

The use of mobiles beyond voice: identifying the conditions for use at the BOP

Mobile phone access is widespread in Asia; voice connectivity has been achieved for the most part through intense competition, with prices being driven down to unsustainable levels. Against this backdrop, new services and applications beyond voice such as, price information services, government services, news alerts and mobile money applications *inter alia* may provide new revenue opportunities for operators, and also ways to reduce churn. They also offer a way to get information and services to as well as to transact with customers at the bottom of the pyramid, with lower transaction costs. It is therefore necessary to understand the characteristics of those likely to adopt the services as well as understand what prevents mobile users from adopting them.

KEY TAKEAWAYS

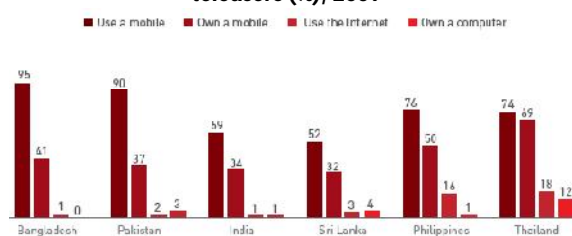
<p>Younger, more educated and more affluent within the BOP will adopt first</p> <p>As has been seen with many technologies in many segments, the younger, more educated and more affluent within the BOP are more likely to adopt first.</p>	<p>Leverage on social influence to include the rest</p> <p>Social networks are an important channel through which adoption of services beyond voice is influenced. Group marketing (though affluent users) can be effective in encouraging adoption by the less affluent segments.</p>	<p>Some challenges will remain</p> <p>Innovation in service pricing is needed for greater uptake, allowing prepaid users to access the services without credit balances being depleted.</p>
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MOBILES: BEYOND VOICE

Background

Developing countries accounted for more than 70 percent of the world’s mobile connections by the end of 2009, but just about one third of broadband connections came from the same region.¹ In a recent six-country survey of low income telecom users in emerging Asia conducted by LIRNEasia, mobile ownership was as high as 69 percent in some countries, where as Internet use was as low as 1 percent in others (Figure 1).

Figure 1: ICT use and ownership among SEC D and E teleusers (%), 2009ⁱⁱ



It is increasingly evident that many in these developing markets, particularly those at the bottom of the pyramid (BOP) will experience the Internet (or elements of it: information retrieval, payments, remote computing) for the first time through a mobile. Be it through “conventional” Internet browsing, or through text (SMS)-based payment,

health, voting, information, social networking, or other applications (“Mobile2.0” applications). The mobile phone offers an important platform through which services (public and commercial) and information can be exchanged with those in what have been traditionally considered “hard to reach” markets, with lower transaction costs.

LIRNEasia research has shown that current levels of awareness of such applications are relatively high among the BOP in Sri Lanka, the Philippines and Thailand (Table 1).

Table 1: Mobile2.0¹ awareness and usage (% of BOP mobile owners), 2009

	Awareness	Usage
Bangladesh	22	2
Pakistan	30	9
India	19	5
Sri Lanka	80	19
Philippines	68	13
Thailand	60	23

Usage is comparatively low, however, analysis of the characteristics of current users can shed light on

¹ Includes awareness or use of *any* of the following services accessed through a mobile: banking and financial; payment; government; health; voting/polling; general information; agricultural and fisheries information.

strategies to improve uptake among BOP consumers, in order to improve service delivery to this market.

Factors influencing Mobile2.0 use

Analysis of the factors influencing the uptake of Mobile2.0 services among the BOP in Sri Lanka, the Philippines and Thailand (where substantial use was seen) indicates that the following:

1. There is a strong correlation between Internet use and Mobile2.0 use; similar factors can predict the usage of both kinds of services.
2. Other than expected socio-economic factors (age, income, education, urban/rural location), a factor which is seen to influence Mobile2.0 use is the "connectedness" of the user's close contacts (i.e., whether they too own phones).
3. Gender is not a significant influencer of Mobile2.0 use at the BOP in these countries.
4. Those who perceive greater benefits of mobile phone *ownership* are more likely to use Mobile2.0 services; causality cannot be established with the current data.
5. Those who have owned a mobile for a longer period are more likely to use Mobile2.0 services than those with shorter durations.

Barriers to greater uptake

The most common reasons for not using Mobile2.0 services (among those that are aware of them) include not knowing how to use the service, or a perception that the services are not relevant to them. Some respondents indicated that they were satisfied with current ways of service access; when the same content may be obtained via cheaper alternatives (e.g., news or weather updates via TV or even word of mouth).

Qualitative research indicates a concern with pricing of the services among those who are aware. Many are unhappy with the pricing of these services, with the cost of a single transaction consuming their prepaid credit balance.

Implications

The first adopters of many new technologies have been shown to be of the more affluent and more educated; this is confirmed by the current study.

The strong impact of social influence seen (through the connectedness of the user's close contacts) does imply that while those in the more affluent segment of the BOP become adopters first, social influence is an important channel through which the rest of the BOP can be carried into the market. Therefore group marketing strategies (through group discounts, etc) could be useful ways of increasing awareness and service diffusion.

The strong association with Internet use indicates that much can be learnt from previous studies on the determinants and barriers of Internet usage in low income settings, however further research is required to ascertain the direction of causality.

Innovations in pricing strategies (akin to "sachet pricing") are needed to enable prepaid users to make use of the services without their prepaid balance being depleted through a single transaction.

CONCLUSIONS

The mobile phone offers an increasingly ubiquitous way to deliver information and services as well as transact with the BOP, through Mobile2.0 services.

Though usage of such services by the BOP in emerging Asia is currently low, it is expected to grow with increasing service affordability and uptake of data-enabled mobile phones as well as mobile broadband connections.

While it is apparent that it is the younger, more affluent, more educated and urban segments which may become users first, the impact of social influence is important. This will be an important channel through which many current non-users at the BOP may be brought into the market.

Appropriate pricing strategies need to be developed also. However, the furthering of Mobile2.0 service uptake and expansion relies on a conducive policy and regulatory environment (e.g., proper licensing and spectrum management, wholesale access to "fat pipes", etc.).

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¹ http://www.itu.int/ITU-D/ict/statistics/at_glance/KeyTelecom.html

ⁱⁱ LIRNEasia. (2010). Teleuse at the bottom of the pyramid data booklet: Findings from a six country study. p.3. Available at: <http://lirneasia.net/wp-content/uploads/2008/04/Teleuse-at-BOP-Data-Booklet-LIRNEasia.pdf>