

Can CellBazaar Survive without an Urban Market—and Fulfill Its Development Potential?

Innovations Case Discussion:
CellBazaar

In the spring of 2007, I had the pleasure of meeting Kamal Quadir, the impressive founder of CellBazaar. Mr. Quadir was helping me balance a plate of snacks and soda with one hand and then, at my request, used his other to command the screen of his cell phone to shine the interface of CellBazaar: indeed, CellBazaar was and is his market-in-a-pocket.

His story, and that of his co-author Naeem Mohaiemen, is one of innovation, synthesis, an ability to mobilize critical technical, commercial, and government contacts, and sheer persistence. It is also part manifesto and part mystery, each considered later. First, let us review CellBazaar's accomplishments.

From a business perspective, much has happened. The leaders of CellBazaar locked in the infrastructure of the telecommunications giant, GrameenPhone, with a three-year exclusive contract, and reconciled multiple platforms, technologies, and user needs in order to forge a market of 1.5 million customers (one percent of the entire population of Bangladesh). They overcame administrative red tape blocking important legal status and protections (FDI) and intellectual property rights. And, they mobilized the voluntary talent and zeal of many foreign experts who helped to develop CellBazaar's product offering and sales approach.

This array of results is inspiring, and it illustrates the design process of a brand new solution for users in a market once defined exclusively by expensive go-betweens.

The CellBazaar story offers a good reason for tying rural producers to both rural and urban markets. First, there is demand in the countryside to get a better deal. Farmers, local retailers, and factory workers all labor to find ways to spend less and earn more. A lack of information stands in their way. The middleman with slightly better information than his peers has become the chokepoint in the pas-

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sage of rural goods and services to higher-paying markets or cheaper sources of supply.

CellBazaar's promise is to link rural producers and consumers into a self-amplifying economic system. As CellBazaar adds a user who lists a product, such as a harvest of rice, or adds a user who shops for the best price; the market broadens and becomes ever more attractive to each new user. More information enters the circuitry and searching costs drop. Benefits hit the pocketbook of the farmer or the laborer, the rickshaw driver or the midwife. Appreciation and loyalty follow—loyalty being the commercial rationale for CellBazaar's initial focus on rural populations. CellBazaar, then, is a great leveler of rural commerce.

This story also includes lessons for development aid practitioners. First, management quickly shifted its focus on market planning to street marketing and struck a balance between staff who could manage deskwork and staff who could sell. Big NGOs would do well to convert their focus on planning and paperwork to street-savvy practices. Second, management succeeded in reducing educational booklets of 12 pages to one page. When we see the shelves of well-intended NGOs stacked with manuals or see villages papered in flip charts, we might draw inspiration from CellBazaar. Third, CellBazaar "went local" in its marketing efforts and user interface design. Using research and local expertise, it paid attention to language and nuanced cultural behaviors—virtues widely preached but underpracticed in development assistance.

That is the development story. And there is much promise in its pages. An impact assessment in a year's time would help shed light on which parts of this story hold to their promise and might even be worth subsidizing. Have households broadened their networks, earned more money, saved more money, made profitable exchanges? Which households are benefitting the most? Are trickle-down benefits accruing to the very poor, who might be willing to pay a CellBazaar customer for the temporary use of his service?

As a business story, the manifesto of CellBazaar hints at a mystery.

The company proposes a bold strategy to bypass the rural middleman who blocks the farmer from a good customer. It then proposes an even bolder strategy to educate the farmer on how to optimize the use of this new bypass. Once the farmer learns to access CellBazaar, he has the ability to find customers and suppliers for better prices or cheaper purchases. He also gains the wherewithal to use other features and applications of mobile phones as they become available. Rural customers of CellBazaar, we are told, are glad of the service, becoming loyal in a way city-folk presumably do not. This is the financial potential of CellBazaar to its founders and funders: the loyalty of rural consumers, themselves producers and shoppers, will keep CellBazaar competitive and profitable.

Now the mystery. Why would CellBazaar, at its tender age, pursue an urban clientele? The mission, advertising, and culturally appropriate interfaces have been calibrated to the preferences of a rural market, presumably at great expense and investment. But, we do not know that much about the people who make up the market or whether they can generate enough user fees to keep CellBazaar viable.

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One clue to this mystery might be that doing business with urban populations is far cheaper and therefore more profitable than doing business with rural populations. CellBazaar may not be financially viable with an urban core missing from its model. If its commercial network is ever to become truly robust, the company must include many markets: urban and international (such as West Bengal), loyal and fickle, wealthy and poor, farmer and middleman. It might even include more product extensions, such as shopping with a prepaid cash card or other kinds of mobile payment services. While CellBazaar works to keep its offering simple—less is more—it would appear that when it comes to marketing, more markets are better, especially urban ones. That CellBazaar has grasped its need to extend services to city folk is one more sign of the creativity and flexibility of its leadership team.