

Internet Use in the Presence or Absence of Subsidized Data: Nigeria Market Study

December 8, 2016

A. Introduction

This document summarises the results of a series of independent focus group discussions conducted in Nigeria by Mr. Fola Odufuwa (the “Researcher”) on behalf of Research ICT Africa. The primary objective of the market study was to obtain high-level local insights on how people within the country use the internet when they have their data subsidised and when they do not.

In pursuit of the research objective, twelve focus group discussions (“FGDs” or “research location”) were carried out at three major populations centres (or “Research Hubs”) namely, Lagos – the commercial capital of the country, Kano – the commercial capital of Northern Nigeria, and Enugu – the administrative capital of the defunct Eastern Region.

A total of 125 people participated in these discussions which were held over a three week period between October 29, 2016 and November 6, 2016. These participants were carefully selected in strict adherence to the guiding principles of the survey and represent a wide range of views and opinions conditioned by gender, socio-economic class, educational level, and exposure (or otherwise) to internet use. At the end of fieldwork, the results of all twelve focus group discussions were assembled and thereafter analysed.

The Researcher acknowledges the field work and input of his research team which consisted of Mr. Segun Abel (Team Lead), Mr. Eniola Olowu (Research Supervisor) and Mr. Femi Adedugba (Research Assistant). The overall work of the research team forms the basis of this report (the “Report”).

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C. Summary of Findings

Until recently, Nigeria did not have a clear-cut subsidized data service offered to consumers by any mobile operator or internet service provider in the country. That changed in May 2016 when Airtel Nigeria launched **Free Basics**. This product gives Airtel customers a free opportunity to log into a limited form of Facebook plus access to about thirty other websites in a controlled environment. The operator also introduced a Facebook-only version tagged **Flex**, a local variant of Facebook Zero, simultaneously.

As far as the Researcher is able to determine, this study is most likely the first to independently probe the Nigerian market to understand how subsidized services are faring among internet users and non-users. Specifically, the focus group discussions sought to find out whether the use of this service is the only means of data consumption by users, whether subscribers are making the transition out of the ‘walled garden’ of subsidized data to the full internet, and whether, by not doing so, they are left with a poorer understanding of the internet.

The Researcher has made a number of high-level determinations concerning the use of the internet in relation to subsidized data offerings in Nigeria. These are as follows:

1. Subsidized data services is at its very early stage in the county and most participants are yet to know of the existence of Airtel’s zero-rated offerings. Presently, participants in this study do not rely on subsidized services. Due to this, no concrete determination can be made as to the real performance of subsidized services or whether subscribers would want to take it up or go beyond it, as the level of market penetration of the Airtel product appears to be very low.
2. Participants were quite knowledgeable about the subject matter and are familiar with cheaper ways of going online through bonus data and service-specific bundles. However, their awareness of Airtel’s Facebook Flex or Free Basics was generally poor or non-existent. In many cases, they showed strong scepticism as to the practicality of this product and expressed fears that the MNO will eventually deduct whatever data is used on the zero rated platform from their phones.
3. Nonetheless, overall awareness and use of the internet has gained traction especially as a social interactions, business or career enabler, and majority of participants, whether in rural or urban areas, rank the purchase of data high on their personal expense list. Higher income groups (typically found in urban and semi-urban areas) depend more on monthly subscriptions ranging from ₦1000 (\$3.17)¹ to ₦3000 (\$9.52), unlike lower income classes who tend to subscribe to daily or weekly service-specific offerings which come as low as ₦25 (7 cents) per week. Additionally, Mobile Network Operators (“MNOs”) offer data bonus with airtime recharge, a move that is generally well appreciated by participants.

¹ Exchange rate used throughout the Report is ₦315 to US\$1 (Source: www.xe.com).

4. The low prices of bundles is driving internet use among high and low income groups in a way that reflects three key points: that mobile data pricing is at affordable levels; that these levels appear sufficient to fulfil strong demand for internet services among consumers; and thirdly, that MNOs in Nigeria have a good understanding of what consumers need and are developing data plans that cover a wide range of income classes and online activity.
5. For these reasons and more, participants who are internet users (and even non-users) appear generally satisfied with the pricing of data bundles which is considered cheap and largely affordable. This perception cuts across gender and socio-economic divides. However, discussants say the rate at which these bundles are billed is high and that data runs out much faster than they would have wanted. In addition, lower income classes show an inclination for social media bundles whenever they cannot afford full internet bundles.
6. Though data pricing is not a serious issue, the biggest constraint to the adoption of the internet among participating non-users is the cost of acquiring internet-capable devices. Other barriers are literacy levels – referring to the need to be taught how to use the internet; negative perception of online content especially as it relates to reliability and accuracy; limited awareness of the benefits, and privacy concerns relating to spamming, hacking of public profiles and account scamming. However, these factors are much more prevalent in low income groups, especially in rural and deep rural areas. For users, network reliability, low data speeds and the high rate of data consumption are major factors that limit their ability to spend more time and resources getting and staying online.
7. Finally, participants have come to accept the internet as a veritable tool for news, social interactions, education, business, online shopping, funds transfer and career building, among others. Therefore participants can be said to be generally aspirational. They want to connect to the global information economy. They want to use “big phones” and will rather not go online until they can afford one. They want high speed internet at affordable prices and are ready to pay for content or products online as long as these meet a critical need. They are united in these aspirations and there are no significant distinctions in this regard between men and women whatever their education, incomes or social status may be.

These high level issues are explored in greater detail in this Report.

D. Methodology & Fieldwork

This section describes how the research team carried out the assignments of this survey.

1. Categorizing Research Locations

In carrying out the surveys, the research team identified and categorised four locations each within and around the three research hubs into urban, semi-urban, rural and deep rural. The guiding principles for selecting these locations included factors such as socio-economic profile (assessment of education & income levels), accessibility, proximity to the research hub, network coverage, data connectivity, and researcher safety and security.

The selected locations where discussions were conducted are as follows:

Hub	Region	Research Locations & Categories			
		Urban	Semi-Urban	Rural	Deep-Rural
Lagos	South West	Yaba (Mixed)	Alimosho (Female)	Badagry (Male)	Ijede (Mixed)
Kano	North West	Kano Municipal or Sabongari (Mixed)	Ungongo (Female)	Gezawa or Doguwa (Mixed)	Zakirai or Warawa (Male)
		Sabongari (Male)*	Bompai (Female)*	Ungogo (Male)*	Zakirai (Mixed)*
Enugu	South East	Nsukka (Mixed)	Orji river (Female)	Awgu (Male)	Uzo-uwani (Mixed)

Table 1: Research locations and categories. Asterisk (*) indicates changes made to original location of FGD category during field work.

Kano FGD locations were reclassified during the field trip based on team assessments. In addition, it was impossible to recruit enough women to participate in the second mixed group for that region so a decision was made to reclassify that group to male.

FGD distances in kilometres and time in relation to their research hubs ranged from 9km to 108km and 13minutes to 2hrs30minutes respectively, as shown in Table 2 below.

Lagos	Kano	Enugu
Yaba: 15km, 33mins	Sabongari: 9.7km, 20mins	Nsukka: 60km, 1hr
Alimosho: 33km, 1hr 8mins	Bompai: 6km, 13mins	Uzo-uwani: 108km, 2hrs 7mins
Badagry: 64.4km, 2hr 30mins	Ungogo: 22.7km, 39mins	Awgu: 54km, 58mins
Ijede: 33.9km, 1hr 15mins	Zakirai: 41.6km, 46mins	Oji-River: 44km, 45mins

Table 2: Estimated distance to focus group locations from research hubs.

Each of the 12 locations had mobile signals and full internet access, though the Lagos locations had a richer array of network options because of the presence of private internet service providers operating within the metropolis.

2. Participant Profiling

At each location, prior to the commencement of each discussion, the research team spent time profiling prospective participants through screening sessions that helped to determine their educational level, income status, occupation, use of language, internet awareness, among others, to ensure conformity to the required configuration of the FGDs. The team tried to ensure that group formations was spread across a wide range of backgrounds.

Altogether 125 people participated in the surveys and this number was almost evenly distributed across common income classes as shown in table 3:

Urban	Semi-urban	Rural	Deep-rural
32	30	33	30

Table 3: Distribution of participants by location category.

Furthermore, there were similarities in views and opinions between the classes in relation to internet use, awareness, and subscription levels, among others. However there were significant urban/rural differences in relation to pricing, affordability and, consequently, usage levels. Non-users in rural areas also tend to require more convincing to go online as they have fewer personal incentives compared to urban dwellers.

54% of participants were male while the balance were female discussants (Table 4).

	Male	Female	Total
Number	68	57	125
Users	43	32	75
Non-users	25	25	50

Table 4: Distribution of participants by gender.

In addition, there were 50 non-users equally split between men and women without the team having such an intention. This figure represents 40% of participants, a good proportion of all discussants.

In the opinion of the Researcher, the women in urban and semi-urban groups tended to be bold and more vocal in expressing their opinions freely sometimes much more than those in rural or deep rural locations. This observation was more pronounced in the north where cultural conservatism is stronger.

Nevertheless, save for a few issues, opinions and views expressed by participants barely differed by gender. Rather, rural-urban and income divides played out the most in terms of differences in participant perspectives.

3. Venue Selection

For each discussion, venues were chosen at random and included precincts of Local Government Area (“LGA”) secretariats, community centres, eateries, front yard of residences, and so on. Open venues tended to instil confidence in prospective participants but often suffered from higher levels of surrounding noise. The team did its best to minimise this as much as possible so the recordings would not be adversely affected. Discussants allowed audio records and photography, except in Sabongari and Oji River where participants declined to be photographed.

4. Carrying out the Discussions

The 12 focus group discussions were held from October 29 to November 9, 2016. Table 5 shows the dates when each FGD was conducted, gender mix, socio-economic grouping, language used, common language spoken and the number of participants in each group.

Date Completed	FGD Centre	Gender Type	Class	FGD Language	Local Language	No. of Participants
29/10/2016	Yaba	Mixed	Urban	English	Yoruba	10
29/10/2016	Alimosho	Female	Peri-Urban	English	Yoruba	10
30/10/2016	Badagry	Male	Rural	English/Pidgin	Egun/Yoruba	12
31/10/2016	Ijede	Mixed	Deep Rural	English/Pidgin	Yoruba	10
03/11/2016	Ungogo	Male	Rural	English	Hausa	11
03/11/2016	Zakirai	Mixed	Deep Rural	English	Hausa	10
04/11/2016	Bompai	Female	Peri-Urban	English	Hausa	10
04/11/2016	Sabongari	Male	Urban	English/Pidgin	Hausa	10
08/11/2016	Nsukka	Mixed	Urban	English	Igbo/Pidgin	12
08/11/2016	Uzo-Uwani	Mixed	Deep Rural	English/Pidgin	Igbo	10
09/11/2016	Awgu	Male	Rural	English	Igbo	10
09/11/2016	Oji-River	Male	Per-Urban	English	Igbo/Pidgin	10

Table 5: Profile of each focus group.

All the participants understood and spoke English so discussions were held in this form with the team providing interpretation as may be required. Furthermore participants contributed freely without any form of self- or group censorship.

At the conclusion of the field exercise, the Researcher and the research team conducted a detailed analysis of the retrieved information to determine the strategic findings relevant to the research objectives.

Figure 1 outlines the research hubs on the map of Nigeria.

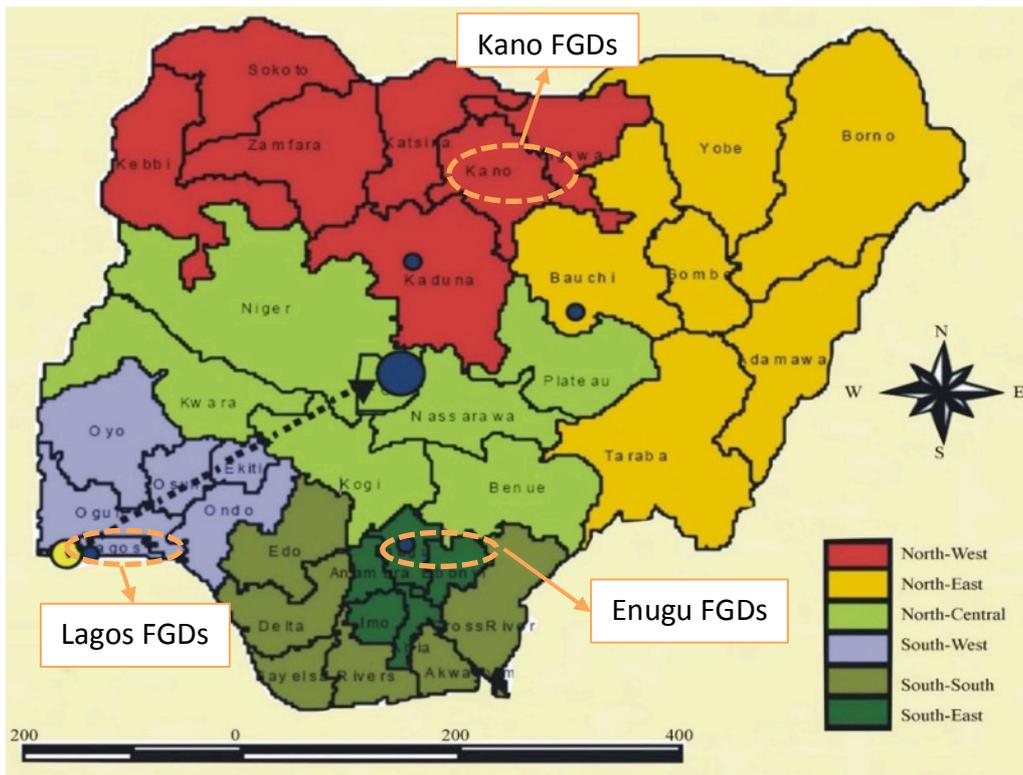


Figure 1: Map of Nigeria showing the 3 research hubs where 12 focus group discussions were conducted.

5. Fieldwork Summary

Participants were quite knowledgeable about the subject matter and are already familiar with cheaper ways of going online through bonus data, service-specific bundles and the pragmatism of turning off data connections when not in use.

In spite of these cost-saving practices, participant awareness of Airtel’s Facebook Flex or Free Basics was generally poor. In many cases discussants showed strong scepticism as to the practicality of this product offering and expressed fears that the MNO will eventually deduct whatever data is used on the zero rated platform out of their ‘hard-earned’ data.

In summary, though this survey is not representative, nevertheless the themes covered and the issues raised during the discussions reflect a high level of participant engagement and knowledge and may be taken as an important guide to developing a nationally representative study in the future. The triangulation of the survey across several socio-economic classes has enriched the understanding of the research objectives in a way that would not have been possible otherwise.

Alimosho is the largest LGA in Lagos, South West Nigeria. The all-female discussion was held in the premises of Methodist Church Cathedral along the popular Ayobo road. The discussion was conducted on Saturday, October 29, 2016, and the group was made up of young school leavers, traders, young adults and individual participants who expressed their opinions freely on the issues discussed.



Fig. 3: Cross-section of participants in Alimosho focus group discussion.

3. Badagry

Badagry is a coastal town on the western portion of Lagos Metropolis, and one of the oldest in the country. The discussion was conducted on Sunday, October 30, 2016 after the team successfully resolved the initial difficulty they had in recruiting participants for this all-male group. Participants consisted of youths and a few older adults. The discussion held at a bar within the town and lasted about 40 minutes.



Fig. 4: Cross-section of participants in Badagry focus group discussion.

4. Ijede

Ijede is a fishing town in Ikorodu LGA north east of Lagos in the South West of the country. The town was classified as Deep Rural and the discussion was held with a mixed group. The discussion was conducted on Monday, October 31, 2016 at the front-yard of a plaza located along the main road leading into the town. Participants were mainly traders and artisans recruited from various shops and workshops around.



Fig. 5: Cross-section of participants in Ijede focus group discussion.

5. Ungogo

Ungogo is a town situated to the north of the city of Kano. The discussion took place in the conference hall in the LGA on Thursday, November 3, 2016. Participants consisted mainly of members of staff of the secretariat and other members of the community.



Fig. 6: Cross-section of participants in Ungogo focus group discussion.

6. Zakirai

The town of Zakirai is the headquarters of Gabasawa LGA in Kano State. The team journeyed to Zakirai from Ungogo in the afternoon of Thursday 3 November, 2016, and met with the District Head who offered to host the discussion in his palace. Participants in this mixed group were from different backgrounds drawn from residents of the town. Due to cultural practices and tradition of that region, male and female were separated from seating together. Male participants were more active than their female counterparts and the FGD lasted about 45 minutes.



Fig. 7: Cross-section of male participants in Zakirai focus group discussion.



Fig. 8: Cross-section of female participants in Zakirai focus group discussion.

7. Bompai

Bompai is a town in Nasarawa LGA within Kano city. Bompai was selected as a replacement for Ungogo which was reclassified as rural instead of semi-urban based on field trip assessments by the research team. This was an all-female group and discussions were held in the premises of the Police Children School located within the town.

The participants were a crop of intelligent and inquisitive ladies drawn from both teaching and non-teaching staff of the school. They were fully engaged throughout the FGD though discussions could not go beyond the 20-minute mark as it was held during the school's break period. However all the questions were well discussed within the short timeframe and the FGD was successful.



Fig. 9: Cross-section of participants in Bompai focus group discussion.

8. Sabongari

Sabongari is a suburb of Kano about 10kilometres from the city centre. The discussion was held at a fan stand at the Kano Pillars Stadium on Friday, November 4, 2016. As it was quite difficult recruiting female participants for what was originally planned as a mixed group, the decision was taken to make this an all-male FGD.

Participants were mainly artisans, students of higher institutions, workers and self-employed individuals. Though steeped in religion and cultural, responses were filled

with a high level of intelligence despite the low education and exposure of many of the discussants. An audio recording was made but participants declined to be photographed.

9. Nsukka

Nsukka is a major town and LGA in Enugu State, South East Nigeria, and is the site of the main campus of the University of Nigeria. The discussion was held at a bar located within a popular plaza in the town so recruitment was done from the surrounding shops and businesses. Participants in this mixed group were mainly trainees, artisans and traders and were well-engaged throughout. The FGD lasted 55 minutes and was a success.



Fig. 10: Cross-section of participants in Nsukka focus group discussion.

10. Uzo-Uwani

Uzo-Uwani is an LGA in Enugu State, South East Nigeria. The LGA was classified deep rural and the plan for this to be a mixed group was achieved. The team arrived Adani, the commercial capital of Uzo-Uwani LGA, late on Tuesday 8 November 2016 and found in Adani a true picture of a deep rural community.

The FGD took place in front of a house along Umulokpa road. Participants were recruited within 50 metre radius of the venue and were mainly youths and a few older adults. The FGD lasted about 35 minutes and was successful.



Fig. 11: Cross-section of participants in Uzo-uwani focus group discussion.

11. Awgu

Awgu is a hilly LGA town with a rugged terrain in Enugu State. It was classified rural by the team and FGD discussions with an all-male group held on Wednesday 9 November, 2016 at a commercial container located in the premises of the Post Office. Participants were recruited from various offices and shops within the neighbourhood and consisted of adults and retirees. Group members were eager to share their opinions in response to questions and the FGD was successfully concluded in about 33 minutes.



Fig. 12: Cross-section of participants in Awgu focus group discussion.

12. Oji River

Oji River is a semi urban town and LGA in Enugu State, South East Nigeria which hosts a small but disused thermal power plant, a national police training academy and one of the oldest leprosy rehabilitation camps in the country.

The all-female FGD was held in the afternoon of Wednesday 9 November at the School of Health Technology. Participants were recruited from both current and past students of the institution and the views and opinions of the members was freely shared. While the group agreed for discussions to be recorded, they did not allow pictures to be taken. The session lasted 35 minutes and was successful.

F. Discussion of Main Findings

This section summarises the key results of the twelve focus group discussions.

1. Motivations for Internet Use

Most participants across all the groups and class or gender divides had about the same motivations for going online. As far as these participants are concerned, the principal drivers of internet usage are: easy access to information, communication, and education. Others are business facilitation and financial transactions, including electronic banking and online shopping.

a. Easy access to information

The internet is being rapidly adopted as a reliable platform for checking news and happenings news about the country or state of residence. The internet serves as a medium for obtaining market access, health information, entertainment news, fashion, and much more.

Many discussants are able to research for information online and are eager to cross-check whatever they come across that is of interest. A female user in the Bompai peri urban group expressed this observation in this way: *“We talk about this google of a thing, you can never be stranded. You use google to get information on anything you want.”*

Sports information, especially live scores is particularly popular among men. A user in Awgu rural focus group said, *“Sometimes, when they are playing football I use the internet to know how the ball is being played, to get vital information.”*

More important to many users is the speed which the internet offers, time-savings and ease of access to what would otherwise have taken many hours to complete. *“When you get to the 9ja bet centre, you’ll see many people there. Likewise, if you want to play 9ja bet, for example, you pick up your phone, if you cannot go to the centre, you go to the internet and book the kind of club you want to book. When you get there (local centre), you just give them your code number and they will print it out for you”.*

b. Enabler of social communications

The internet is seen as a faster, cheaper alternative to old forms of communication which often involves long hours of traveling with attendant risks. It is also becoming an enabling tool for deep social interactions in a way that is difficult to achieve with voice communications. One user said, *“Like in 1992 and 1999 when the internet was not so common in Nigeria many people recorded a lot of accident while they [travelled from] Lagos to Abuja. But right now, through WhatsApp - and WhatsApp does not take much data plan - for me to send you a full message or a short message. So that is why I prefer it right now, and it is an advantage to use it.”*

A female respondent in the Nsukka urban focus group described her experience of social communications in this way:

“Whenever I remember I am no longer on Facebook it pains me a lot because there were two groups that I was among, and every day they discussed issues about youth and marriage. It keeps me busy. Whenever I’m online it seems like I’m in a forum [chat group] where many people will talk, chat and send their messages. I learnt from there very, very well. During that time if I have challenges as a youth then, once I am online I will see those challenges discussed. People in my group will be explaining so many things, and the pastor that formed the forum, Pastor Ikechukwu, will give solutions to them. Now I’m no longer there and it pains me a lot that I’m no longer there.”

Many users in rural communities see the internet as THEIR access to the civilized world and the gateway to the places around the globe where they have friends and family. The dependence on the postal system appears to be waning because when the internet is used for social interactions, it is perceived to be more reliable and therefore trust-worthy.

“In internet, everything is easy. You know, initially, before you used to write letters. Before they will post it, that letter will spend 20 years before it gets to the person! But (with the) internet in no time, within 2-5 seconds, the person has gotten the message to him.”

“As in sending messages, I know that once it has been written ‘Message Sent’, and I check my sent items, once the [message] is there, then I know I have confidence on the message I have sent that you have received it”.

c. Education

The internet is seen as a useful platform for acquiring education, new skills and professional development. According to a participant. *“If not formal, at least it’s better than nothing.”* In urban and peri-urban areas, participants showed good interest in gaining professional/business and social media skills respectively. These include using the internet to learn CorelDraw for graphic designs, Microsoft Word, website creation & hosting as well as the use of Snapchat and Instagram. However, the participants in rural and deep rural areas of Lagos did not have clear indication of interest in gaining skills to use the internet.

d. Business facilitation

Many users use the internet to extend their business linkages and prospects. Business activities listed by participants include construction, agriculture, trading, fashion, and writing, among others. One discussant in the Enugu urban group said, *“I started using the internet three years ago and using it is very essential to me, because when I get online I can market my products”.*

A rural respondent in Lagos said, MR: *“Concerning that sir, some people believe that so far you enter the internet, you’re looking for boyfriend or girlfriend. But as for me sir, I’m a builder. When I want to enter the internet, I’m using internet for my work. If I want to get any job, the site that I have never seen or anything that I don’t even see in my work, like the sand, I will record the sand, when I get back to the site, I have a lot of people that are wiser than me, I will take it to them. This is what I saw on the internet.”*

e. Financial transactions

Many participants across all income groups say they use the internet for financial transactions and profess their satisfaction with the ease they find with this activity. One user in Awgu said, *“I use mobile banking. If I want to pay now, I can do it now even to recharge my phone. I don’t normally buy air time [in any other way], I buy from my account.”*

Financial transactions done online by participants include ecommerce, electronic banking, and wire transfer, among others. One male participant illustrated his experience with funds transfer in this way:

“Now I used to stay in my house and do it whether in the midnight or anytime of the day. It’s even better in the night to transfer fund from your account to somebody else’s. I no longer go to Enugu and take the risk of travelling. Going to Enugu I’ll be paying more. From here to Enugu going and coming back will take me ₦500 (\$1.58) straight. But I will stay here, do the transaction and pay only ₦105 (\$0.33).”

f. Cost-savings

Another motivation for the use of internet mentioned by some participants are the cost-saving benefits they derive when they go online. For instance, many participants say they make internet calls using WhatsApp on many occasions instead of using their airtime. One participant said *“What motivates me a lot is that it saves my airtime, whenever I don’t have airtime on my sim card and I have data, I can use it to make calls.”* Another user said, *“I will enter into my WhatsApp or Facebook, I will check whether the person is online or not. If the person is not online, I will call him and tell him to enter online then we can chat.”*

A lady in Nsukka shared her view on this, *“I [have] switch to WhatsApp because my phone is spoilt, that’s why I am no longer on Facebook. So when I got this new phone I started to be in WhatsApp alone. WhatsApp has helped me also. Sometimes, when I don’t have airtime to make calls, I do go online. For one month I’ll have data to use it.”*

By using their phones in this way the airtime of many users is conserved and lasts longer. This cost-saving method is cited by many users, whether they are on a daily, weekly or monthly bundle.

2. Top Websites and Common Content

a. Top websites

Google and Facebook are the top sites that clearly stand out with majority of participants as primary places they visit online. According to a participant in deep rural Lagos, *“Google is the most important website on the internet”*. WhatsApp followed as the top mobile app used by most participants who are online.

However majority of users could not on their own list up to five sites they visit regularly when asked. Nevertheless the range of sites mentioned reflect their growing knowledge and extensive use of the internet. In Lagos, Yahoo, Twitter, Instagram, Naijapals, Naij.com, BBM, Fashion styles and Linda Ikeji, Eskimi, 9ja bets and 2go were choice sites. Live scores, Man U News, Euro News, BBC Hausa, Sahara Reporters and e-commerce sites like Amazon, eBay, Ali Express, Jiji, Jumia and Konga were popular among Kano participants. Enugu participants listed sites such as 2go, Wikipedia, Naija.com and BBM among others.

Many participants use these sites to access news and sports content, share files, photos and videos with friends, chat, research, and check for fashion information. Websites are accessed via common browsers including Google Chrome, Opera Mini, UC Browser and Mozilla Firefox, among others.

News, sports, and betting were mainly accessed by males while females tend to tilt more towards fashion, style and online shopping. Online shopping is being embraced and is also becoming a common activity.

b. Diversity of content

While most of the participants visited Google and Facebook often yet there was diversity in content and time spent by participants. First is the diversity based on geo-political region. Lagos participants showed the richest mix of use of sites and access to contents such as information, research, business, fashion, news, betting, chatting, news updates etc., while health, online shopping, chatting, news and sport were more common in Kano. Enugu participants accessed mainly news and chat services.

Secondly, urban locations reflected a greater diversity than rural which tended to be narrower in the range of content accessed. Then, male participants across the research hubs showed more interest and spent more time on news, particularly in local language news and sports while women tend to focus more on entertainment news, fashion and shopping.

c. Discovery of new content

Participants across the three research hubs often depend on news pop-ups and alerts from Google and Facebook as well as information shared by friends they chat with. *“I think that’s done via Google. They have the news there, both the entertainment news*

and what's happening in our country," said a participant. Other relied on news apps such as Channels TV Mobile for new content.

d. Time spent online

The discussions were not conclusive as to how long users spent online. Yet the observed trend was that: (a) users who reside in urban and semi-urban locations, and (b) those who use the internet for business or educational purposes tend to spend more time online than those who reside in rural areas and those who have non-financial reasons for being on the internet.

Discussants who engaged in deep social communication appear to spare no cost so as to spend time doing so regardless of where they reside, gender or their socio-economic class. Many participants who use WhatsApp intensively tend to stay connected so as to be able to respond to messages as they are received. Consider a deep rural participant in the Enugu hub who said *"I almost spend all my day o!"*

It would seem that the range of time spent online increases with personal liquidity and in the presence of business pursuits, career incentives or deep social communication.

3. Use of Subsidized Data Services

With near unanimity, participants across all the research hubs have little or no awareness of zero-rated services and are generally doubtful of any subsidized product offerings. In Lagos, only few participants have heard of the service. One participant in the deep rural area said, *"I used it very briefly... on Airtel Network...the network didn't promote it that much probably because of the profit factor behind it... It was not as full [as] paid internet. But it was okay to an extent...I couldn't go deep with it."* Also only one participant in the Enugu discussions claimed awareness, *"Yes, I have heard it before [through an] advertisement."*

One reason why discussants were quite sceptical about any subsidized service is because there is a general belief that MNOs surreptitiously charge them some hidden tariff, and whatever airtime is there on the phone will be eventually deducted by the operator if one subscribes to such a service. *"Are you sure that whenever you load they won't deduct your money?"* Another said *"Are you sure they will not take the money back later whenever you load or recharge, are you sure they are not going to remove it?"* Even when assured by the moderator, doubts about the genuineness of the subsidized service still persist.

"Moderator: It's a free service so they will not remove any money."

"Male Respondent: I got the message, it's on my phone but why I do not try it is that at times they [MNOs] use to come in a cunning way."

Due to these reservations, only a few discussants showed any form of interest in a subsidized data arrangement as expressed by this participant in Kano, *"It's not*

possible. We want it that way if that is the case.” Most participants in this study appear comfortable with the basic access they already have, and majority of non-users say their understanding of internet use will not be restricted to subsidized services if and when they do come online.

To summarize, the fact that participants in the focus group are not limited in their use of the internet and in their eagerness to purchase data bundles may suggest that any zero-rated offering may prove difficult to “sell” to consumers, especially if the widespread belief grows that it is a poorer (or poor man’s) form of internet use.

a. Brief Overview of Airtel Nigeria’s Zero Rating Service

Airtel Nigeria’s zero-rating service tagged Airtel Free Basics was launched on Tuesday May 10, 2016. Designed exclusively for the network’s subscribers, the service gives users free access to information about health, education, jobs, communication and local content service for no cost and without any credit or data on their mobile devices.

4. Targeted at non-users, Free Basics aims to bring more mobile phone owners online through access to a text only version of Facebook and 29 other sites, including Nairaland, Jobberman, OLX, Pass.ng, Guardian, Goal.com, BBC, Bing, among others. Users who want to view non-text content are however directed to pay for full access on a per kilobyte basis as data rates will apply.

The Facebook only variant of this service is tagged Facebook Zero which has a different start page (<http://o.facebook.com/>) compared to www.freebasic.com; or Facebook Flex which leads to the same page through the *141# code. For the moment, Airtel is the only network in Nigeria offering this service.



y all the internet users that participated in this study rely exclusively on mobile data. Their choice of mobile data, as expressed by one, is that *“the mobile phone is easier, and the charges are better than that of the computer. It’s easier and faster”*. Only a handful used modems supplied by internet service providers and these were in the Lagos urban group where one participant said. *“I use my SWIFT as well”*. For some, mobile data comes through modems sold by MNOs, *“I have a modem I use as a mathematician, and it is Etisalat”*.

Across the three research hubs of Lagos, Kano, and Enugu, ISPs (who are not mobile network operators) can only be found in Lagos with SWIFT, Spectranet and Smile. None of these private operators are primary providers of data for internet users who participated in this survey.

5. Operator Preferences

Participants showed divergent views about which mobile operator they preferred for mobile data. The choice of mobile data operator appears to depend on general assessments made by end-users regarding the operator’s: (a) signal strength within the place of use whether work or home; (b) data speeds and consistency; (c) overall network quality; and, finally, service offerings especially the pricing of bundles and promos. There may also be peer influences on which operator to switch to.

For many participants, brand loyalty is dependent on service quality so there is a high rate of churn involving the use of new lines, multiple SIMs or simultaneous data subscriptions to more than one network. One participant in Ijede claimed to have nine SIM cards!

“Presently, I have 9 SIMs. Of all the networks, all of them are good. My only problem, is the devices. Thank God, we have androids that use 2 SIMs. If I have more androids, I’ll use all the SIMs, they are all good.”

In Lagos, Airtel is regarded as a quality service provider by participants in the urban group in Yaba followed by Etisalat. MTN and Glo were perceived as poor internet service providers. *“I’ve been using Glo before but their services...when it rains I notice their service is very slow. Sometimes it would not go at all.”* On the other hand, Etisalat seemed to be the preferred network among participants in peri-urban, rural and deep rural areas of the state. One participant puts it this way, *“I’ll say Etisalat, because Etisalat is faster. So it gets you there, when you need to get there...and when it [comes] to critical jobs”*.

Participants in Kano and Enugu chose MTN and Airtel owing to their reach and coverage. A participant in the urban group in Enugu said *“Since I have been using (Airtel), it doesn’t delay in anything and their network is very good for browsing especially”*. However in the deep rural area of Kano, Zakeria, there was no Airtel coverage. According to a participant, *“I normally use Airtel but at times it will disappoint so I will switch over to MTN”*. Another said, *“I do like using MTN network*

but here we do witness fluctuations...so we can't browse with MTN. But when it comes to browsing and subscription, I use Etisalat."

For a few participants, both in rural and urban areas, their loyalty to the network that has been providing voice services to them is the starting point for internet services and remains so until network quality deteriorates for data or voice (in that order).

6. Mobile Bundle Preferences

Across the various research hubs, only few participants could name the specific data bundles and promotions they were subscribed to. This is partly because the range and variety of data plans is so large that it is difficult for consumers to keep up. Some of the bundles mentioned include:

- Easy flex (Etisalat),
- Easy blaze (Etisalat),
- Better Talk (MTN),
- Pulse (MTN), and
- True talk (MTN).

Heavy users, particularly those in urban or peri-urban areas (higher income classes), are often subscribed to data bundles that offer ₦1000 for 1.5GB on Airtel, Glo and MTN. Many rural and deep rural users (or those who appear to be of lower income groups) tend to go for low-cost bundles and airtime recharge cards that come with bonus data such as MTN's offering of 10MB bonus for seven days on a recharge of ₦100, Etisalat's bonus data of 150MB for a recharge of ₦200 and ₦300, and Airtel's bonus 50MB on ₦500 recharge, among several others.

The preference for different mobile internet packages by participants was largely determined by a few factors and is not differentiated by gender or income group. Firstly, the volume of data offered by the mobile operator appears to be a major influence on mobile bundle preference. *"Airtel does give extra. In fact I was not concentrating on it until a particular time...so I tried to access it...lo and behold..I had a point of about 600 enough for me to have my 1month data plan that I probably pay 2000naira for."* Another said, *"I prefer Airtel..Like now, if you load a card of 1000naira they give 1.5GB and I have an extra...they still give me like 160MB."*

Personal liquidity is another major factor mentioned by participants as influencing their choice of which mobile bundle to patronize. *"For me I can use Etisalat. I normally subscribe depending on the money I have, sometimes I subscribe [for] a week"*, said another participant. This factor is more pronounced in rural and deep rural areas where it is more about the availability of funds than the volume of data available, although there were a few exceptions among participants. This contrasted with the views of urban and peri-urban participants who had interest in more data.

Turning to a subsidized service as an option for going online when there is no data was not mentioned by any discussant. By implication, participants in this study do not

rely on subsidized services for online activity. Rather it is either they have funds for full data access or they simply buy data specific for the content or services they seek on the internet.

7. Amount Spent on Data

FGD participants spend various amounts on data depending what they want to achieve online and availability of funds. Generally participants were observed to spend as low as ₦25 (\$0.07) per week on and up to ₦3000 (\$9.52) per month on data.

Urban participants across all the research hubs tend to between ₦1000 (\$3.17) to ₦3000 (\$9.52) on monthly data subscriptions for full data access. However a few of these users rely on social chat bundles which go for ₦25 (\$0.07) per week and ₦60 (\$0.19) per month on many networks. Some use WhatsApp data plans which go for ₦200 (\$0.63) per month on average.

Participants in semi-urban locations typically spend as high as ₦1000 (\$3.17) on a month's data access while some spend as low as ₦25 (\$0.07) per day or ₦100 (\$0.32) per week. In rural and deep rural areas, participants have a similar spend range on monthly subscriptions (₦20 to ₦50 per day), with the exception of a heavy internet user in the deep rural area of Lagos who claims to spend as high as ₦4500 (\$14.28) in a month to access graphics online.

8. Impact of Bonus Data on Internet Use

Many discussants across all divides have adopted the system of data bonus given by MNOs when airtime is purchased. A case in point is one who said *“when I recharge like ₦400 they will give me 20MB, at times 100MB...when I recharge ₦100 from MTN, they give me 10MB for three days. When it finishes I will now recharge ₦100”*. Another said *“the recharge I make is 10MB so I don't subscribe for data.”*

However bonus data is not the primary motivation for internet use for a couple of reasons. One, very few users rely on bonus data as the primary (or only) means of connecting to the internet. *“You buy data for you to access the internet not because of the bonus that you're getting from the network providers. For you to follow up with, ehm, you know as they say we're in a digital world. So for you to follow up with happenings, you must buy data.”*

Secondly, many users believe that data rates applied to bonus data by MNOs runs faster than rates applied to standard bundles. *“That's what I'm saying that to compare the bonus they used to give if you recharge with the one that you buy, the one you buy is better. Because it does not last and not everything you want from the internet is given to you (when you're only using bonus data).”*

Nevertheless bonus data is generally regarded by most participants as a good incentive for online activity and many users take advantage of opportunities offered by this recharge system.

9. Willingness to Pay for Online Content

Most users are willing to pay for online content as long as this is considered relevant and affordable. This view cuts across both sexes as well as income groups. A participant in deep rural Uzo-uwani said *“I can pay for it. Like it depends on...okay. I came across a particular content, as I told you before, I have a passion for blogging. Like you can pay so so and so amount to have the skill that will enhance and teach you on how to blog. Seriously, if I come across it and I’m being asked to pay certain amount that I can afford, I can pay for it.”*

A female respondent in Nsukka said, *“When I was on Facebook, there is designer dresses and sometimes they say you should subscribe to see more fashion but they will tell you that it will take your money. But I do subscribe. I love it. I love fashion and designing. Whenever I see all these wedding gowns, shoes, I do subscribe so that I will know more about it, not only the one that is just posted for me to see, they will ask me to subscribe at the end of the message. I do it because I want to know more about that thing.”*

10. Use of Public Data and Wi-Fi

Generally, most participants in the various research hubs do not use Wi-Fi, except (a) for a short time upon discovery of an unsecured network, (b) those who school, work or frequently visit educational institutions, and (c) as a means of sharing data connections through mobile hotspots. For instance, a participant said, *“Most cases where they don’t lock it, that’s where we use it.”* Another participant more specifically described stumbling on a free Wi-Fi link at a shopping mall in Lagos, *“Most times, when you open your phone you will just see the Wi-Fi. You don’t see it all the time.”*

Furthermore, participants are generally aware that there are no public Wi-Fi networks in the country and are quite quick to point this out when asked. *“In Nigeria, we don’t have public data, nothing like public data. So write it off. Whatever wireless to use, it is for yourself. Buy data, and that wireless you are using is 3G, worst! 2G, worst! Worst!! GPRS, worst! Worst!!! Worst!!! 1X.”*

However, some mistake open private networks for public Wi-Fi as this female discussant in Bompai: *“Like when I went with my uncle to Aminu Kano (International Airport), I just a saw the Wi-Fi and I was using and using it!”* Discussants could not describe specific activities they consciously did because they are now on an open private Wi-Fi network.

11. Reasons Why Some Participants Do Not Use the Internet

Participants who do not presently use the internet can be found in every group and offer a number of reasons why they are not presently online. These reasons include the following:

a. Cost of smartphones

Non-users list the inability to afford internet-enabled devices particularly phones as the most frequent reason why some participants (both male and female) are not online. *“Majority of us are not capable of browsing the internet, because we cannot afford the phones that can browse the internet.”* This reason is more common in rural and deep rural areas than in urban or semi-urban locations.

Most groups call an internet-capable phone a ‘big phone’! Many non-users make statements like *“I don’t have big phone to be browsing”* across all the groups. In some cases, some users are no longer online because the smartphone they were using got spoilt and they have dropped down to using feature phones.

With regards to purchasing a phone because it came with good data, many participants are aware of such network offers but only few have ever bought a phone in this way. A participant said she got free 500MB on purchase of a Techno C3, while another said *“I bought it and they gave me 1 year free data”*. Others got free airtime when they bought a phone direct from the network. In Enugu, a participant said *“I bought my Samsung Galaxy from Etisalat. They gave me a free line and, immediately I registered the line, they gave me ₦500 airtime”*.

However, some participants that purchased devices on the offer of a data package consider these sort of promotions as dubious owing to their experience of not getting the promise of the offer in the way they had assumed, except after some conditions which were not initially raised with the prospective buyer are followed. *“I bought a tab...but Airtel did not offer me free data”*. Another said, *“MTN does that [the promo] but it’s a lie. You’ll buy a ₦50,000 phone and they will tell you, you’re going to get 100MB free, it’s a lie. You will have to recharge it before you can get the data.”*

The phone market in Nigeria is controlled by third party retailers and there is a thriving market for used devices. Network-promoted phone sales is therefore not as strong in the country. A quick market check by the research team at the country’s top retailers show that the cheapest smartphones can be bought for as low as ₦6000 (\$20) for devices that do not support WhatsApp, and ₦16000 (\$50) for those that do. Used smartphones go for about half the price of new ones.

b. Negative perceptions of online content

A number of participants perceive the internet as a source of false news and that going online creates a bad influence on people. They also complain that it has become a way through which pornography spreads and the means by which fraud and scams are perpetuated.

“Some people don’t like going to internet because of certain things they do there.”

“I’m not using it because this social media, I believe we learn some bad things from it.”

“The social network...some stories they normally tell about internet can scare some people not to use it.”

A male respondent in Zakeria described his experience:

“Like google now, there is fake information because I experienced it one time. About Boko haram, they said they caught one wanted person recently, they said they caught him, Kabiru Sokoto, I browsed it. I saw it. I read it and I even told my friends, while it is not true. That thing really pained me, I say why?”

In addition, many non-users see the internet as a distraction to their daily lives. A male discussant in Uzo Uwani deep rural focus group said, *“Some of them are like, let me say, abstaining from such things [the internet]. Like the lady we just heard from, she doesn't want the disturbance in the sense that if she's on WhatsApp, there are certain messages she would be receiving which she does not want. That's one area... and to help her concentrate on whatever thing she's doing. When you're using the internet, you have a divided time. So she doesn't want to have such distraction. To her it's a distraction.”*

Negative perceptions of the internet is a strong reason why non-users in this set of focus group discussions are not online. This reason is more frequently cited by women than men and appears difficult to overcome.

c. Lack of awareness of the benefits

Among participants generally, there is good awareness about what the internet is and many non-users are familiar with the most common sites and apps, including Facebook, WhatsApp, Snapchat, and Instagram. However, some said they had no interest, while others cited a lack of time, although they did not sound convincing in the light of the many benefits of being online. Many of these non-users would need strong persuasion as to the benefits of going online.

d. Level of literacy

In rural and deep rural areas, the lack of basic education was mentioned as a barrier to the use of the internet, in addition to affordability of internet enabled phones. It was captured by a participant in this way, *“some people cannot write...they cannot type on phones.”* A male discussant in deep rural Zakeria shared his thoughts on this:

“You can see many people, illiterate ones, that use smart phones, but they don’t even know where to touch and get the internet. They only receive and make calls, just to receive it as fashion.”

e. Inability to support data subscriptions

While most participants, users and non-users alike, say the cost of data is affordable, however few participants in rural and deep rural areas raised their inability to afford the cost of supporting data subscriptions as the main reason why they are not yet online. *“For me, inability to afford the money for subscription...since last three months, I have not been subscribing”*.

Some feel that data bundles are priced higher than other countries. *“Well, to be honest with you, for Nigerian currency rate, compared to the international standard, data here is very expensive.”* More categorically, a participant from Enugu rural area said, *“It’s very expensive, we need Airtel to make reductions, not only Airtel, MTN and other service providers too...Airtel is trying but MTN is a bit expensive.”*

f. Absence of Digital Skills

Many non-users claim that they do not know how to go online or what to do if they do go online. One female non-user in Orji River peri-urban group said, *“Apart from loading money, I told you I need more exposure on internet. I need somebody to put me through on the internet to know what to do. I need more knowledge to know what to do.”* But, in varying degrees of reluctance, they say they would be ready to learn in order to overcome the digital divide.

12. Personal safety and privacy concerns

Generally, participants showed they were aware that their activities on the internet were not completely private and take measures to keep safe whenever they are online. In Enugu, a participant said *“When I’m on Facebook, I’m always careful because it’s worldwide.”* They are not oblivious of the security and privacy features of many websites and service providers, however, they generally exercise some caution with respect to the specific sites they go to and the extent of their online activities.

Facebook is generally believed to be more open to hacking and spamming than WhatsApp. One Lagos participant said, *“Facebook is a public social media, its either you allow only your friends to view it or you just open it to everyone...But I still*

prefer WhatsApp...is just you and the person you're chatting with, no third party can view your chats."

A member of the Nsukka urban group made this remark:

"When I was on Facebook, I'm always careful because it's worldwide, so you will chat with many people you don't know. Sometimes when I post my pictures someone will send a text message that I should be careful because of security purposes. Sometimes I will even remove some of my pictures and I will not post so many pictures there. Even messages, you just need to be careful posting messages. But on WhatsApp, I relax my mind because it is only people I have contact with that I can chat with. Nobody can just come up and chat with me on WhatsApp without having my contact. I'm not scared when I'm on WhatsApp because I know the people I'm chatting with are my friends."

These fears also govern financial transactions that are conducted online especially as it relates to phishing and suspicious web requests.

"When I access the internet for my own banking transaction, I normally come across some pages that will lead me to my account. They will be asking me to put my password, and username, but that place is suspicious already. I couldn't feel free to use it, this is my first fear."

"You know, you know how our country is now, everybody's eyes is widely opened. I don't want anything to tamper with my, the little I have anyway."

Clearly the fear of dubious online activities limits the desire and interest of many users from initiating financial transactions and participating in ecommerce. It also aggravates the disinterestedness of non-users as well. *"Yes, you can pay. But the issue is that fear, like you said, if that item or whatever is interesting to you, you can buy it but the fear of putting your card number on the internet would prevent you. It's what would prevent you from buying it. But if you're interested, you can buy. Why not? You can buy. Like me..."*

Nonetheless, there are still a few who believe there is safety, security and privacy concerns should not restrict one's ability to use the internet.

"I don't think I have fear whenever I want to browse because, for example, all these business men they do take risk before they make money, you understand. (General laughter). Anything there you want to do I don't think you should have fear, just focus on it. The only thing that gives me fear is you can get somebody's phone number there. Some people you don't want can get your phone number there. That's the only thing for me."

"I think we should be educated on that, we have to have a public profile. You can't put your personal life on the street, and expect to be safe. As holy as I am, I will take advantage of you, because you are on the street..."

G. Conclusion

The conclusion to be made from this market study is that due to the relatively newness of subsidized data service in Nigeria and the resulting low levels of awareness of the Airtel's zero rated offerings, participants in this study do not rely on subsidized services for online activity. Instead they depend on using own funds to either purchase full data access if they can afford it. Where they cannot, they will simply buy service-specific bundles for the content they seek and to support the activities they engage in on the internet.

With the cheapest bundles being sold by mobile operators for as low as 7 US cents, most participants are able to afford the cost of getting connected, even if it is only in a limited sense at first. They also demonstrate a willingness to pay for online content and some are already quite active in this regard. However, though the price of brand new smartphones keeps declining every year and can be bought at the major retailers for as low as \$20, and used phones can be purchased for half this amount, many non-users that participated in this survey – especially those in rural and deep rural areas - consider this relatively low figures as unaffordable. This represent a significant barrier of entry that needs to be surmounted if segments of the population in lower income classes will be brought online.

While subsidised data may not solve this problem, new policies will need to be developed that will lead to device prices being further reduced or non-users being incentivised through some creative mechanism that can enable them to become internet active.

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