

Teleuse@BOP

Mobile penetration in Sri Lanka: Implications for telecenters

Rohan Samarajiva

Telecenter National Alliance

Sarvodaya HQ, August 31, 2007



LIRNEasia

Learning Initiatives on Reforms for Network Economies

www.lirneasia.net

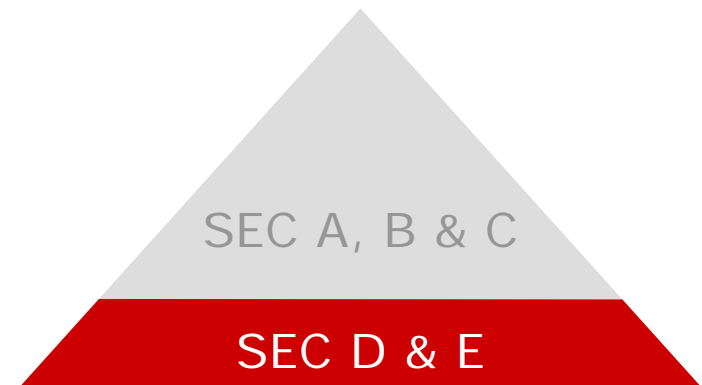
Plan of presentation

- ☐ Methodology and background
- ☐ Almost everyone has access but not ownership
- ☐ Who owns and uses phones?
- ☐ *Not* getting connected
- ☐ So where do telecenters fit in to the picture?



Bottom of the Pyramid defined

- Many definitions of poverty, but this study uses **SEC D and E**; between ages 18-60
 - SEC does not take into account income, but it is closely related to income levels



	Pakistan	India	Sri Lanka	Philippines	Thailand
Population (million)	165	1,095	20	89	64
Target population of study (million)	77*	260	4**	41	15

*excluding FANA/FATA – Tribal Areas; **excluding N&E Provinces

Bottom of the Pyramid

Almost everyone has access, but not ownership

Overall access is very high

- Most have used a phone in the last 3 months

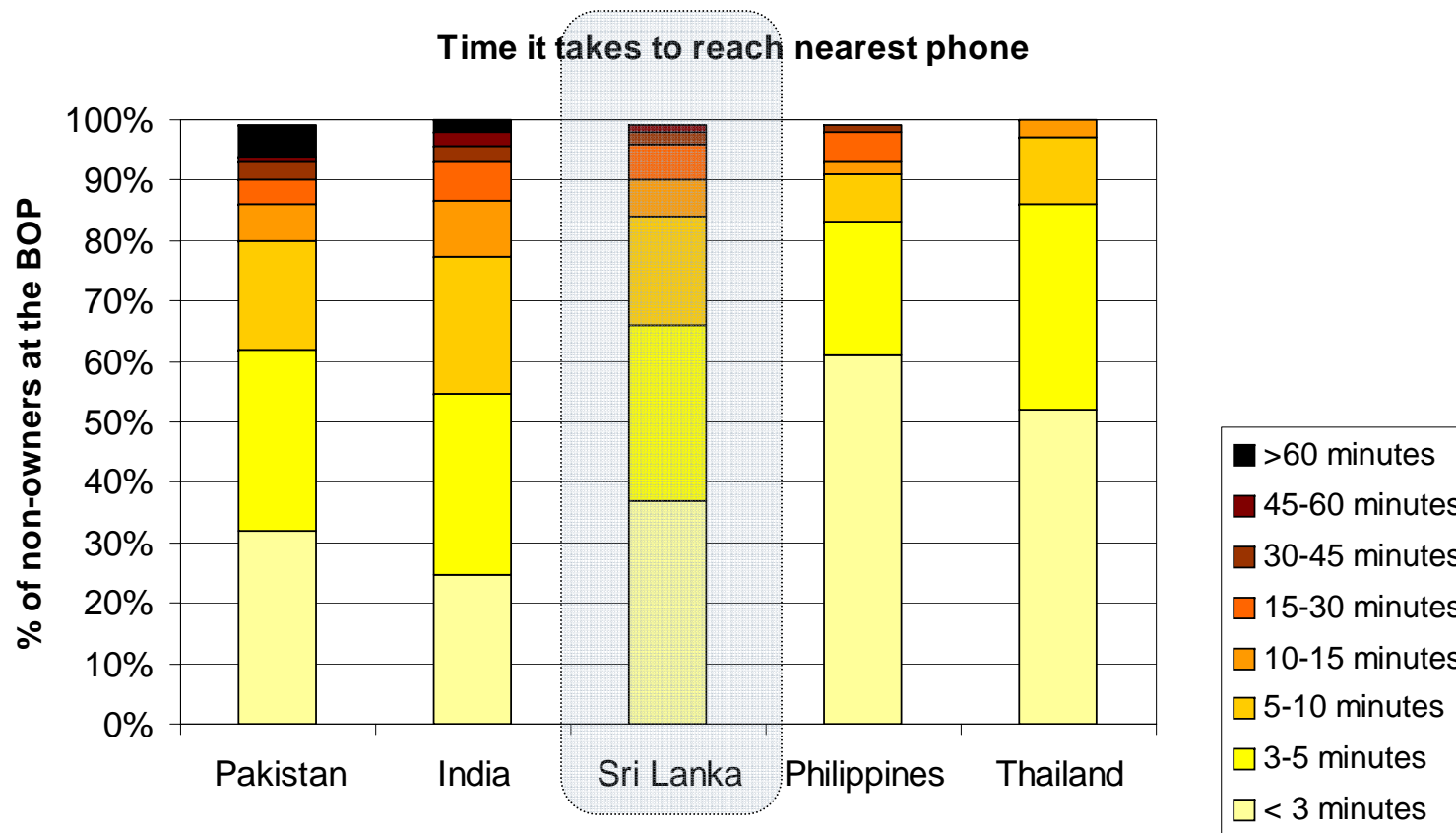
Used phone in
last 3 months

South Asia			South East Asia	
Pakistan	India	Sri Lanka	Philippines	Thailand
98%	94%	92%	93%	95%

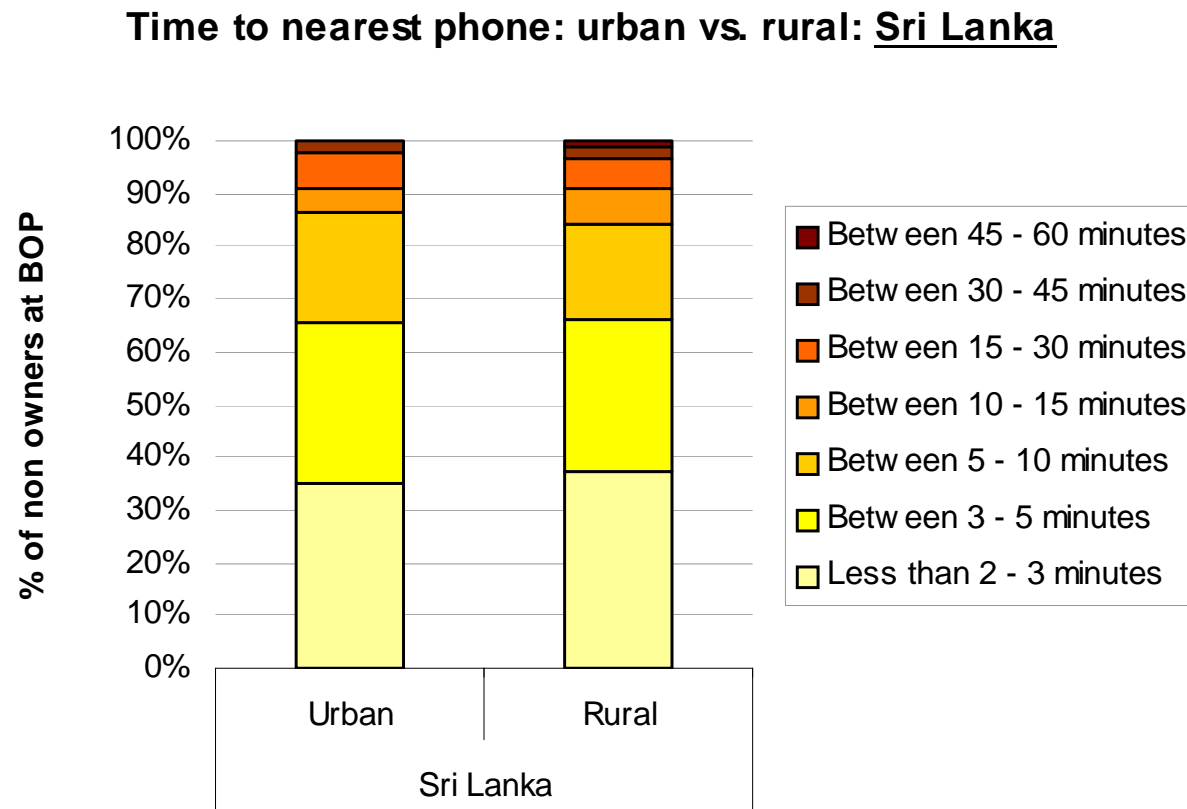


Phones are close at the BOP

- Most can get to a phone in less than 30 mins



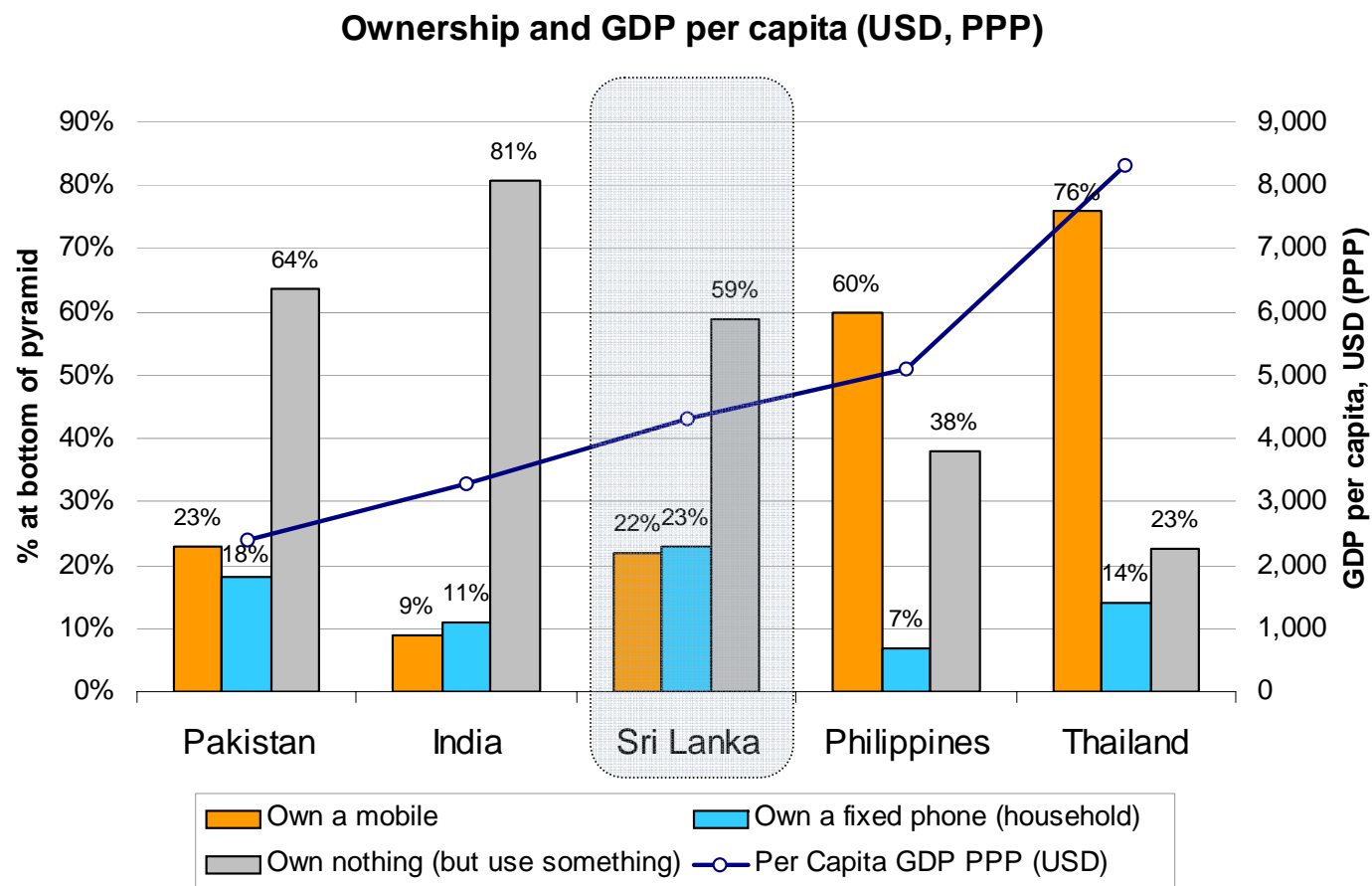
Even in rural areas in Sri Lanka



- A small number (6%) in rural areas incur up to USD 0.50 (LKR 50) to get to a phone

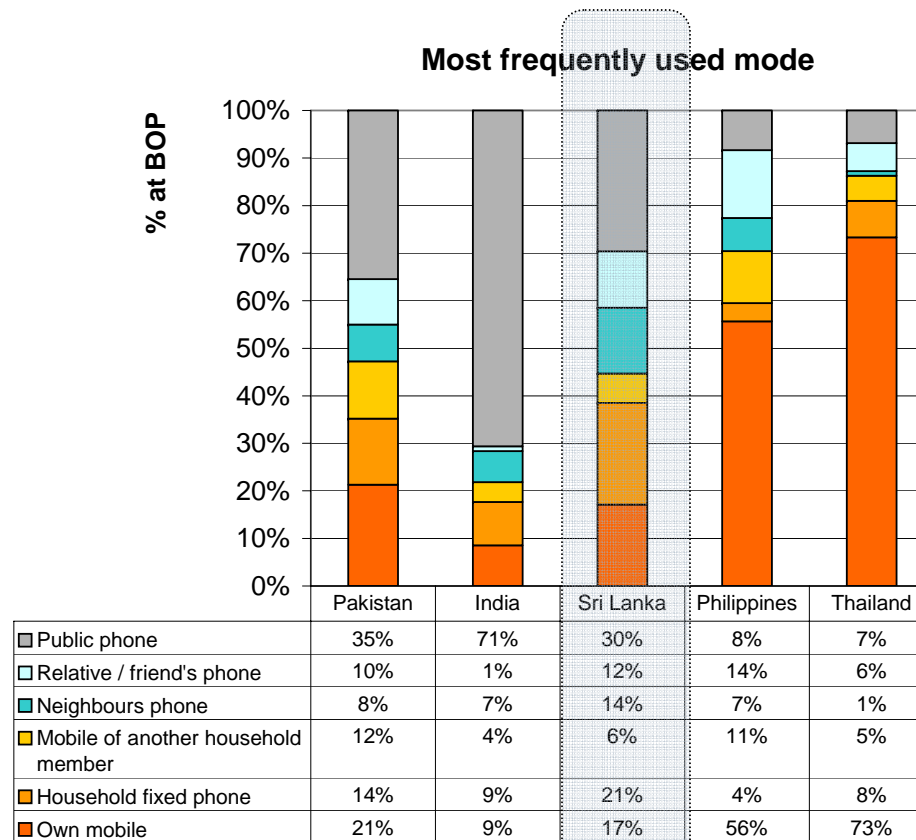
But phone ownership was low in mid 2006, when survey was done

- Just 41% of BOP own their own phone in Sri Lanka
 - 22% own mobiles; 23% own fixed; few have both



BOP in South Asia mainly used public phones

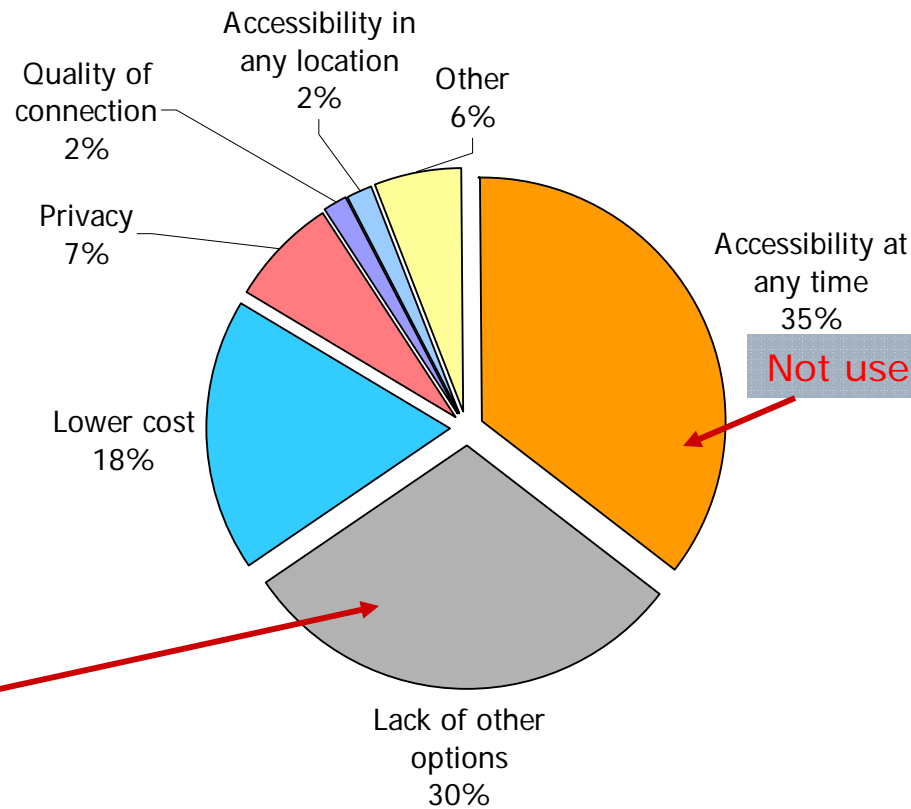
- 30% of BOP in Sri Lanka used public phones most frequently



Why did they use their most-frequent mode?

- Convenience and lack of other options override cost

Reason for selecting primary phone (use): Sri Lanka



Users of public phones?

Not users of public phones?



Bottom of the Pyramid



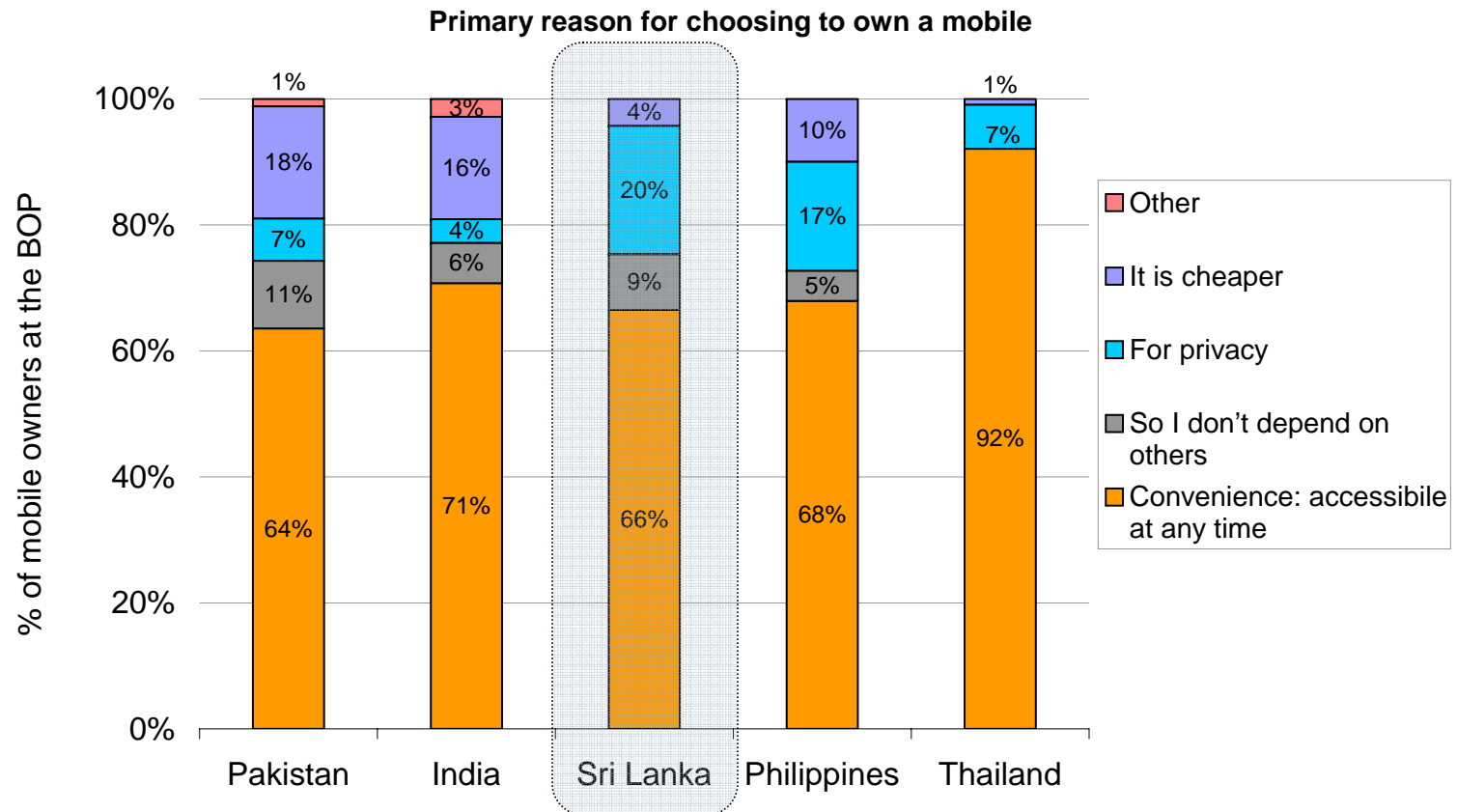
Who owns phones? Why?

41%

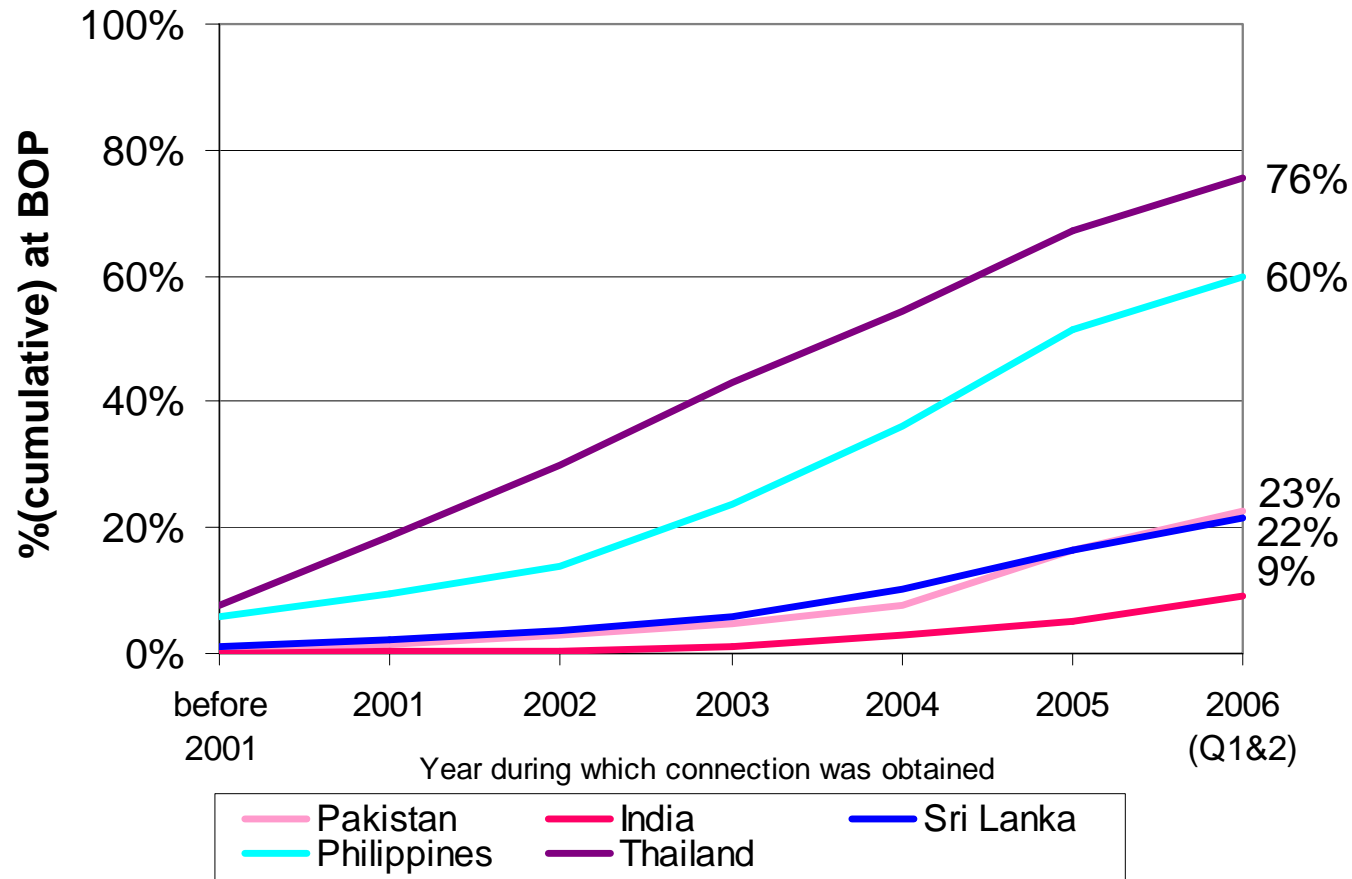
of BOP in Sri Lanka
owned a phone

Why own a mobile phone?

- Convenience is key; privacy is more of a concern for higher-income countries (highest in Sri Lanka)



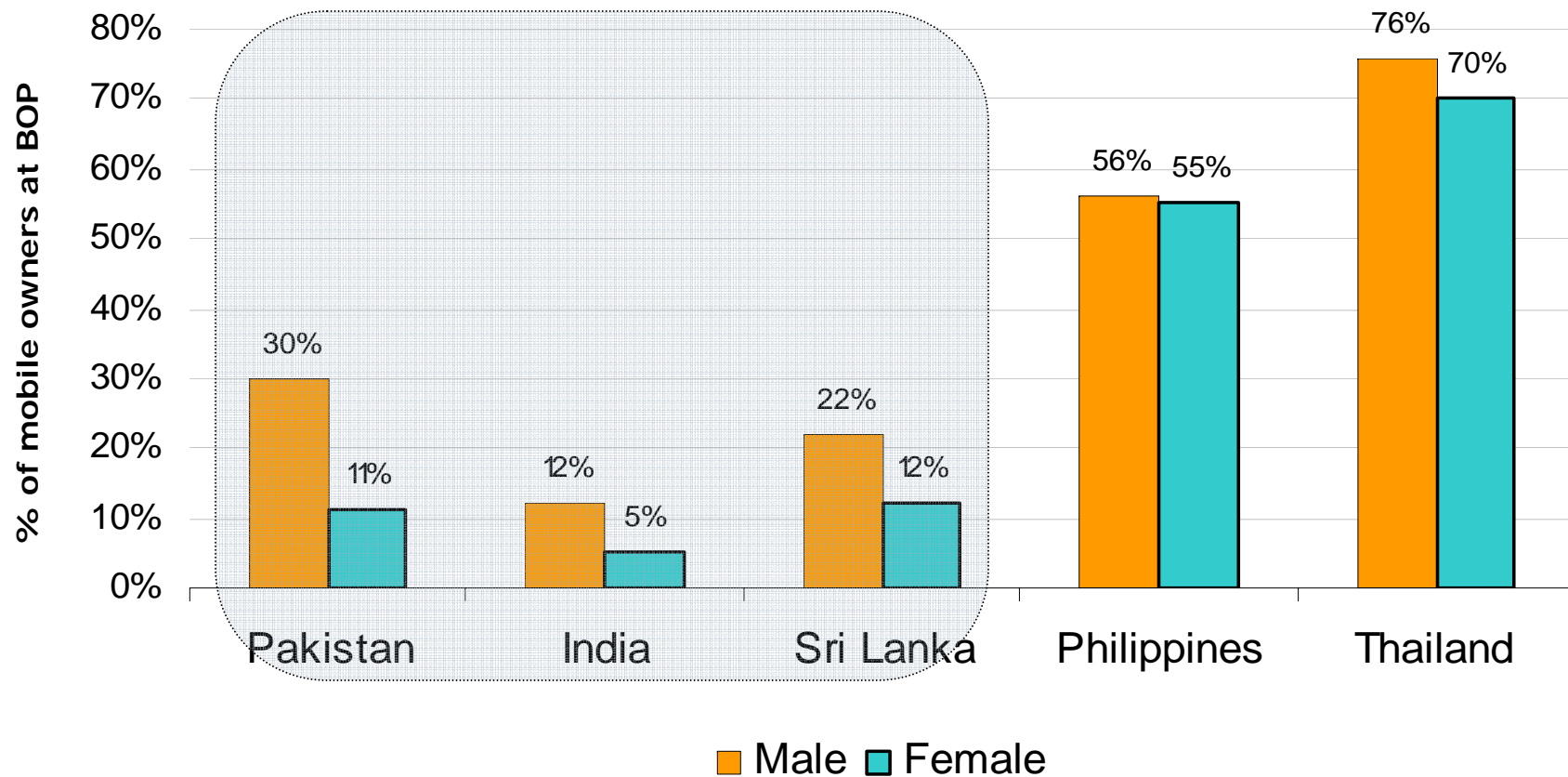
Growth in mobile phone ownership at BOP since 2001



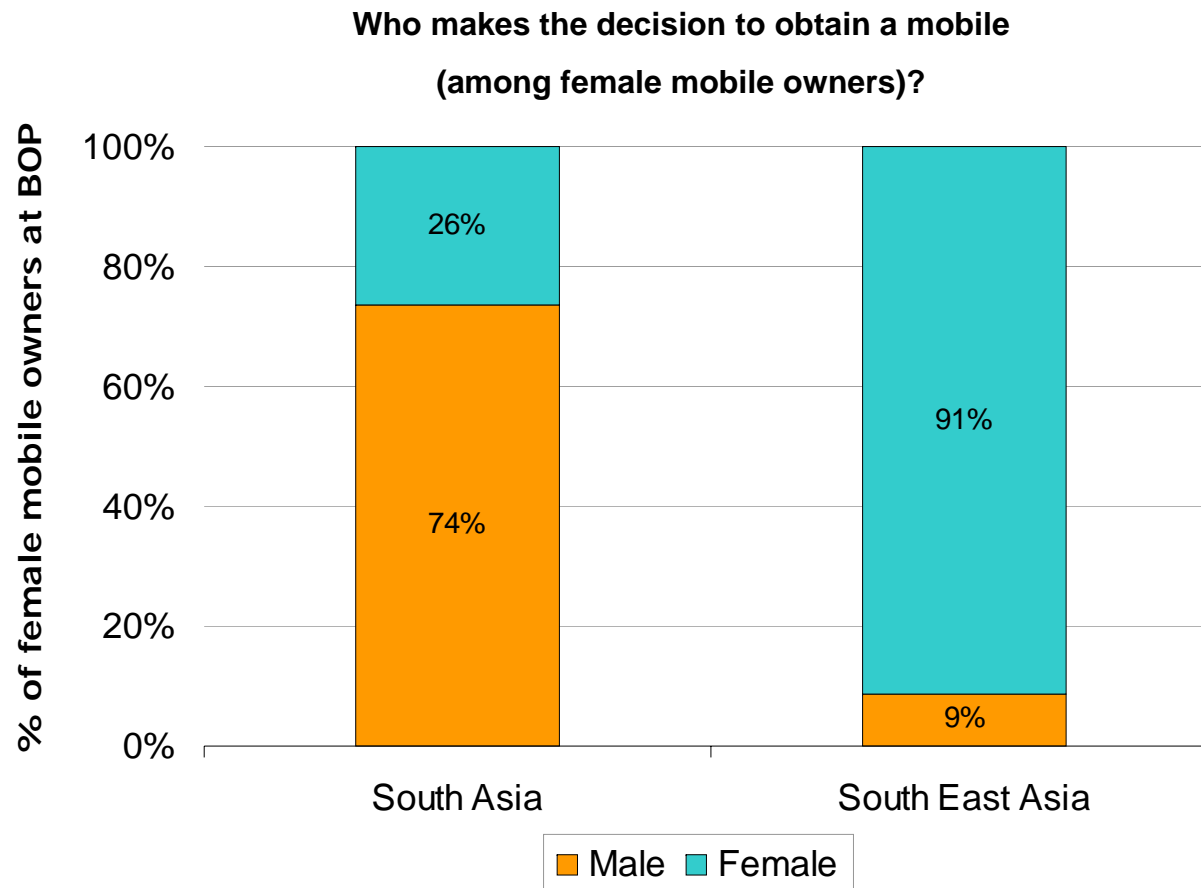
□ 92% of mobiles at Sri Lankan BOP are **prepaid**



Mobiles used more often as the primary phone by males at BOP in South Asia



Who decides female ownership of phone at BOP? (patriarchy lives in South Asia!)



Bottom of the Pyramid

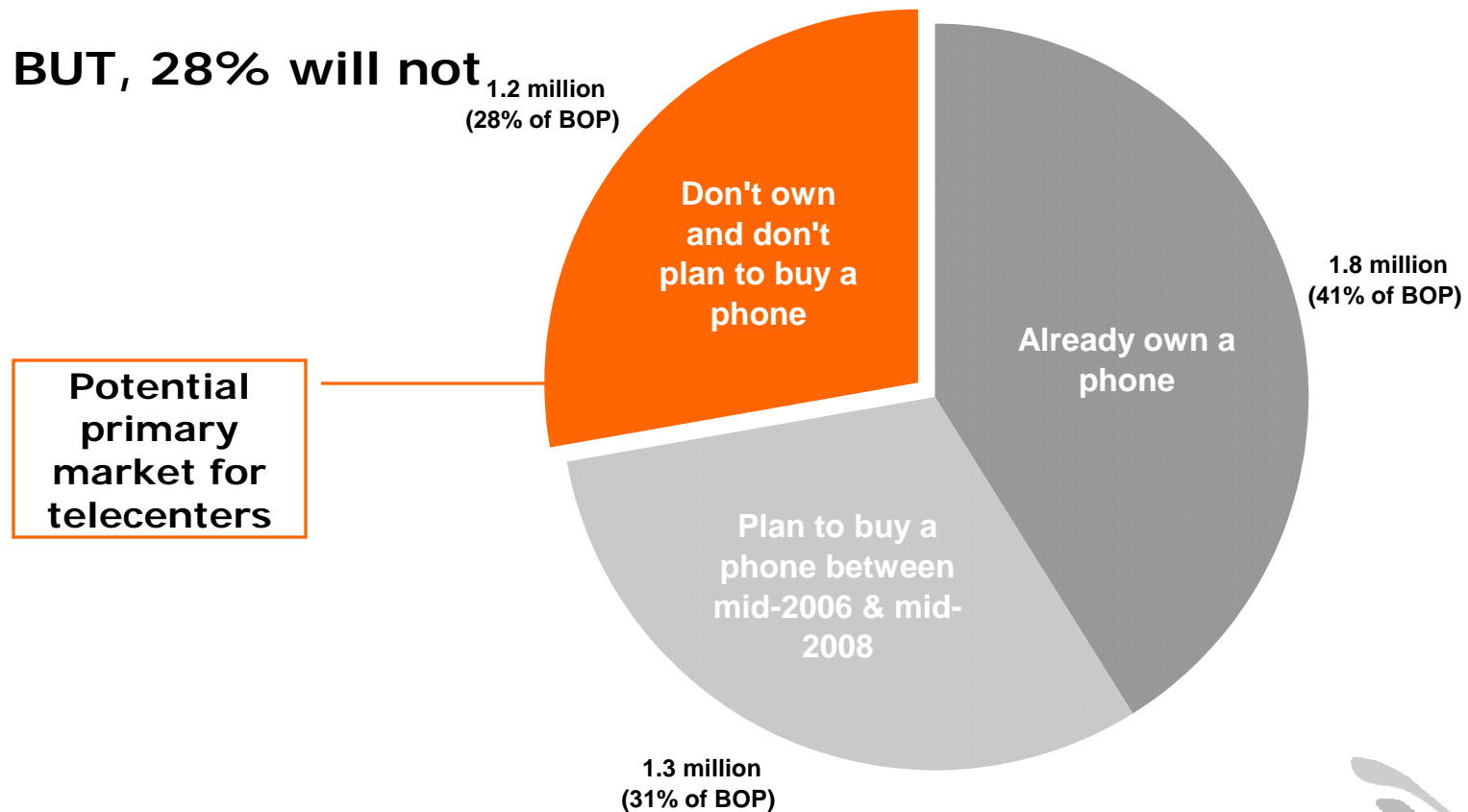
Not getting connected

1.2 million

from BOP in Sri Lanka will **not**
get connected between mid-
2006 & mid-2008

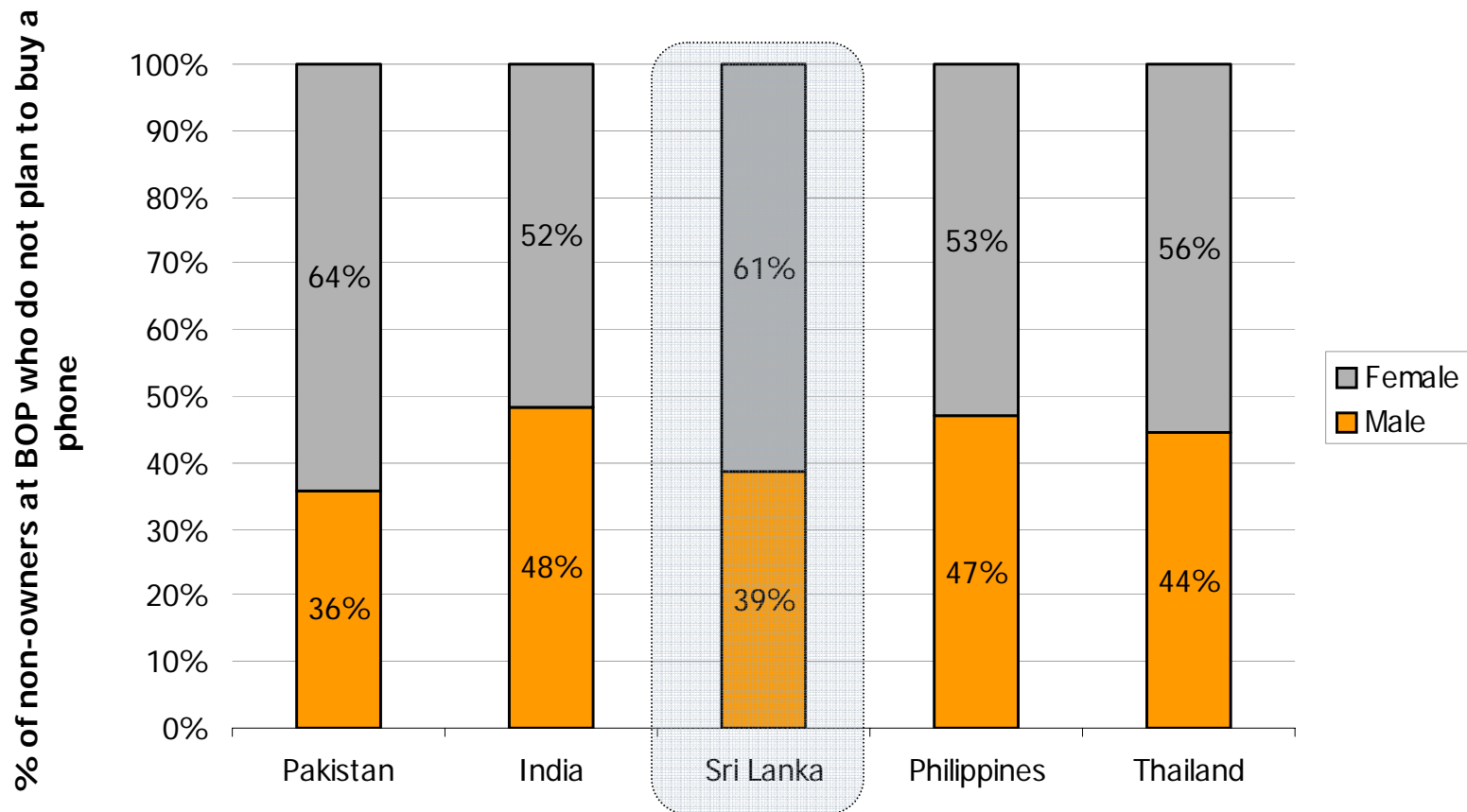
The biggest barrier to ownership at the BOP is **affordability**

- 31% plan to get connected between mid-2006 and mid-2008
- **BUT, 28% will not**

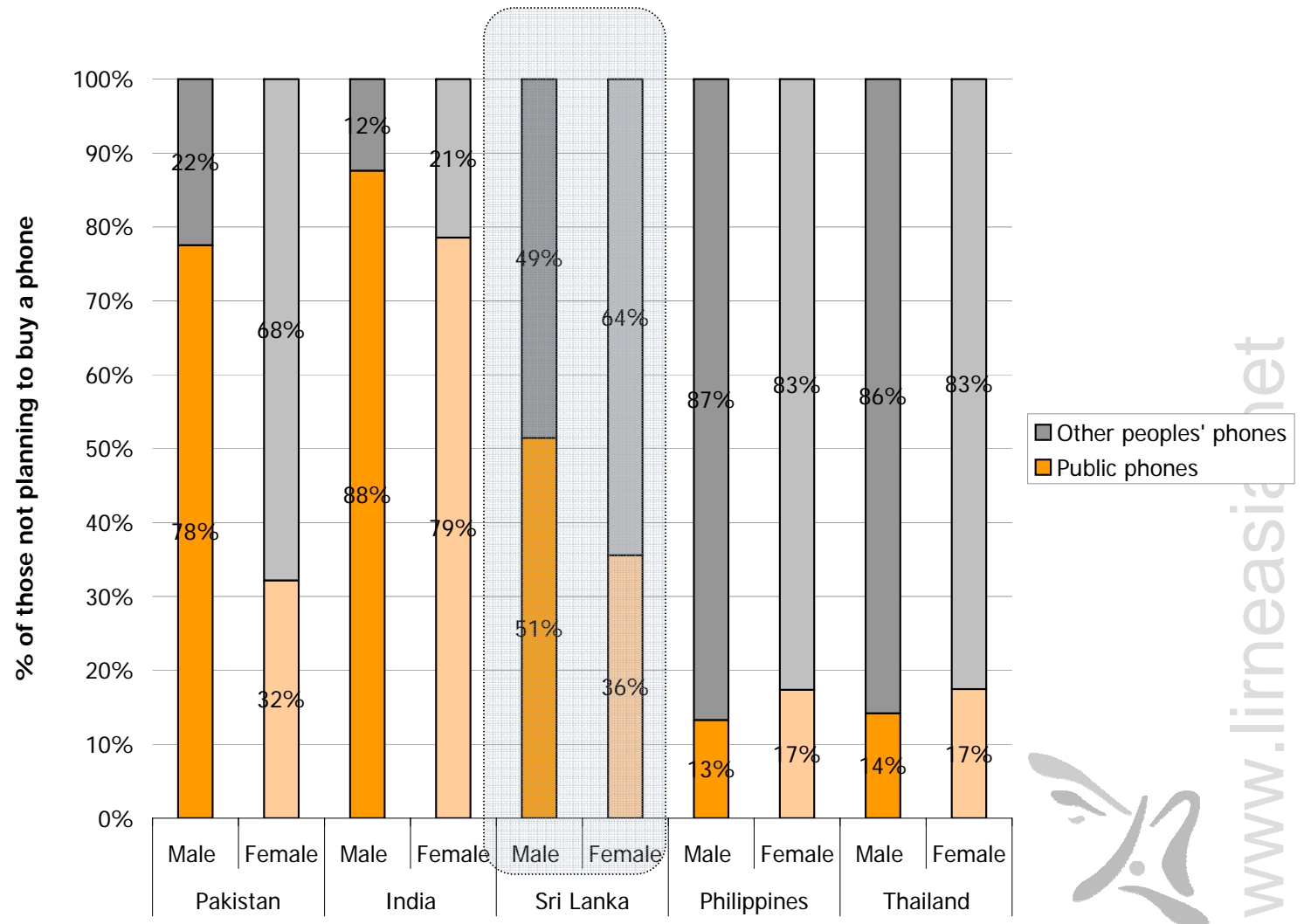


What do we know about this group?

- The majority in Sri Lanka will be **females**

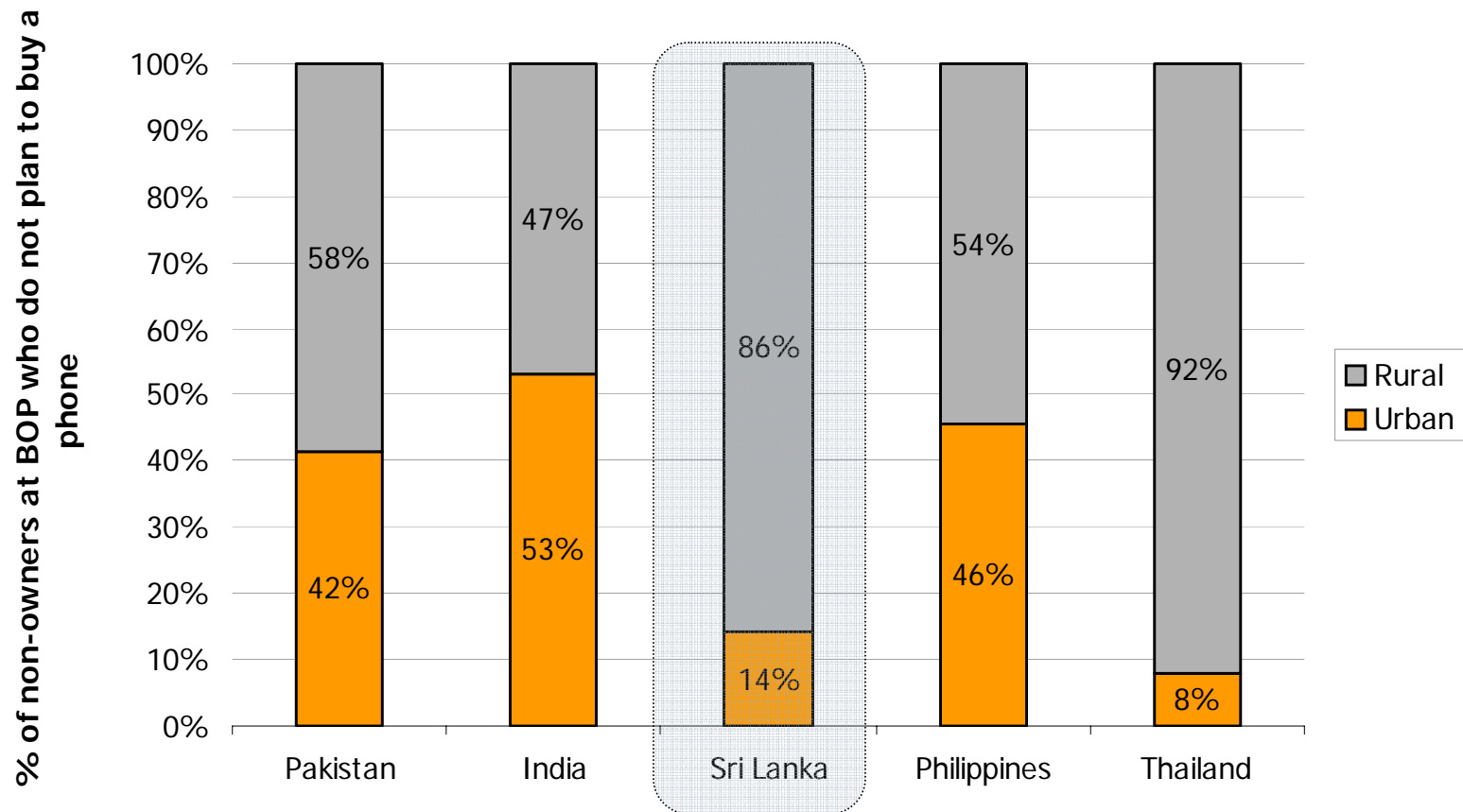


Among those not planning to buy phones, males are more dependent on public phones, while women are more dependent on other peoples' phones



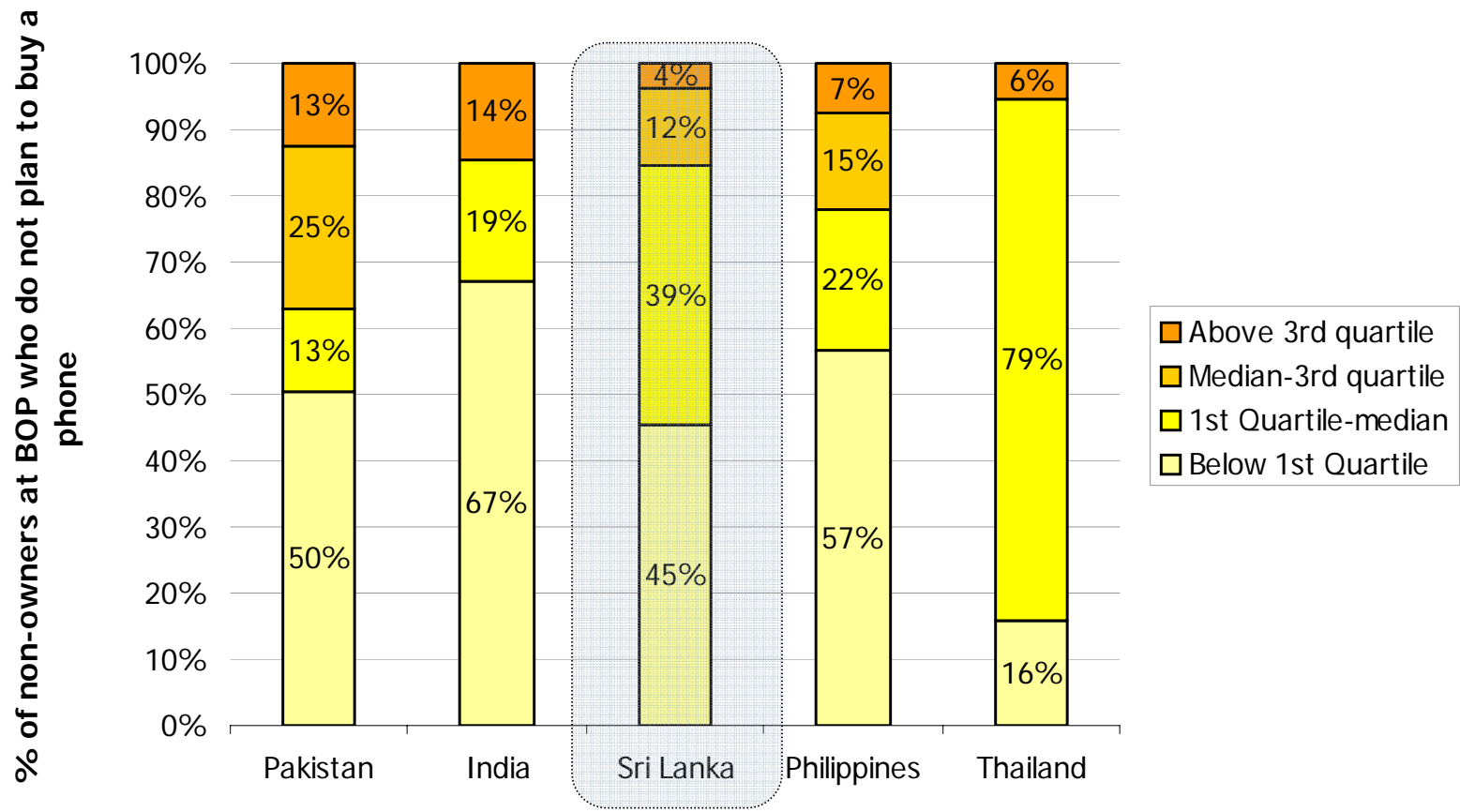
What do we know about this group?

- The large majority will be **rural**



What do we know about this group?

- **Poorer.** The large majority will have **monthly household incomes below USD 75.81** (median) (~ LKR 7500)



What do we know about this group?

□ Older

- The mean age of this group will be **40 years of age** compared to mean age of mobile owners at BOP of 33 years



What do we know about this group?

- ❑ **Make fewer calls**
- ❑ They make and receive a total of 8.65 calls per month
 - Compared to the average for the Sri Lankan BOP of 23.2 (compared to those who plan to buy a phone who make and receive a total of 15.05 calls per month)

Mean monthly number of
calls
(incoming + outgoing)

Non-owners	
Do not plan on buying phone by mid-2008	Plan on buying phone by mid-2008
8.65	15.05

Source: diary



Bottom of the Pyramid

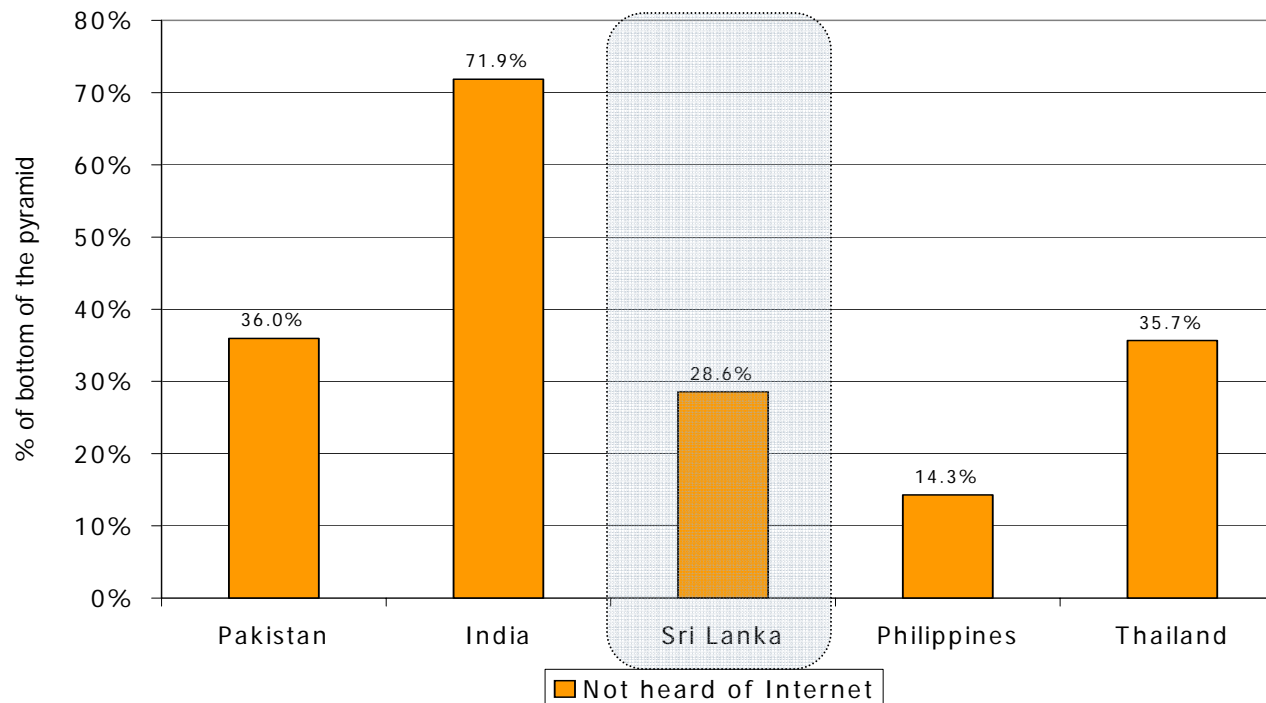
So where do telecenters fit in to the picture?

Currently few at the BOP use the Internet; even fewer know what it is

Use the Internet

Pakistan	India	Sri Lanka	Philippines	Thailand
1.9%	0.3%	1.5%	8.8%	10.4%

Internet 'un-awareness'

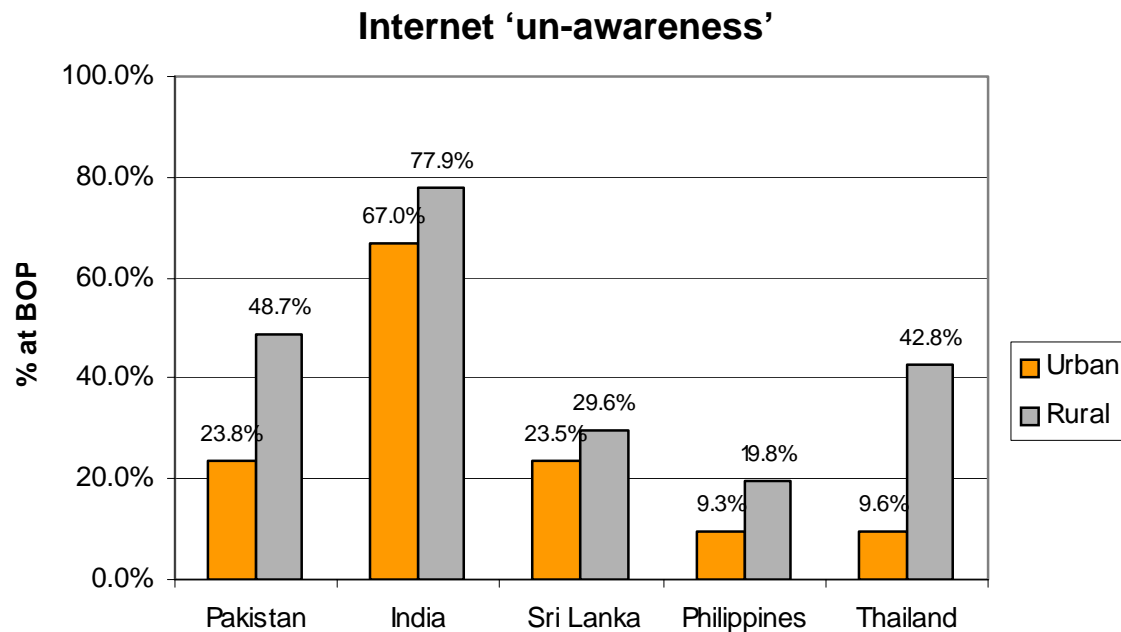


Next to the Philippines, highest level of knowledge. . .

Even less so in rural Sri Lanka

Use the Internet

Pakistan		India		Sri Lanka		Philippines		Thailand	
Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
3.0%	0.7%	0.2%	0.1%	2.1%	1.4%	12.8%	4.3%	22.0%	2.3%



Not a massive urban-rural gap in knowledge

In sum, telecenters should...

- To attract the phone-owners
 - Provide affordable services, especially international
 - At ~USD 0.20 (LKR 20), LK international calls are now overpriced
 - Planned decreases since 2003 have not occurred because of cartel behavior in the international market
 - But to make Internet-PSTN calls, telecenter operators will need to have international credit/debit cards
 - Can operators offer discounted prices to telecenters/bureaus?
- Collectively, we should develop more services that people can use on the Internet (more useful e-gov, . . .)
 - And publicize them broadly
- Provide more than Internet, more than voice
 - Teach people how to use new services



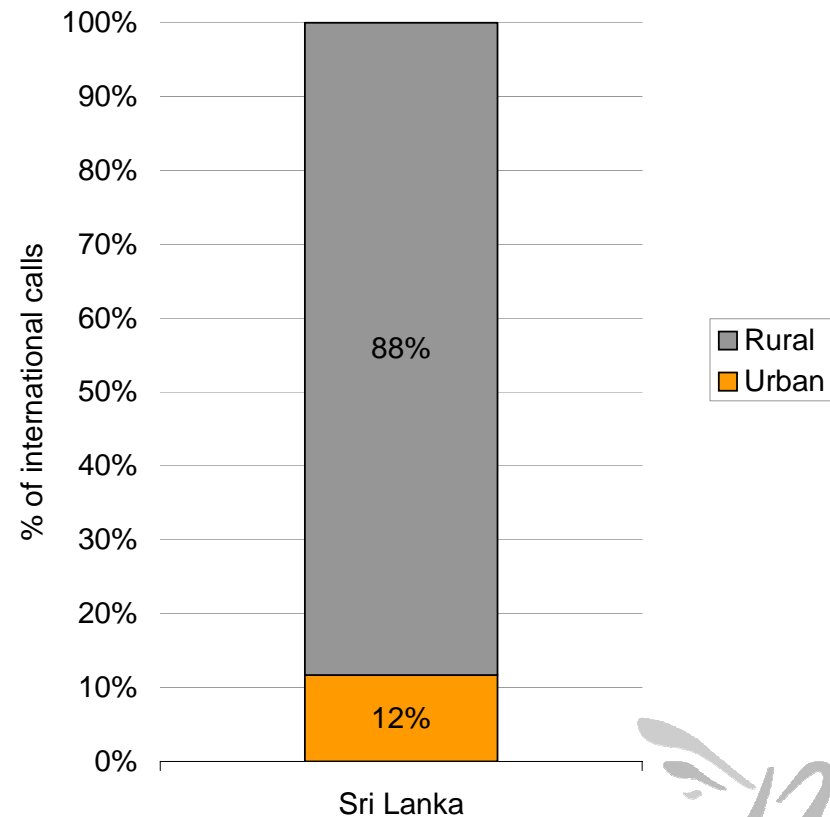
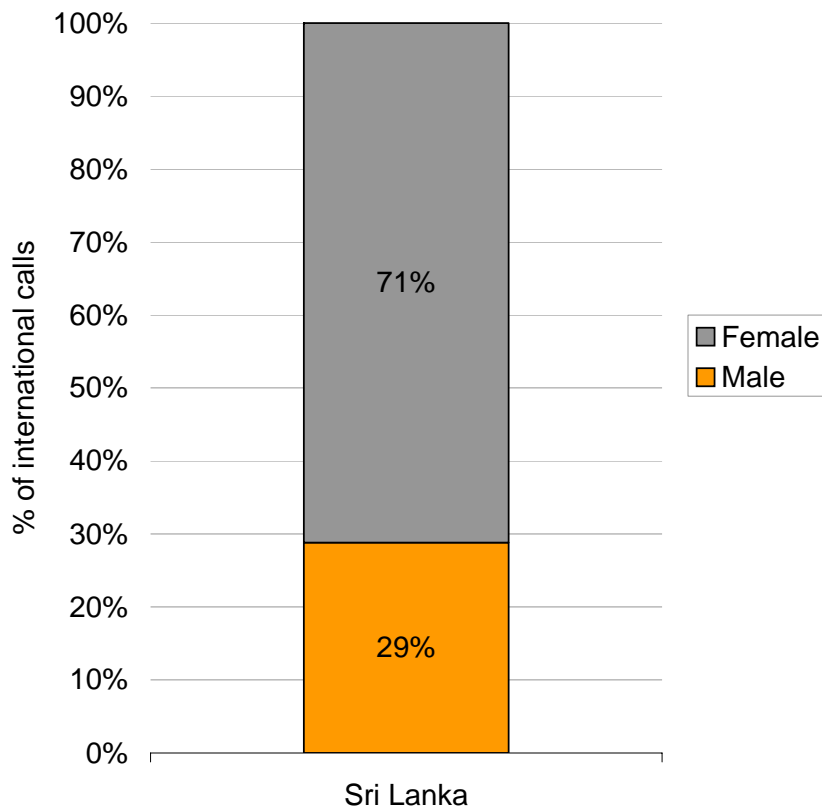
In sum, telecenters should...

- To attract the non-owning segment
 - Provide a welcoming, caring environment
 - Be female-friendly
 - Cater to the needs of an older clientele
 - Provide settings where conversations cannot be overheard; Internet activity cannot be observed by others
 - Different from conventional telecenter user profile
- Difficult, but not impossible, to run these two marketing strategies in parallel
 - Women are interested in international calls, so some overlap
 - This group also wants to learn how to use new services
- Can the telecenter become an “EZbuddy” (mobile payphone)?
 - Take the phone to the non-owning women?
 - Can telcos offer “Super 5 +2” type international prices on “EZbuddy”?



International calls

- ❑ 71% of international calls at the BOP in Sri Lanka are made by **women**
- ❑ 88% are made by **rural** people



Source: Diary

