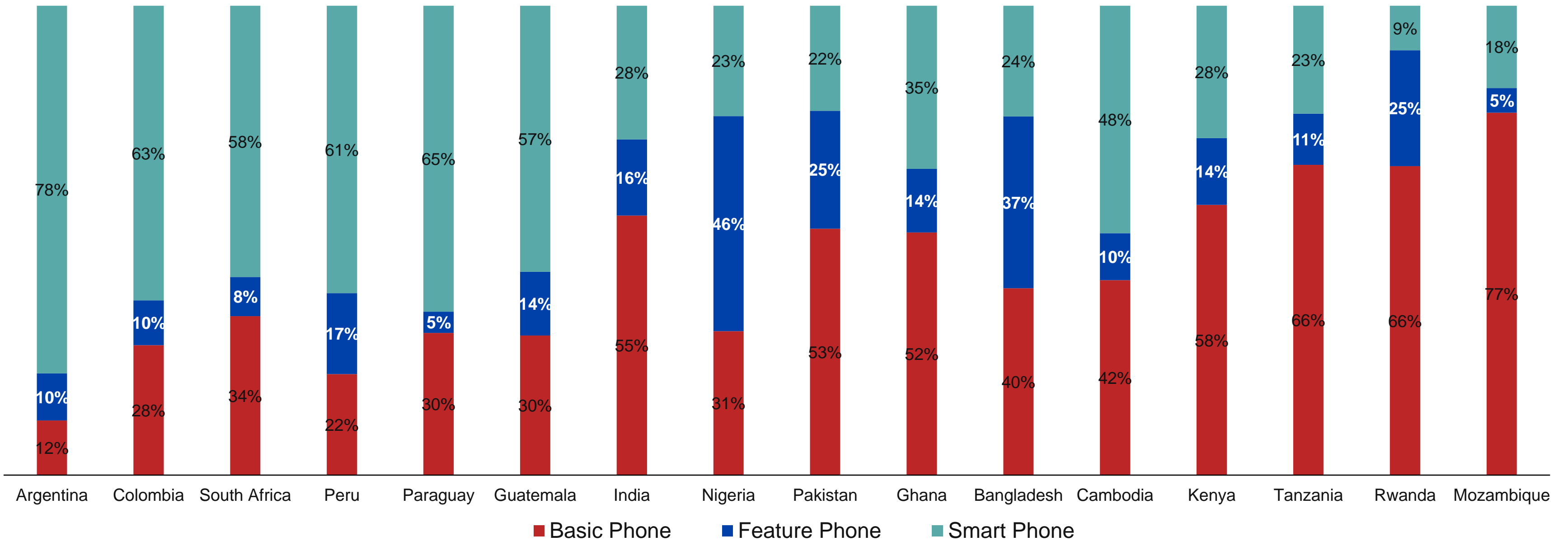


- Q1: Do you own a mobile phone?
- Q2: How many active SIM cards do you have, (SIM cards that you used in last 30 days)?
- Q3: Do you own a personal Desktop computer or Laptop?

Base	Argentina	Colombia	South Africa	Peru	Paraguay	Guatemala	India	Nigeria	Pakistan	Ghana	Bangladesh	Cambodia	Kenya	Tanzania	Rwanda	Mozambique
All respondents	1,240	1,425	1,610	1,478	1,357	1,407	5,069	1,706	2,002	1,145	2,020	2,123	1,179	1,102	1,118	1,091

# However the market is still predominantly for basic phones

Mobile phone ownership (% of aged 15-65 mobile phone owners)



■ Basic Phone ■ Feature Phone ■ Smart Phone

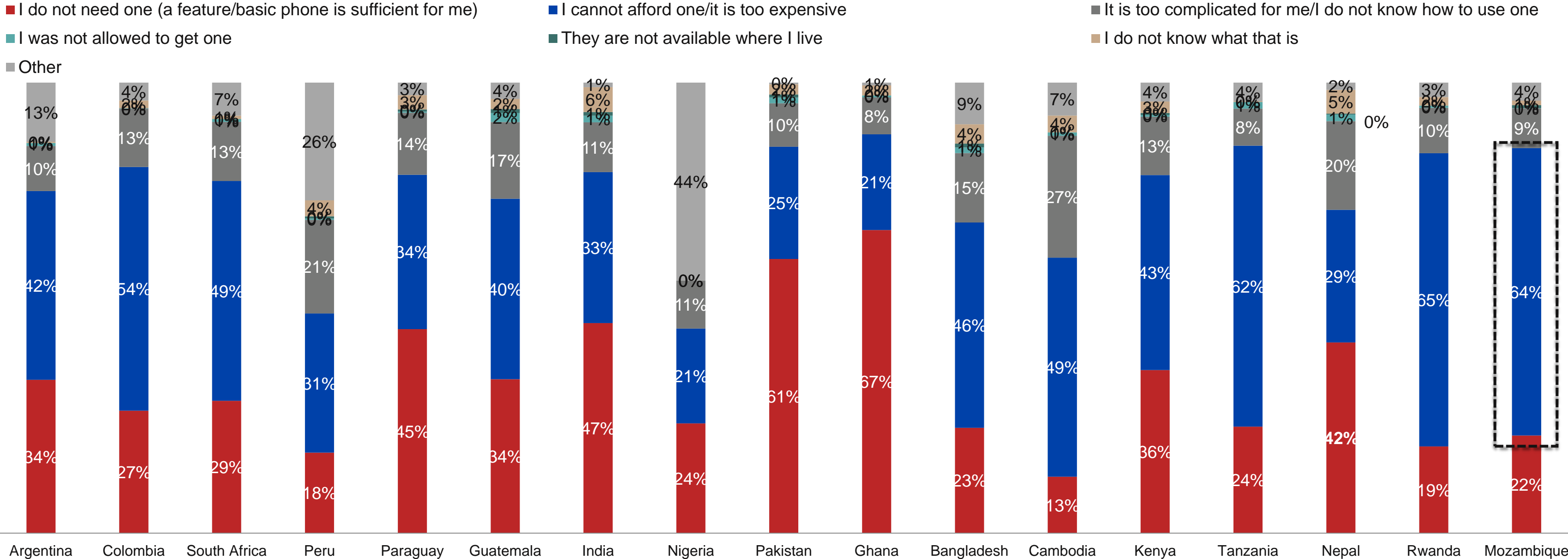


Q: What type of mobile is it?

Base Mobile phone owners	Argentina	Colombia	South Africa	Peru	Paraguay	Guatemala	India	Nigeria	Pakistan	Ghana	Bangladesh	Cambodia	Kenya	Tanzania	Rwanda	Mozambique
	1,116	1,297	1,398	1,234	1,209	1,214	3,252	1,123	1,208	901	1,531	1,526	1,054	761	635	632

# Affordability is still a crucial barrier to smartphone ownership

Reason for not owning a smartphone (% of aged 15-65 basic or feature phone owners)



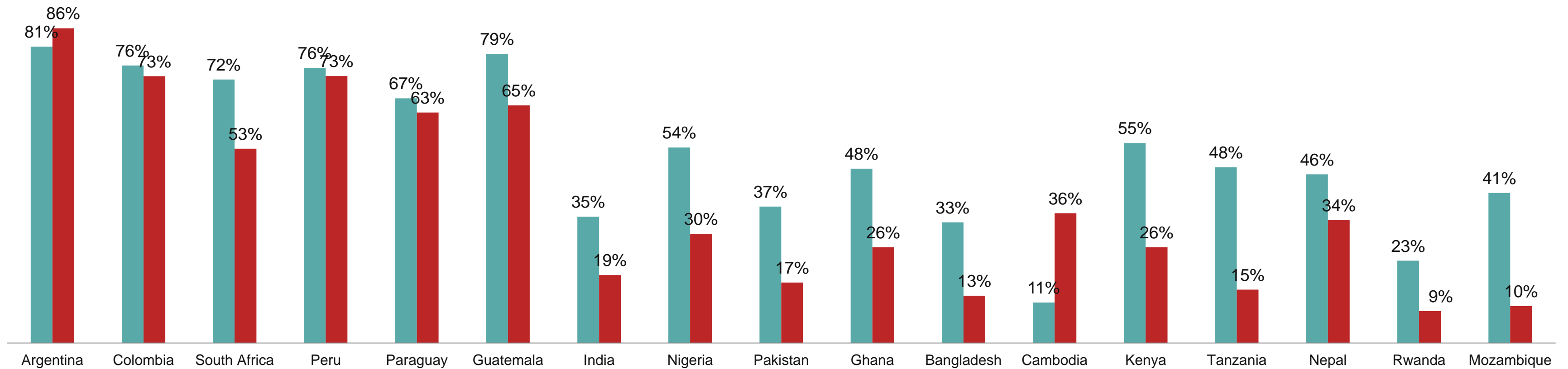
Q: Please tell me the primary reason why you have chosen not to obtain a smartphone or touch phone handset?

Base	Argentina	Colombia	South Africa	Peru	Paraguay	Guatemala	India	Nigeria	Pakistan	Ghana	Bangladesh	Cambodia	Kenya	Tanzania	Nepal	Rwanda	Mozambique
basic or feature phone owners	246	433	633	476	456	537	2378	120	872	1186	595	780	646	513	701	506	448

# And not many people use the Internet

Internet awareness and use (% of aged 15-65 population)

■ Internet awareness ■ Internet use



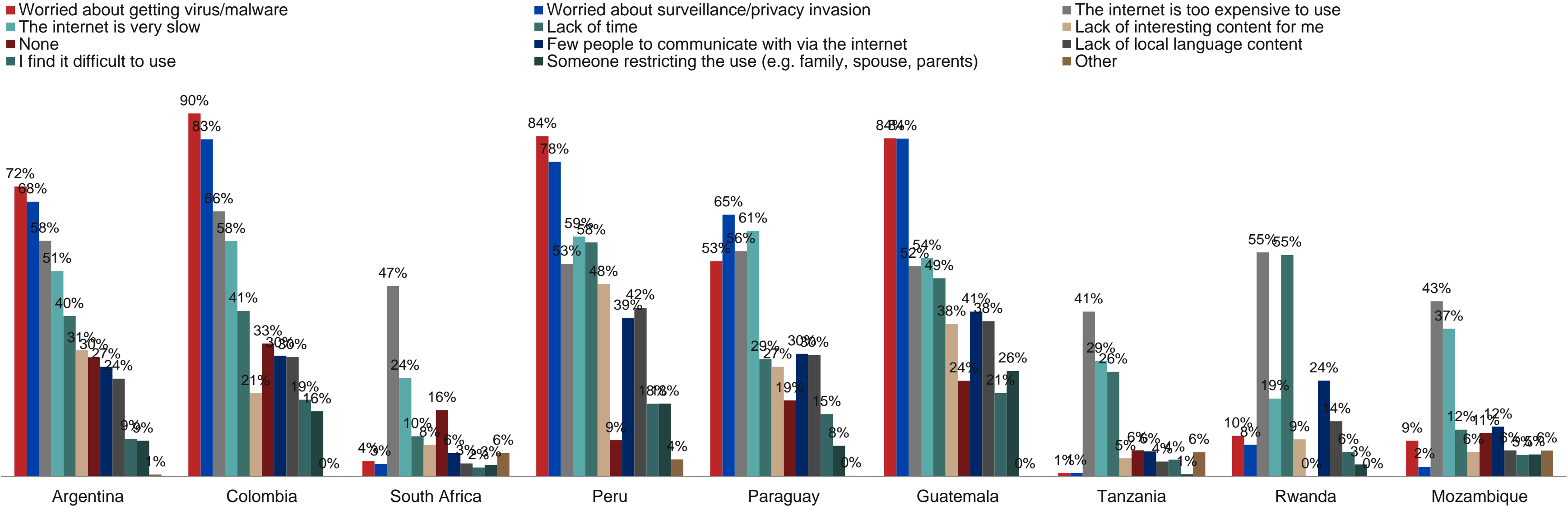
Q1: Do you know what the Internet is?

Q2: Have you ever used the Internet (Gmail, Google, Facebook, email)?

Base	Argentina	Colombia	South Africa	Peru	Paraguay	Guatemala	India	Nigeria	Pakistan	Ghana	Bangladesh	Cambodia	Kenya	Tanzania	Nepal	Rwanda	Mozambique
All respondents	1,240	1,425	1,610	1,478	1,357	1,407	5,069	1,706	2,002	1,145	2,020	2,123	1,179	1,102	2,008	1,118	1,091

# What limits more use among current users? : Cost & speed in most African countries; malware & privacy concerns in LatAm

Limitations on Internet use (% of aged 15-65 Internet users)



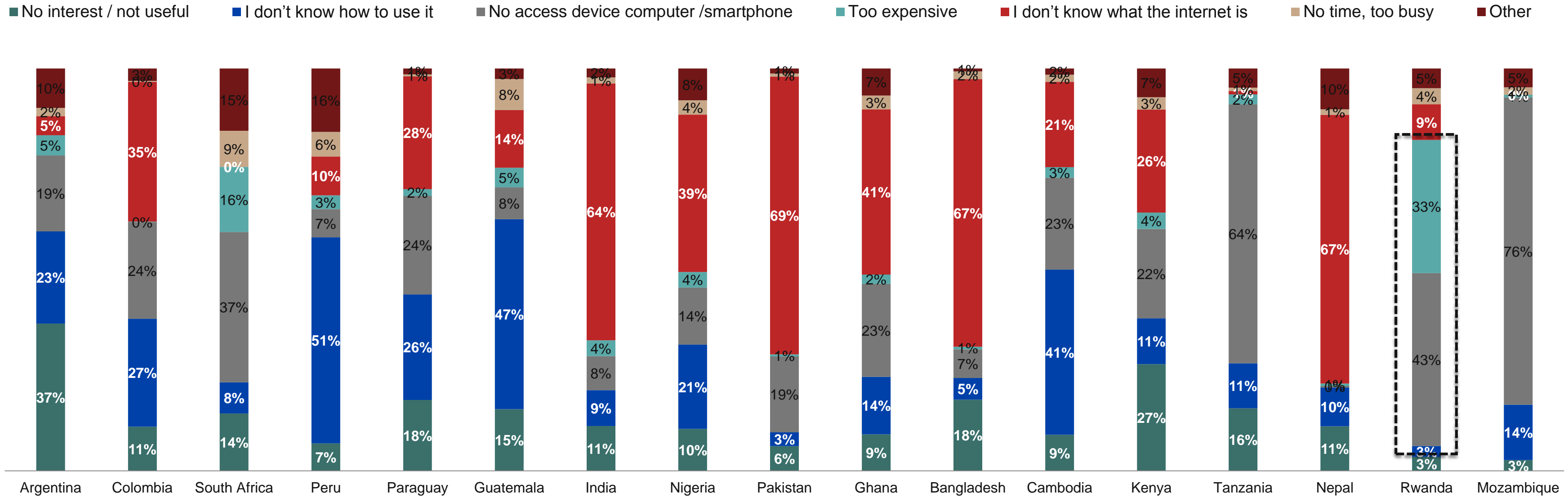
Q: I'm going to read some phrases that other people have mentioned like limits to use the internet? For each one, please, tell me if you consider it a limitation or not. (Multiple response question)

Base Internet users	Argentina 1,006	Colombia 1,192	South Africa 829	Peru 1,120	Paraguay 886	Guatemala 1,104	Kenya 440	Tanzania 266	Rwanda 172	Mozambique 238
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# Non users: Lack of access device, not knowing what the Internet is and not knowing how to use it are reported as bigger barriers in many countries

## Reasons for not using the Internet (% of non-Internet users aged 15-65)



Q: What is the main reason why you do not use the Internet?

Base	Argentina	Colombia	South Africa	Peru	Paraguay	Guatemala	India	Nigeria	Pakistan	Ghana	Bangladesh	Cambodia	Kenya	Tanzania	Nepal	Rwanda	Mozambique
Non-Internet users	192	248	317	391	536	484	4,150	1,177	1,575	837	1,754	1,320	741	319	1,316	151	319

# Thank You

[shazna@lirneasia.net](mailto:shazna@lirneasia.net) | @shaznazuhyle

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

[afteraccess.net](http://afteraccess.net)

