*Title: Helping BOP micro-entrepreneurs to do business through mobiles

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Helping BOP micro-entrepreneurs to do business through mobiles

Innovation brief

Much of the existing research on mobile communication among the poorer market segments has now confirmed that the primary purpose of communication on mobiles within this segment is “social.” LIRNEasia’s Teleuse@BOP research has consistently demonstrated this in the Asian countries studied since 2005. Despite this, there is indeed a significant role that mobiles play, both direct and indirect, in supporting business at the bottom of the pyramid (BOP) especially through social means. While service providers have come up with a host of services and applications which can potentially help BOP micro-entrepreneurs to do business (m-payments, agricultural price alerts, weather alerts, etc), awareness and use of these “more-than-voice” services and applications at the BOP is sparse. Close attention is needed to understand the role of mobiles in BOP business, and help service providers and app developers among others to develop useful products and services for this segment.

Mobiles perceived as a economic tool

Mobile phones are perceived as an economic tool by many mobile owners at the BOP (Figure 1). When questioned as to what impact the phone has had on their lives in terms of various economic aspects of their lives, the biggest impact was perceived in reducing the need for travel. The average response given by respondents with respect to this aspect of their lives was 4.3. Thereafter, benefits were seen in terms of bringing efficiency into their day to day activities, with an average response of 3.9. The phone was also seen as useful in terms of work-related matters (including finding work opportunities) saving money and planning and making livelihood-related decisions. Strong social benefits (in terms of maintaining relationships) were also perceived; at the BOP, where social and work-related networks do tend to overlap, these kinds of “social” benefits will also have indirect economic impacts too.

Figure 1: Perceived benefits of access to a phone on respondent’s social, emergency and economic factors. Ratings given on a scale of 1 (no change) to 5 (greatly improved).

![Figure 1: Perceived benefits of access to a phone on respondent’s social, emergency and economic factors.](http://lirneasia.net/projects/icts-the-bottom-of-the-pyramid/)

Business use of the phone

1 http://lirneasia.net/projects/icts-the-bottom-of-the-pyramid/
The Teleuse@BOP findings confirm that much business, work or finance-related communication is in fact taking place on mobiles. There are large numbers among the BOP who say that they use their mobiles for such purposes, many on a daily basis (Figure 2). Many of these are among the working BOP population. The overly-hyped but very real examples of micro entrepreneurs coordinating with customers and suppliers, and farmers and fishermen checking market prices and conditions through their mobiles before deciding which market to take their goods to do exist, but perhaps not on as large-a-scale as was anticipated among the BOP.

**Figure 2: Use of the phone for business, financial or work-related purposes (% of BOP teleusers)**

![Chart showing use of the phone for business, financial or work-related purposes (% of BOP teleusers)](chart.png)

Source: LIRNEasia Teleuse@BOP4 survey findings, 2011

On average, when compared to non-mobile owners, mobile owners used phones for their business, work-related or financial needs, with 24% of the former group using phones for these purposes compared to 40% of the latter group (Figure 3). In addition, a larger percentage of those over the age of 35 (42%) compared to those aged 35 or less (35%) used the phone more often for these purposes.

**Building trust in business is important; mobiles can play a role**

Underpinning this use is an intricate, tacit understanding of how important trust-building and networking is important to doing business. BOP entrepreneurs and business owners use various ways to gain their customers’ trust and loyalty and maintain good relationships with them. Doyal for example, a Bangladeshi electrician interviewed in the research pays daily visits and does odd-jobs for free for some of the village shopkeepers in return for them recommending his services to others. Chaminda, an auto-rickshaw driver near Sri Lanka’s largest fruit and vegetable market has built a reputation as a trustworthy transport provider for farmers to bank their monies late in the night.

Further qualitative research shows that micro-entrepreneurs such as Doyal and Chaminda, are using mobiles not just to coordinate between business contacts, but to provide enhanced service to their customers, essentially differentiate themselves from the rest. Chaminda, for example spent approximately 30 US cents per month on caller-tunes, and he changes the song on a daily basis. He also spends the same amount on voicemail, just to ensure that he never misses a call.
Doyal not only provides free repair advice through mobile phone to his regular clients who call him, but he has activated call waiting for priority contacts, as well as the missed call alert service and caller tunes on his mobile phone. He starts off conversations with new clients by handing out his business card with his mobile number printed on them, saying they can call him any time.

Beyond simple voice and peer-to-peer SMS, there is much scope for well-targeted, well-priced more-than-voice services and applications for the BOP to assist in business and work-related aspects of their lives (e.g, m-payments, market price information services, etc). However, these offerings must be easy-to-use, and provide some added value compared to what can be freely accessed elsewhere and be affordably priced.

The research presented in this brief is based on the findings of the fourth and most recent Teleuse@BOP study conducted in six Asian countries: India, Pakistan, Bangladesh, Thailand and Sri Lanka. Two separate face-to-face surveys were conducted a BOP-representative survey of over 10,000 respondents in the six countries, and a non-representative survey of 950 agriculture sector micro-entrepreneurs and farmers in India, Bangladesh, Thailand and Sri Lanka. Additional qualitative research was conducted in all countries to enhance the understanding of the survey findings. Research was conducted in 2011. This work was supported by a grant from the International Development Research Centre (Canada) and UKAid from the Department for International Development (UK). For more information visit www.lirneasia.net

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2 Defined as belonging to Socio-economic classification groups D or E.