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International Trade and Human Development

IMPORTED MASS-MEDIA & COMMUNICATION SERVICES AND PRODUCTS IN LAO PDR

Social and
Economic Impacts



Oliver Schoenweger

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1. Introduction

“With globalization and the introduction of a market economy, profound changes are taking place in Lao society. The transformation is not confined to quantitative economic data, which have hitherto been the prime object of research on the Lao economy; it also affects social structures and cultures”¹

After several decades of relative political and economic isolation, Lao PDR is experiencing a period of rapid change as the country becomes increasingly integrated into the regional and world economy.

With the relaxation of border controls, international trade and tourism is growing rapidly. All kinds of imported consumer products are now available in local markets, especially in urban areas and border towns but also – to a lesser extent – in rural areas.

Besides that the levels of durable goods ownership in Lao PDR are still very low, there were substantial increases in durable goods ownership between 1997/98 to 2002/3. Household ownership increased from 31% to 41% for televisions; from 15% to 22% for motorcycles; and from 12% to 22% for fridges. At the same time, ownership of radios and bicycles went down. This should not be viewed as a sign of impoverishment. Rather, with higher income household substitute radios with televisions, and replace bicycles with motorcycles². There are no newer data available but it seems obvious that this trend was not changing and has been perhaps even more dramatically from 2003 to 2005.

Electronic consumer goods are a particularly visible class of imports: the numbers of CD/VCD/DVD players, televisions and mobile phones for sale in market towns in particularly arresting given the overall low level of national development.

On the back of imported electronic consumer goods comes another type of import: music from other countries in the region and from further a-field, films from America, China and Thailand; soap operas and game shows from Thailand; Premier League football matches and WWF wrestling. Singers, actors and footballers have become household names: the cult of the celebrity has arrived. These imports, which might be termed mass-media imports, may cost little (in the case of CDs and DVDs, which are pirated) or nothing (in the case of foreign TV programming, which is transmitted freely into Lao territory), but they are nonetheless significant.

Mass-media imports have economic and social impacts, both positive and negative. Films and TV, for example, fuel demand for the latest fashion in Bangkok, Beijing and New York. This is good business for the numerous small clothes shops that have sprung up in recent years. But it also brings teenagers into conflict with their parents. Or, to take another example, TV programming beamed in from neighbouring countries provides information and entertainment to the Lao people at no cost to the Lao treasury or the Lao tax payer. But the popularity of foreign broadcast TV reduces the audience for Lao’s own network and so limits its ability to raise revenue from

¹ Rehbein 2005, p.23

² Richter & Van der Weide & Souksavath 2005, p.26-32

advertising. Moreover, the wealthy lifestyles and promiscuous behavior depicted on foreign broadcast TV is far removed from normal life in Laos and there are widespread concerns about the impact this is having, particularly on the younger generation.

Mass-communication products and services, principally mobile phones and the internet, is another category of recent imports that has important social and economic dimensions. In the past five years, mobile phone ownership has sky-rocketed, driven by rapidly expanding network coverage and the availability of ever cheaper handsets. Over the same period of time, internet access has also grown rapidly, at least in urban areas, with internet cafes springing up on every corner.

Those segments of the Lao population with access to these forms of mass-communication now, as never before, have the potential to access a huge wealth of information and the ability to communicate information over long distances. This presents huge opportunities. In the personal sphere, knowledge can enrich life and improve quality of life. Knowledge can also assist business development and thereby help wealth creation. The ability to communicate with friends and family, near and far, also has positive value. And in the economic realm, communication facilitates trade and business.

However, increased access to information and mass-communication may also have negative impacts. Not all material on the Internet is educational and some, such as pornography, is harmful. Similarly, mobile phones can be used to facilitate organized crime networks just as they help to strengthen friendships and social networks.

Of all the globalizing forces currently bombarding Laos, for the average Lao citizen it is access to mass-media and mass-communication products and services more than any thing else that has thrust them into the globalised world we live in today.

And while these products and services undoubtedly bring many opportunities, they also confront the Lao people with social values and behavior patterns that are in direct contrast to Lao culture, especially for rural people and ethnic minorities.³

This background paper will take a closer look at the impact of imported mass-media and communication services and products in Lao PDR, with a focus on the social and economic impacts of the following key imports: mobile phones, TV's, DVD/VCD players and the Internet.

³ Rattavong 1995, p.269

1.2 Methodology, Sample and limitations

For our case study we conducted semi-structured interviews collecting mainly qualitative but also quantitative data.

The researchers interviewed 145 people in two urban centers (Vientiane and Pakse), two periurban villages (Ban Kheun and Thalat, both in Vientiane Province) and four rural villages (all in Champasack, near the border to Thailand).

Case study site	Sample size
Urban	36
Peri-urban	60
Rural	49
<i>Total</i>	<i>145</i>

The case study data must be considered in light of the following limitations:

- There is an imbalance in the sample sizes at each site. This was due to time constraints which meant that after traveling to rural sites there was insufficient time to conduct as many interviews as planned.
- Many of the urban interviews were with college students. This adds a bias to the findings on, for example, internet usage.
- Respondents were almost entirely Lao Loum.
- Rural areas were close to the Thai border, meaning they were not particularly remote.
- Students showed a tendency to give 'the right answers' (e.g. under-reporting the number of hours of TV viewing).

2. Mobile phones

International Visitors to Vientiane are astonished to see how many Lao (of all ages) are using mobile phones. Mobile phones, at least in urban centers, are not only a tool for communication but have also become fashion accessories and status symbols. It gives a growing middle class a sense of rising consumerism and economic well-being.

The first mobile phone service was launched in 1995 by Lao-Telecom, at the time the sole telecoms service provider in the country. Subsequently, the telecoms market was opened up to competition, and the mobile phone network followed in 2003. There are now four service providers (Lao-Telecom, ETL, Tango and Star Asia) and one more on its way (Sky-Phone).

Competition has given an immense boost to the mobile phone market. Over the past few years the prices for mobile phone handsets has dropped dramatically. Today, basic mobile phone handsets are available for as little as 2,500 Baht. At the other end of the spectrum, the latest Nokia retails at 30,000 Baht. The price of SIM cards has also dropped to \$5 from 25\$ only 2 years ago. Lower denomination credit top-up cards have been introduced to appeal to the youth market.

Shops selling mobile phones and accessories are ubiquitous throughout the capital and major cities, and have also opened in rural areas. In the last 6 months the first large mobile phone sales and service centers have opened in the capital city, Vientiane (the I-Mobile Centre, IT-Zone and the Nokia Center).

Consequently, the numbers of mobile phone users has exploded. In the two year period from 2003-2005, the number of subscribers has increased sevenfold. By March 2005 there were more than 350,000 mobile subscribers nationwide. The number of subscribers is now growing at an annual rate of more than 80%.⁴

The average Lao household spends 11,8% (128,800kip/month) for transport and communications,⁵ but there is a huge difference in consumption between urban and rural households and a big segmentation between lowland and upland Lao.

Despite this impressive growth Laos has still one of the lowest telecom penetration rates in Asia in terms of number of subscribers. In December 2004, only 8% of Lao people across the country had access to a telephone, either fixed line or mobile. While the rate is much higher in towns and cities, in rural areas, where 80% of the population lives, there are still many villages without access to a telephone network - fixed line or mobile,⁶ which considerably depresses the national figure. On the other hand the close community structure in Laos also lends itself to telephone sharing (if connection available) and those with phones will often let neighbors use them.⁷

In many countries, mobile phones were introduced long after fixed line phone networks had been established. This is not the case for Laos where the fixed-line telephone network is very limited in geographical reach. In areas without access to the fixed-line telephone network, mobile phones are therefore a necessity for communication rather than a luxury to complement a fixed-line service. This is evident in the fact that while telephone penetration is only 8%, mobile phones make up 80% of that figure.

2.2 Case study and Research findings

Overall, out of 145 interviewees, 66% owned a mobile phone, 33% had fixed phone and 27% had both. 31% of interviewees had no phone at all. In the urban and semi urban areas almost everybody had a mobile phone.

In urban areas and periurban more than 83% of the interviewees had mobile phone, in the rural areas only 33%. Nobody in the country side had fixed phone installed, but 72% of urban and 37% of semi urban interviewees had.

⁴<http://www.budde.com.au/publications/annual/asia/cambodia-laos-myanmar-thailand-vietnam-summary.html> and <http://www.dri.co.jp/auto/report/bud/budseamob05.htm>

⁵ CPI/NSC 2004, p.13-18

⁶ Country Report on the competition scenario in the Lao PDR 2004, p.30

⁷ Gray & Minges 2002, p.7

In urban areas the average monthly mobile phone bill was about 50,000 kip/month, twice as much as people in rural areas.

Telephone ownership (%)

Site	Mobile	Fixed line	Both	None
Urban	75	72	55	19
Periurban	88	37	33	8
Rural	33	0	0	67
All	66	33	27	31

There has been speculation that lower rates of telephone ownership in rural areas may not reflect the true rate of telephone access because households with telephones let their neighbors use them.⁸ This may be the case for fixed-line phones, but for mobile phones our case study does not support this claim. Nobody reported that they shared a mobile phone with other households. However, some students said they used their parents mobile.

On the other hand, three interviewees in Champasack province said they sometimes rent their mobile phone out sometimes and charge around 1,000 to 2,000 kip/minutes for domestic calls or 8 Baht for a phone call to Thailand, making a profit of around 50,000 kip per month.

Some of the respondents in Champasack use Thai mobile networks. They explained that they had relatives working/living in Thailand and a Thai SIM card makes it easier and cheaper for both sides to stay in contact.

“To the lists of the 4 main operators in Lao PDR, we have to add Thailand. Those living along the 1,835-long-kilometer border with Thailand can receive cellular signals from Thai mobile operators. Various parts of Laos are within range of Thai mobile networks. Lao with business interests in Thailand have been known to take out Thai mobile subscriptions. Laos is also losing out on international roaming revenues as it has few agreements with mobile operators in other countries.”⁹

In the rural villages in Champasack, where almost all respondents were farmers, it was surprising to find that nobody used their mobile phones to help sell and market agricultural produce (e.g. finding out best prices for their products at different markets).

Several respondents from Champasack (6 out of 49) were using their mobile phone for work-related activities (mainly linked to their official position as village headman or village security, or small private business activities, e.g. organizing “Lao Operas” for festivals).

⁸ Gray & Minges 2002, p.7

⁹ Country Report on the competition scenario in the Lao PDR 2004, p.30

The vast majority (94%) of mobile phone owners told us that mobile phone use improves their quality of life, mainly because of traveling less and saving time or being able to stay in contact with relatives working in Thailand or in other places in Laos.

71% of all Interviewees told us that they are traveling less, because they can use their mobile phone instead -this means saving time and money, especially for rural areas where infrastructure is basic. Almost half (48%) of the Interviewees thought, that due to the mobile phone use they are able to save money.

The use of Mobile phone seems to be especially helpful for retailers because it is used for enhancing their business performance. Almost everybody of the retailers we interviewed (20) told us that mobile phones are used for their business activity for following purposes: ordering goods, asking for new pricelists, being in contact with dealers, calling staff, making emergency orders, phoning instead of traveling. Instead of a quick phone call, determining selling or buying prices would require costly time consuming direct contact and transport. Thus without telecommunications, the costs of information retrieval and of transacting in general would be higher.

Our case study shows that mobile has the potential to play a vital role in economic development. The results of the research suggest that mobiles have brought considerable benefits to communities and small businesses. For the residents of the semi urban communities working in the market, mobile phone seems to have also positive economic and social impacts. Mobiles have reduced travel needs and provided better access to business information.

Mobile phones also have positive social impacts. People at cross border areas (Champasack) are able to stay in contact with their relatives working mainly in Thailand or in Pakse. All over Laos mobile phones are used to mediate contact between different people, and so are likely to have an effect on the size, number and nature of social networks that people participate in. Mobiles can facilitate participation in social networks, helping to maintain both strong and weak links with relatives and friends working/living abroad. At the same time Mobiles are improving the flow of information available to would-be migrants from urban centers or from overseas. To the extent that mobile communications are reaching rural areas like the four villages in Champasack with no fixed line availability, rural people are better able to stay in contact with family members working in the cities or in Thailand and facilitating small business performance.

There is every reason to believe that the economic and social returns to mobile will be highest of all in rural areas, which are consistently less well provided with telecommunications services.

Because there is no Lao script available for sending text messages, Lao people write their messages in Thai, English or in Karaoke style (Lao language with Latin characters). If this has an impact on language skills (improving English/Thai), and how people write has to be shown in future research.

3. TV sets and television programming

The increasingly widespread access to television within Laos marks a significant shift in notions of basic needs and priorities. The television, a commodity formerly considered a “luxury item”, represents an expense equivalent to three to six months’ income for most agricultural households. Despite this, TV ownership levels are relatively high. In 2002/2003 41% of Lao households owned a Television and over the past 2 years that rate has undoubtedly increased further.

The gap between urban and rural ownership is huge (urban 76%, rural only 30%). However, the close community structure in Laos lends itself to TV sharing where members of households without a TV set will watch at neighbors place or in a local shop. Therefore, the huge gap in ownership does not translate into such a wide gap in viewing figures. Indeed, television viewing in Laos is pervasive cutting across income levels, occupations, age and the availability of surplus cash after monthly expenses.

Lao National Television, which began broadcasting in May 1993, has two channels. In many regions, Lao TV is supplemented from cross-border televisions signals. Along the length of the Mekong, Lao households can typically receive three Thai television channels. In addition, a growing number of Lao are turning to satellite or cable services that offer American, European and Asian channels.¹⁰

Of all the foreign TV available in Laos, Thai channels are by far the most popular, largely due to the similarities between Lao and Thai language and culture. And while a wide variety of programming (news, game shows, talk shows, cartoons, sport etc.) is available, none beat the Thai soap operas for popularity.¹¹ These Thai serials are similar in structure and presentation to Western soap operas, and their characters, as well as the situations depicted, evidence a strong Thai urban bias. The main characters are generally wealthy, attractive, and lead complex-lives – all of which combine to create a prototypical cultural ‘other’ for the Lao audience. Viewers in Laos avidly follow the complex plots of their favorite television dramas, discussing the characters’ activities, guessing about the resolutions of dilemmas, and marveling at the extravagantly wealthy urban lifestyles depicted.

While similarities between Lao and Thai language make Thai soaps easily accessible to Lao audiences, the lifestyles they portray could not be further removed from the reality of life for most Lao people.

- They feed Lao viewers with aspirations that are, for the most part, grossly unrealistic.
- Key characters behave in ways that are well outside the boundaries of what is considered “normal” in mainstream Lao society, let alone among ethnic minorities groups.
- As media penetration within whole Laos becomes more intensified, rural communities are continually reevaluating local life, reproducing family and social roles, and recreating identities with increasing awareness of external referents which are alien to local, rural, ethnic, cultural practices.¹²

¹⁰ Gray & Minges 2002, p.9

¹¹ Chinese and Japanese Soap Operas are famous too, and increasingly Soap Operas from Korea

¹² Miller 1998, p.1

Televised programming depicts an array of values, social roles, and behavior patterns that are sometimes in direct contrast to Lao culture. As exposure to the media and especially its urban orientation becomes more accessible, and contact between national and local cultures through the televised media increases, Lao are rapidly renegotiating their senses of self and community.¹³

People are engaged in their own “interpretative community”. They use their exposure to televised media not only as a vehicle for thinking and talking about modern, urban “others”, but also to make comparative judgments about the local setting and their life experiences, incorporating these judgments into their reproduction of everyday life.¹⁴

Through the consumption of televised media, the Lao are becoming actively involved in transnational, especially Thai commercial culture.

3. 2 DVD/VCD players, music and film

DVDs and VCDs do good business in Lao PDR. Already in 1997 20% of all Laotian homes had a video recorder, a high proportion considering the relatively low level of household income.¹⁵ More recently the spread of “easy” technology in the production, manufacture and distribution of DVDs has led to dropping costs and a boom in sales. DVDs are now household commodities across Laos as players and discs have become readily available and more affordable. Laos’s consumerism is thus poised to take off further, riding on the DVD (and mobile phone) phenomenon. For instance, in the Morning market in Vientiane, the explosion in availability of VCD and DVD machines is phenomenal – each one costing as little as US\$20 to US\$80 and most of them made in Guangdong in Southern China. DVDs and VCDs (the majority pirated) cost around 1\$ each.¹⁶ The massive sales of DVDs to the poorer classes have injected a “feel good” sentiment into Lao consumerism, which in turn further propels economic growth. These poorer Lao, now feel that they have effectively entered the age of consumerism.¹⁷

But the main source of consuming movies, soap operas, documentaries is still TV. Compare to urban, Lao rural people rarely buy movie- VCDs/DVDs. Thai, Korean or Chinese Soap operas (besides western soaps from the US) are almost not available on VCDs or DVDs. Best sold in Lao PDR are Louk thong- (Lao traditional country music, mainly from Issan) Videoclips or -Karaoke VCDs.

Television can be used as a tool for social learning among rural populations and ethnic minorities. This social learning manifests itself in a wide range of social impacts, with some community members embracing the global sphere, while others reaffirm ties to local identity and established patterns of behavior. Puzzled by rural

¹³ Miller 1998, p.1

¹⁴ Miller 1998, p.10

¹⁵ Gray & Minges 2002, p.7

¹⁶ Teo 2005, p.1

¹⁷ Teo 2005, p.1

migrants' fascination with television programs that are not apparently relevant to their lives, television is used as a sort of "book of etiquette" or instruction guide for "city behavior", "Thai behavior" or even "Lao Loum" (for Lao Theung, Lao Soung) behavior.¹⁸

The interconnectedness of cultures brought about by the transnational flow of images and information is leading to a more global culture that is increasingly westernized or in the Lao context "Thailandized".

3.3 Case study and research findings

Far more households had a TV as we expected. 90% owned at least one TV set, some of the households had even up to 3 TV set, and 72% had a DVD or VCD player. 36% of interviewed households had also satellite or cable TV (nobody in the rural area had cable or satellite).

Site	Terrestrial	Satellite/Cable	VCD/DVD
Urban	89	72	89
Periurban	100	43	85
Rural	76	0	45
All	90	36	72

The average household has a TV set already since 10 years in urban and sub urban areas and around 5-7 years in rural areas.

People in urban areas were watching between 3-4 hours per day, in sub urban villages 2-3 hours per day and in rural areas 1-2 hours per day. It seems that over the weekend people, especially young persons are watching significantly more. Some of the interviewees told us that over the weekend they self or especially their kids are watching TV the whole day.

From an earlier survey we know, that in areas where Hydro Power stations have been build recently and villages had access to electricity for their first time, parents reported that their kids now, stay up much later because of watching TV. TV is not considered necessarily as a luxury item but is seen more an investment for (family-) entertainment.

In Champasack (and other frontier regions in Laos), channel availability is supplemented from cross-border television signals. Especially in Champasack, households were sometimes not even able to receive good Lao TV signal, but had no problem in receiving Thai channels. In Champasack TV sets or DVD/VCD players were often paid with money from remittance.¹⁹

64% of the Interviewees told us that they are watching mainly Thai TV, only 9% mainly Lao TV and 27% mentioned both languages. People are watching mainly

¹⁸ Miller 1998, p3

¹⁹ Interesting was that younger people often told us that the TV was paid by their mothers, more often than fathers did. This may be indices that household money is managed mainly by the wife/mother.

News and soap operas. News is watched in both languages but mainly in Thai, soap operas, movies and TV-shows almost only in Thai. 68% of TV owners were watching Thai Soap Operas on a regular basis.

People like to watch soap operas mainly because: it is funny, relaxing or there is just nothing else to do before going to bed. Younger people and women seem to watch more soaps than older people and men.

When we asked if they think if soaps are resembling in a way their own or their friends/families life, 72% answered with yes. When we asked if they would like the kind of lives of the main characters in the soaps, however, only 52% of our informants responded positively.

About 60% of respondents believe that TV has a big influence on people. The most common answers were: because of increasing their knowledge, seeing new things and having new ideas, it changes people fashion and style, but also language and behavior especially of younger people.

Surprisingly high was that 94% of TV watchers believed that TV has some educative value. Farmers in Champasack for example told us, that they are watching Thai TV programs about better farming, fertilizing and animal husbandry. Several respondents also explained that TV helps people to distinguish between good and bad social behavior. In this respect, TV helps parents educate their children by warning them against harmful behavior (e.g. drug abuse) and providing ideas for prevention/solutions of problems.

Only 32% were thinking that watching TV has an influence on the quantity of socializing with other people. If they said so they mainly mentioned that in the past they were watching TV together with other households (or neighbor kids came over), because in the past not every household had an own TV set.

Two retailers told us that they are observing the style and fashion shown and worn in Thai TV. They make their own order accordingly to this fashion seen in TV.

TV ownership has a strong negative correlation with radio listening. Only 27% of interviewees are listening to radio (in the rural area surprisingly even less (6%) compare to urban and sub urban areas). 81% told us that they were listening more to the radio in the past. It seems that in the city people listen more to radio, because of sitting in an office or driving a car.

Dr. Thonpheth Kingsada (Director General) from the Institute for Linguistic Research (Ministry of Information and Culture) told us that TV, especially Thai TV has an enormous influence on the modification of Lao language. Especially young urban kids can not identify differences between Lao and Thai. Dr. Kingsada is concerned that Lao language is losing its uniqueness. A consequence because of mixing Thai with Lao is that many words are not used anymore and are substituted by Thai words, e.g.:

Heung vs. don (long time)

Tengdong vs. tengnan (wedding)

*Tschuap vs.chew (meet)*²⁰

Dr. Kingsada was well aware that TV can have also many positive aspects (entertainment, current affairs, being up to date). But TV in Laos isn't a tool as everywhere else in the overall process of globalization, in Laos he says we should talk instead about a Thailandization. "We should not be closed-minded, but we should learn from Thailand and improve our own Lao TV productions. At least we should translate foreign productions into Lao. If they could be shown in the original language (and not only translated into Thai), Lao people could at least benefit in learning English."

*Also the **Youth Union** was concerned. Due to the influence of TV, especially Thai TV, young people are increasingly changing their consumption behavior. Wearing branded clothes is becoming more and more important. Kids are becoming more and more demanding, asking their parents for money which they can not afford. If those kids and teenagers don't get the money from their parents they find sometimes other ways to obtain this money. Some of the girls are getting involved in prostitution other youngsters are getting involved in illegal action (e.g. stealing money).*

As a consequence of watching Thai TV, residents of bigger cities in Lao PDR today, especially the younger generation, speak perfect Thai. They are now starting to use Thai words instead of Lao vocabulary, and progressively lose the habit of speaking Lao. The Youth Union was also concerned about the huge amount of illegal DVDs or VCDs, available almost everywhere. There is literally no age control and porn movies are widely available for everybody.

(The same problem appears with Japanese cartoon books-called Mangas, also mainly translated into Thai. These kinds of Comic books are showing extreme violence and have often pornographic content (then they are called Hentai). In several shops in Vientiane people have the option to buy, but also to rent those Comic books for a daily fee.)

Mr. Houmphanh Rattanavong (President of the Association for Preservation and Durable Development of Biodiversity) was saying in the interview, that even in Lao TV Thai words are increasingly used. Sometimes they are not even aware of this, because they think it is Lao. Mr. Rattanavong said this is mainly the fault of the responsible authorities - paying no attention to the importance of Linguistic Research. The responsible authorities still doesn't seem to realize this fact and there is hardly any linguistic research done and far to less budget. In schools, Lao grammar is not taught in an appropriate satisfactory way and amount. He says that he is not surprised that young people, especially in Vientiane are speaking sometimes a more correct Thai than Lao. Mr. Rattanavong says that this is also part of the result that in Lao PDR there is no clear concept of "What is Lao culture?". Educational concepts are coming mainly from Vietnam and China, but Laos has failed until now to develop his own cultural adequate concept.

²⁰ Another two examples of new popular words "imported" from Thailand, especially used by urban youngsters are "Dek noi" (a person who dress and behaves in different way from the majority) or "Kick" (kind of secret boy/girl-friend). Already the fact that those words are needed to express something, can give a insight about youth culture trends.

4. Internet

Awareness of the Internet is still not high among most of the population in Laos. Despite different barriers (Laotian content is practically nonexistent, a relatively low level of literacy and educational attainment, lack of awareness, PCs are still very expensive and unaffordable for the majority of the population, lacking of the required language/English skills), there is a growing interest in the Internet among the educated and urban youth. The number of internet cafes is growing and while they first sprung up to serve tourists they are increasingly attracting Lao clientele.²¹ Places with public Internet access are trendy among urban youth. Equally popular are private training institutions (but only existent in urban centers). Here anyone can learn how to use PC and Internet-applications, improve their typing skills, and advance their English.²²

“The slowness with which Internet connectivity has been established in Laos is, in many respects, a result of the hesitancy of the Lao government in allowing access to this medium. The government has remained very cautious in its approach to the Internet and slow in formulating the required policies. The government has remained very cautious in its approach to the Internet and slow in formulating the required policies.²³” The government recognizes the benefits to be gained for the country’s socioeconomic development; it is concerned with how to maintain control over the information flowing into the country (Cultural import) and the risk of cultural pollution. Over the years, the government’s stance has loosened somewhat. Nonetheless, social and cultural concerns continue to influence access to the Internet.²⁴

The Lao IT market is very small (mainly government and organizations), therefore specialization in one particular sector of this market is usually unprofitable. Low-cost computers are usually imported by retailers from China, Thailand and Vietnam or assembled locally from imported parts. Larger retailers import brand name equipment mostly from Malaysia, Singapore and Taiwan. There is a 5% tariff on all imported hardware. There is also 10% turnover tax applied to all computer retailers. These two tax are passed on directly to customers, along with additional 20%-50% markup profits. (ICT development in Lao PDR, 2003)

Access outside the city is low. Even at universities, by government agencies, and by local companies is very low. Cooperation is the biggest challenge of all: getting the private, academic, government, nongovernmental organization, and multilateral agency sectors to talk to one another. So much can be done, for instance, if cybercafés could be used after working hours and on Sundays by students who don't have access on campuses. Cooperation could also work well with other Asian countries like India, which have good ties with Laos. A strong start-up culture is needed to get more entrepreneurs into the Internet economy. Some of the Lao Diaspora and foreign-returned students/businesspeople can play a big role in providing capital for jump-

²¹ Gray & Minges 2002, p.11

²² Gray & Minges 2002, p.17

²³ http://www.isoc.org/inet99/proceedings/3a/3a_2.htm

²⁴ http://www.isoc.org/inet99/proceedings/3a/3a_2.htm

starting Internet ventures here (as in the case of India); an incubation role can also be explored by academic institutes and multilateral agencies.

4.2 Case study and research findings

The statistics of the case study showed that 13% (69% in urban – high because 90% of the interviewees were students - 45% in semi urban and 0% in rural areas) of Interviewees use the Internet sometimes (36% knew that something like the Internet exists and 53% knew the meaning of the word computer). Main reasons of using the Internet were e-mailing to someone, entertainment, chatting and transfer or download data (music, movies, etc.).

Those view users mentioned that the key advantages of using the internet (not necessarily for them own) are that it provides cost saving, encourages personal contacts with friends, relatives and business people, supports quick access to information, makes the life more enjoyable, enriches knowledge and so forth.

Because of the low cost of oversea Internet calls (only around 3000 kip/minute to the US or France), especially Hmong people are frequently visiting Internet cafes. This gives them an opportunity to stay in contact with their “Exile” community, relatives and friend abroad. It helps to strengthen the link between Lao in and outside of Laos and has a potential impact on the flow of remittance.

Homepages like for example www.laohub.com are a new kind of platform for young Lao living abroad and Lao in Laos to chat with each other. Many of those users from abroad have never been to Laos, but are interested in “What does Laos look like?”, “Where do people go out?”, “Which music young people are listening to?”, “How do you say this or that in Lao?”. They use these platforms as a pool of information about several topics. In this way it helps Lao abroad to stay connected with their country of origin and at the same time connects Lao in Laos with a worldwide connected Lao youth community.

Internet – as shown in other countries - can be used in a decisive way to alleviate some of Laos’ development bottlenecks. The lack of access to information and knowledge is seen as a significant barrier to generating more income in villages. The Internet could help to overcome that through its window to the world of information. Another way the Internet can help with development is to overcome the lack of road transport in Lao. While it is difficult to physically get newspaper and schoolbooks to rural communities, these items could be delivered via the Internet.²⁵

Tourism at the moment has the greatest potential as an ecommerce trendsetter for Laos. Most likely there are the types of people that use the Internet, navigate Laotian web sites and book their holidays online; if they can. This might also reduce revenues lost to Thai and Vietnamese tour operators that have taken the opportunity and advertise side trips to Laos.²⁶

²⁵ Gray & Minges 2002, p22

²⁶ Gray & Minges 2002, p.18

5. Conclusion

As the workday ended, young and old Lao begin to congregate along the newly refurbished promenade that runs along the Mekong, in Vientiane. Most people were gravitating to a number of new shops, restaurants and cafes that had emerged, post NEM. I chatted with a young man who was wearing a replica of Croatian national soccer jersey. Fashionable sunglasses were perched on his gel-laden, spiked hair and wore newer sneakers that clearly were counterfeit iterations of Nike. No matter, he likes them; he guessed they came from Thailand or China. The young man straddled his new motorbike, which apparently designed in Japan, made in China and distributed through Vietnam. He was preparing “to play some football (soccer) before (the evening’s telecast of) the World Cup” which he intended to watch with friends at local pub/restaurant and which would be beamed to Laos from Korea and Japan, complete with all advertisements of the global sponsors and their brands. He knew almost all these brands, well; he liked them, too.

Before his match, we chatted a bit more – his English was quite good – and watched about 60 70 Lao women gather in an open pavilion. Soon they began to stretch, twist, jump and gyrate. Each woman was clad in various hues of fluorescent spandex tights and followed the lead of the aerobics instructor and pulsating rhythms of blaring “techno” pop-music. Saphron-draped monks and other folk nonchalantly strolled by or watched nonplussed from cafes, with soda-pop, beer or tea in-hand... (Shultz 2002).

With the opening up of the country, consumer choice and market forces have taken root in Laos. Cheap imports of consumer products, including mass-media and mass-communication products and services, bring new opportunities and challenges for the Lao economy and society.

This background paper has tried to investigate the degree to which different segments of the Lao population are accessing these kinds of consumer products and to explore some of the socio-economic effects. We have seen that the access to mobile phones, DVD players, TVs and similar imported consumer products has increased significantly over recent years. We have also found that access to these products has significant effect on people’s perception of quality of life, on their lifestyle and behavior, and on their economic opportunities.

5.2 Impacts on society and culture

Imports of mass-media and communication products seem to generate a feel-good factor. People interviewed for this case study overwhelmingly reported that TV and mobile phones had a positive impact on their quality of life. Owning consumer goods appears to give people a sense that life is getting better. Speaking about their life in general, the overwhelming majority (91%) of respondents said that their life had improved in the last 5 years. Our research clearly showed that Lao people are overwhelmingly optimistic as far as the economic situation is concerned.

Access to communication products and services, exemplified by mobile phone and internet, contributes to stronger social networks that facilitates easier and more direct

communication between family and friends across the country and abroad. Such technology serves to build a shared sense identity and community among Lao people no matter where they live.

Television was identified in this research as having positive educational benefits by broadening knowledge about diverse subjects including farming, national and international news, and the dangers posed by drug abuse. Studies in other regions have found that internet can play a similar role. However, at present, internet in Laos has only a limited reach.

However, television (and potentially also the internet) has important cultural dimension. The combination of words and images carried by this kind of media can be incredibly powerful. Cultural imports are always a challenge for indigenous local culture, but this is particularly significant given that Lao PDR is a relatively young nation²⁷ without a strongly defined national identity and considering the heterogeneity of the population.

Through Thai TV, Lao people are increasingly drawn to Thai language and popular culture, particularly fashion and music. The growing influence of Thai language among urban Lao is being driven predominantly by Thai TV since the Lao and Thai languages are so similar. The use of Thai language is a concern for many government officials. The government is also concerned about less tangible cultural imports (values, norms and behavior) that are seen to conflict with Lao traditional cultural values – e.g. materialism, pornography, promiscuity, gambling.

Besides having an influence on language, it seems also obvious that TV has the potential to challenge and question traditional perception of women, gender roles and stereotypes, and sex-based division of labor. But at this point, this is only a hypothesis and future research has to be conducted first.

Thai TV imagery has been identified as a contributory factor to outward migration from Laos to Thailand. Several respondents in this study confirmed this. Thai soaps portray a dream world populated by wealthy, beautiful and successful urbanites, which is hugely attractive for many young Lao.

Returning migrants drive cultural imports even further. When migrant workers return home they bring with them clothing, language, and value systems of the Thai urban environment where they were employed.

In this way, symbols of “First World” penetration are validated and reproduced within Lao communities a circular linkage between the mass-media imagery, migration and cultural change in wide areas of Laos.²⁸

The speed with which especially young people pick up on imported culture is already leading to conflicts between the younger and older generation (i.e. between young people, their parents and authority figures) who tend to be more conservative.

²⁷ Not referring here to the “Lao culture”, but to the current Nation-State of Lao PDR. Obviously Lao Loum, Lao Theung and Lao Suung cultures have evolved long time before.

²⁸ On this subject: see Miller 1998, p.3

New materialism brings pressure on parents to meet the ever increasing consumer desires of their children. Meanwhile, children and teenagers increasingly feel under pressure to conform to the latest trends.

An interesting fact is that the ethnic Lao culture of the northeast of Thailand has witnessed an enormous revival in the form of commercialized popular music. Widely heard on Thailand's radio stations today, Mor Lam is a music style rooted in Lao musical traditions and sung in Lao. Ethnic Lao of northeastern Thailand have found cultural empowerment through other means as well. Lao/Issan food for example is very popular all over the country. The mere fact that the ethnic label "Lao" is being increasingly used as a label of self-identification is significant; in the not-so-distant past "Lao" was virtually a pejorative term in Thailand. (Jory, 2000, pp 19-20)

5.3 Economic impacts

Greater exposure to mass-media marketing brings awareness of new and ever more sophisticated consumer goods. Rising incomes among certain sections of the population is fuelling consumer demand and stimulating market activity, individual wealth creation and tax revenue.

On a national level, increasing volumes of imported consumer goods are bad news for the already negative balance of trade. Prices of imported consumer goods are set to decline due to mass-production in China and lower import taxes and tariffs under AFTA. At the same time disposable incomes in Laos are likely to increase and the market for these goods will continue to expand. The question has to be asked: can the country afford to 'allow' the entire population to enjoy these consumer goods.

On an individual level, increased sales of TV sets, DVD players and other mass-media and mass-communication products and services generates important profits for small retailers.

Mobiles, in particular, were found in this research to enhance the performance of small businesses by facilitating trade-related communication, thus saving on the cost of travel, time and money.

5.4 Key variables

The impacts of mass-media and mass-communication products and services are not uniform across the country but vary significantly between different demographic groups and geographical spaces.

Consumption of these kinds of goods, almost all of them imported, is concentrated mainly in urban areas and "integrated" regions along Laos' borders with China, Thailand and Vietnam²⁹, where consumer goods are readily available.³⁰ In the rural

areas and the poorer southern provinces, isolation, poverty and low population density make distribution of consumer goods difficult. Consumer culture along the vital trading link of the Mekong River, in Vientiane Province and Capital, and in major China-Thai-Vietnam-Lao trading cities has evolved more rapidly compared to more isolated geographic regions.

Consequently, the impacts are more pronounced in these “integrated” regions. The benefits of knowledge, information and communication reach urban areas more than rural areas. Meanwhile, cultural change and associated generational conflicts are seen mainly in urban rather than rural areas.

Age is a particularly important criterion in consumption patterns. Young people are, by nature, always interested in new things. Therefore they are quick to pick up on new technology (DVDs, Internet, Mobile phones). And they are quick to pick up on the images and ideas that these products transmit.

Laos has an extremely young population that is growing in affluence and sophistication. Although still relatively poor by Western standards, it is an influential segment developing fast enough to warrant targeted marketing. Economic and education trends suggest that the current cohort of young, especially urban consumers are becoming increasingly mobile and wealthy and will continue to do so in the future.

A youthful globally-wired segment is already obvious in Vientiane Capital. Receptiveness to foreign brands is driven by both the increase in media, the improvement in trade and tourism links. Consumer capabilities to process marketing information depend largely on exposure to media, familiarity with advertising, culturally sensitive advocacy, literacy and for the illiterate, ad copy that persuades, creates images or reinforces, often without written text. Younger urban Lao people tend to be more wired to information technologies which facilitate the diffusion of goods and services synonymous with popular culture.

5.5 Recommendations

Income distribution in Lao PDR improved since 1998 as reflected in the Gini Index (1997/98: 34.9 – 2002/03: 32.6)³¹, but nonetheless inequality is still highly visible. People with money and connections (and access to foreign capital) are better able to access the potential benefits offered by mass-media and communication products (wealth is closely tied to education, which allows access to internet; mobile phones are more helpful for business when you are already part of a wealthy elite).

The challenge then is to find ways to improve access to help poorer segments of society access the potential benefits offered by mass-media and communication products (e.g. education and literacy gives access to internet).

³⁰ There has been an on-going shift in the geographical distribution of the Lao population. Internal migration between 1995 and 2005 was to Vientiane Capital and to districts bordering China, Myanmar and Vietnam. More than 50% of the population now lives in such border-districts.

³¹ Richter & Van der Weide & Souksavath 2005, p.39

It is vital to ensure the quality and relevance of domestic mass-media. So long as there is so little local media production of international quality, it is little wonder that the mass of Lao people turn to foreign, especially Thai media.

It is also important to raise the quality and range of advertisement and marketing for Lao products and services (in Lao PDR and abroad). Because of Thai TV influence foreign, especially Thai products are well known in Lao PDR and considered as high quality. The impact of these preferences can hurt local producers and local employment. Local products may even cost less for comparable quality but producers may still lose market share, profits and even be forced out of business by the changing tastes generated through Thai advertisement in TV.

The first step is to take into consideration the success of Thai and increasingly also Vietnamese TV in order to develop Lao PDR's marketability. The transfer of knowledge and Human capacity building in marketing and advertising, specifically in the areas of product design and media production must be promoted.

Universities and other Training centers could offer media and communication courses and vocational training.

Although a limited phenomenon within the overall amount of Internet content, racist and discriminatory web sites, pornography material exists and considering the overall awareness of Internet in Lao PDR not a big problem yet, but nonetheless mechanisms have to be developed to deal with illegal content, to protect teenagers and children online as well as free speech.

In order to strengthen the internet penetration and e-business opportunity, an adequate environment for IT -experts, teachers and researchers must be created in order to be coordinated and united. There is an urgent need for skilled professional and technical informative experts to plan, design and monitor e-development in Lao PDR.

The recent revival of Lao pop music, after literally decades of neglect by the fans, offers an insight into what can be achieved with the right policy support and financial resources.

Over the past 2 years several Lao record labels have opened after the government eased restrictions on music production. Immediately, a new Lao youth culture was born. Concerts of new Lao stars like Alexandra or Pan have up to 30,000 spectators, which is high for such a small country. These stars sing in the Lao language and integrate traditional Lao melodies into international dance music. Young Lao are proud of this music and consider it part of their distinctly Lao identity. In a remarkable turn around, some Lao pop singers have become popular among young Thai in Bangkok.³²

ITC also shows promising signs of domestic production. Web-compatible Lao script has been developed and is used on several Lao-content websites. Meanwhile, open source programmes are being developed by STEA to provide Lao language software including e-mail, word processing and spreadsheets.

³² Rehbein 2005 - unpublished draft, p.8

Radio has improved significantly in recent years, at least in Vientiane Capital, thanks to the renewal of Lao pop music.

TV and cinema remain a problem because of the huge costs involved in production and the lack of specialized skills in cinematography.

Consumerism is unlikely to grow into rank materialism in the short term since certain checks exist in Lao politics and society, including the official socialist philosophy and a fairly devout Buddhist population, neither of which favor individualism or greed. Consequently market trends move through Lao society relatively slowly. Moreover, while the vast majority of the population continues to live in rural areas and sustain themselves through farming, for many families' survival rather than consumerism will remain their priority.

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