Digital empowerment in the developing world

Around 40% of people in the developing world (countries with an average per capita income of less than $12,475 per year according to the World Bank) have subscribed to mobile services as of 2012, according to Wireless Intelligence. This gives us a proxy for mobile phone ownership in the region which we believe to be just short of one out of two people, compared to less than 5% for tablets and PCs.

The number of unique mobile subscribers has experienced double-digit growth over the last five years in developing countries, and while we expect this to moderate over the next five, this still translates into an average of 130 million additional people subscribing to mobile services for the first time *each year* to 2017. By contrast, access to basic services such as electricity, sanitation, education and retail banking in regions such as sub-Saharan Africa has remained low, often available to less than 50% of the population (compared to near universal access in Europe and North America). This confluence has brought about a unique opportunity and rising addressable market for the Mobile for Development sector (M4D, see Mobile for Development: a diverse stakeholder mix).

Growth in the M4D sector has accelerated since 2009, following several years of moderate rises. In absolute terms, we now track over 1,000 live services in the developing world, with over 200 having launched in 2012 compared to an average of 160-170 per year from 2009 to 2011 and 40-50 per year before 2009 (see full list of Products and Services tracked by MDI). The mobile health sector continues to account for the majority of these, but growth over the last three years has been driven by the launch of services in verticals such as money, education and entrepreneurship.

Leveraging apps and the mobile internet

While most M4D services still rely on SMS, there are an increasing number of services designed to run on apps or the mobile internet (see Figure 1). This is particularly true for the education and entrepreneurship sectors (emergent largely since 2009), where around 80-90 services launched in 2012, and where around 50% of services can be accessed via apps or the mobile internet, higher than other sectors with more focus on text-based mediums (e.g. SMS, USSD).
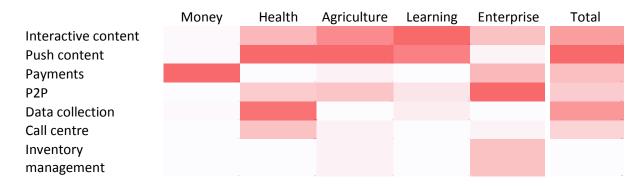
Figure 1. Delivery technology heatmap

Note: heatmaps are used to compare sectors on a given factor (here, delivery technology) or to look at change in a sector over time. Shading is based on the frequency of a given category
Data based on mobile-enabled products and services in the developing world tracked by MDI
Source: GSMA-MDI analysis

Taking education as an example, services such as Nokia Life Tools and Urban English utilise both SMS and apps on a handset to appeal to a range of handset users, in terms of income, language and technical literacy (see company case studies from MDI Insights). Entrepreneurship verticals such as recruitment and business support services (e.g. Frogtek) are targeting apps, both in-built on featurephones and post-purchase on smartphones. These play well to interactive content (where a user requests and receives content, such as an English language lesson), and P2P interactions (such as an m-commerce trading platform) (see Figure 2).

Figure 2. Enabler heatmap

Data based on mobile-enabled products and services in the developing world tracked by MDI
Source: GSMA-MDI analysis

A number of key implications arise. First, access to services in these verticals is becoming more personalised, engendering a deeper relationship between provider and customer. Second, to the extent services require mobile data access (other than SMS), this can be achieved on low and mid end phones. Mobile operators and internet players such as Google, Facebook and Wikipedia are well aware of this, and as such have launched over the last 12 months innovative modes for lower income customers to access data (e.g. hybrid data plans and zero-rated access). While zero-rating carries limited access to the internet in the short term, we expect the powerful sense of digital empowerment to drive further growth over the next 2-3 years in M4D services using apps or the internet that play to this dynamic.