DIGITAL OUTLOOK SRI LANKA 2022

THE ANNUAL MARKET INSIGHT REPORT

A Collaborative Project Between

The Asia Pacific Institute of Digital Marketing (Pvt) Ltd and
The Department of Marketing Management,
University of Kelaniya, Sri Lanka.

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PREFACE

The Sri Lankan Digital Ecosystem continues to evolve at a rapid pace. According to the Information and Communication Technology Agency (ICTA) of Sri Lanka & United Nations Conference on Trade and Development, Sri Lanka's Digital Economy has reached 4.37% of GDP by giving some clear signs of emerging Digitally-driven societies island-wide. Even though the Covid-19 Pandemic unleashed waves of disruptions at the global level, we have approached the two-year mark while being more optimistic in the middle of the pandemic by investing more in Digital technologies to enhance connectivity and access to trade and finance across the country.

With the global digital transformation, significant shifts have occurred in consumer behaviors around the world. The pandemic has enormously changed consumer behaviour, and these new behavioural trends are more likely to stay forever. Businesses have started integrating digital technologies into all areas of their business operations to ensure that their value delivery process meets the newest needs of their customers.

As the leading institute for Digital Marketing Education & Skill Training in Sri Lanka, the Asia Pacific Institute of Digital Marketing launched its 3rd publication of Digital Outlook Sri Lanka 2022 in collaboration with the Department of Marketing Management, University of Kelaniya, Sri Lanka, to make the latest research data and information in Sri Lankan Digital Sector freely accessible to marketing and business professionals to make more informed decisions. This report concludes a wealth of insights into the year 2022 that are more vital for Sri Lankan marketing and business professionals to identify emerging trends and patterns in the Sri Lankan Digital ecosystem which will help revolutionize the way they engage with modern-day consumers.

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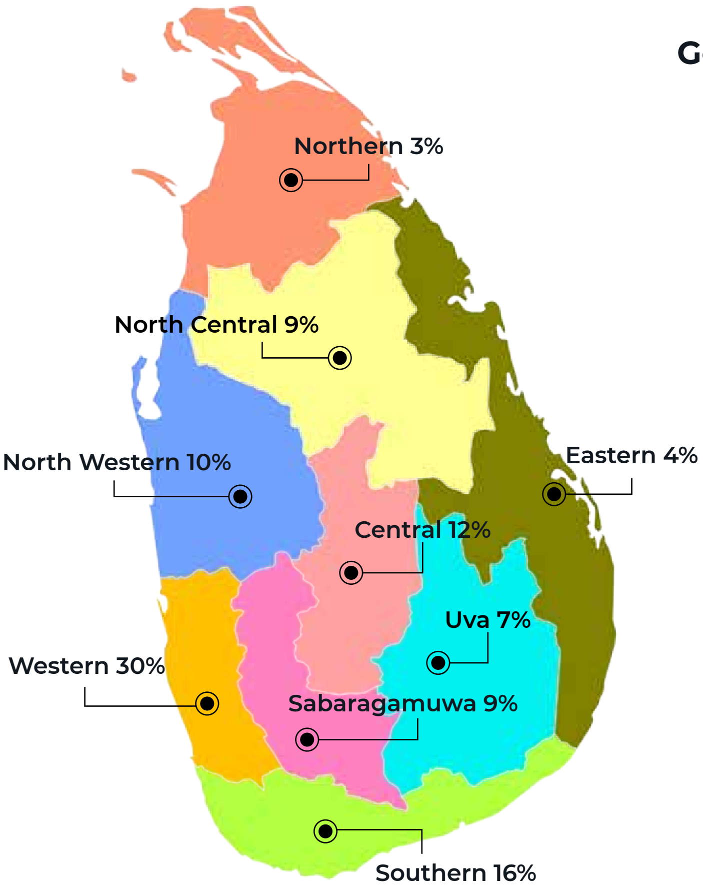
RESEARCH METHODOLOGY

The Digital Outlook Sri Lanka 2022 unveils the digital behavior of Sri Lanka in the year 2021. The empirical survey's findings through a quantitative study supported by industry and academic expertise were disclosed through strategic discussions and conducted. The population for the study was selected based on the Internet penetration and the social media penetration of Sri Lanka. The sample was carefully selected using the stratified sampling techniques, accounting for 2389 respondents covering all the provinces in Sri Lanka. The foremost data collection tool was a questionnaire with scales, rankings, and open-ended options to obtain brand-specific and industry-related insights. The study was based on primary and secondary data with statistical tools to analyze the collected sample data. The report presents central strategic insights based on the findings of the study.

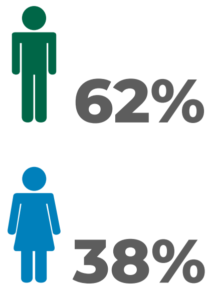
SURVEY SAMPLE

Population : Monthly Active Internet Users In Sri Lanka

Total Sample: 2389 Respondents



Gender Composition



Age Group Composition

Under 13	2%
13Y – 18Y	7%
19Y – 24Y	33%
25Y – 34Y	29%
35Y – 50Y	20%
51Y – 65Y	8%
65Y+	1%

MEDIA ACCESSIBILITY

TOTAL POPULATION

21.54 Million

Total Number Of Internet Users	Internet Users As A Percentage Of The Total Population	Active Social Media Users	Active Social Media Users A Percentage Of The Total Population
11.34 Million	**52.6%**	**8.20** Million	**38.1%**

Source : Digital 2022 Local Country Headlines Report

Share Of Web Traffic By Device

64% Mobile	**34.7%** Laptops / Desktops	**1.3%** Tablet Computers

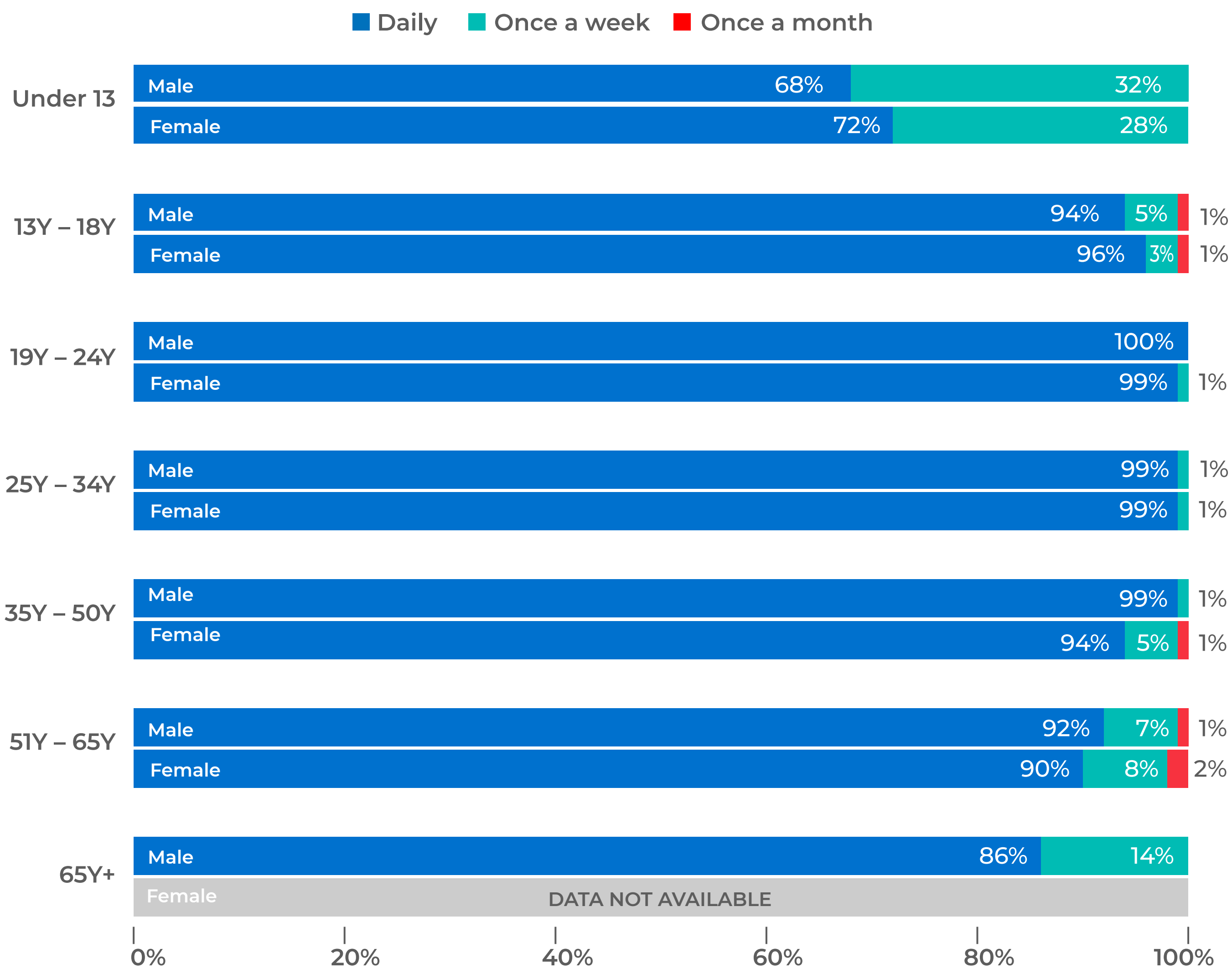
Source : Digital 2021 Sri Lanka, We Are Social Report

INTERNET ACCESSIBILITY

Frequency Of Accessing The Internet

Out of the Internet users in Sri Lanka, 97% are daily active Internet users, indicating that Internet users in Sri Lanka actively use the Internet on a daily basis.

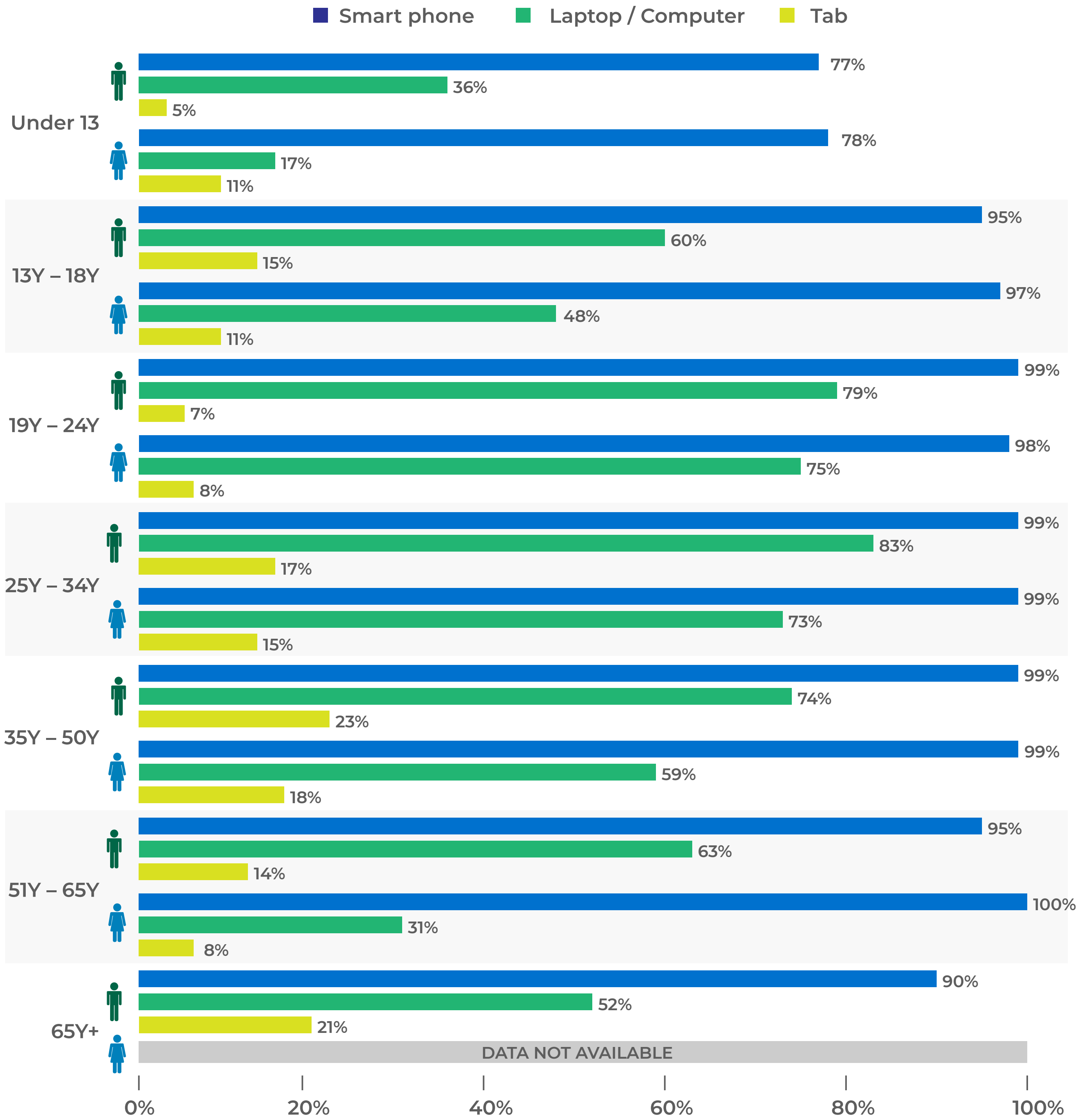
Age & Gender-Based Analysis



Most Common Methods Of Accessing The Internet

72% of the Internet users in Sri Lanka state that they have a personal computer or a laptop at home, yet the mobile phone has become the most commonly used method of accessing the Internet.

Age & Gender-Based Analysis

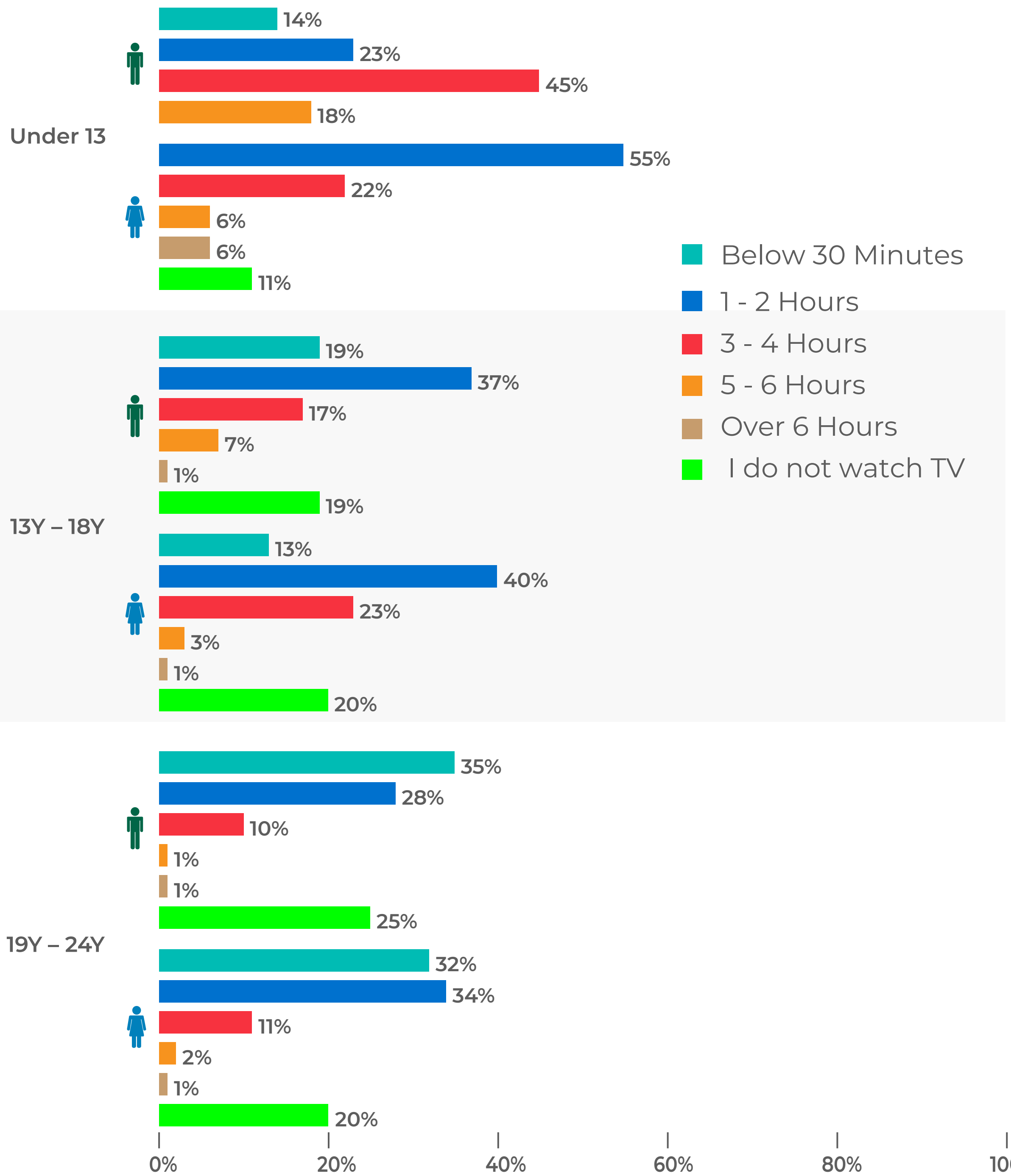


MEDIA CONSUMPTION PATTERNS

TV Watch Time

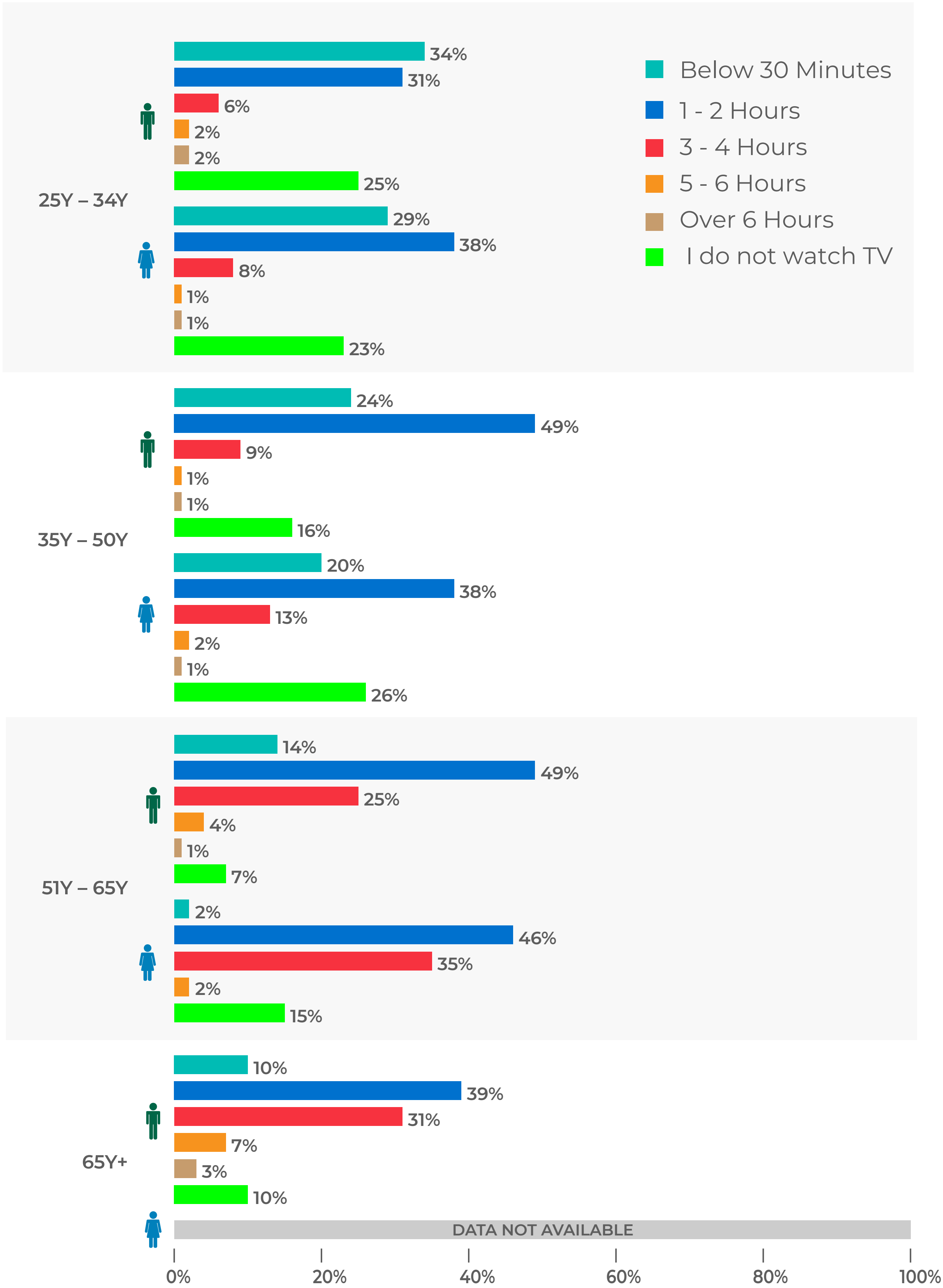
On average, 37% of Sri Lankan Internet users spend 1 - 2 hours watching TV and 27% of Internet users spend below 30 minutes. 21% of Internet users have stated that they do not watch TV.

Age & Gender-Based Analysis



To be continued...

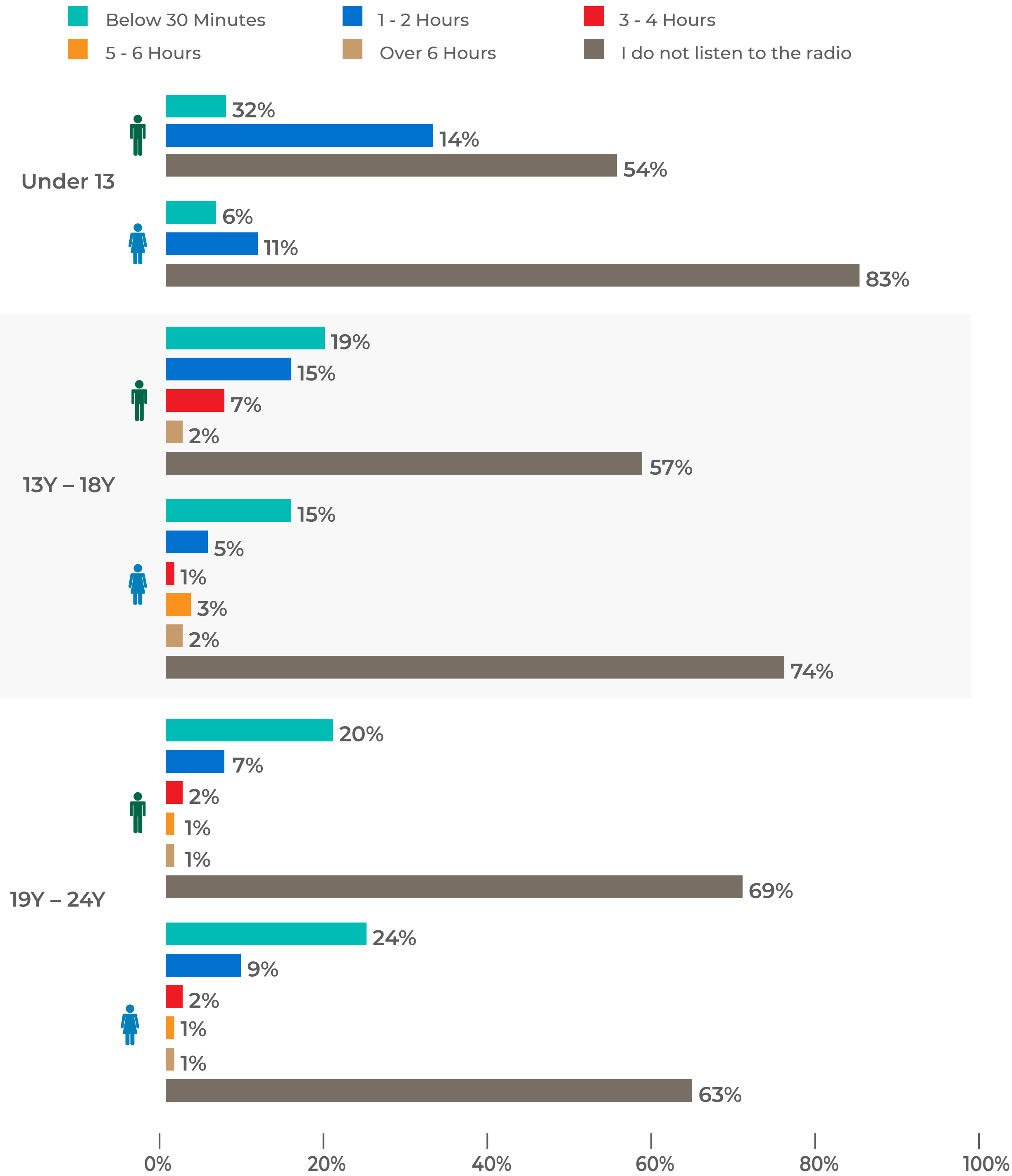
TV Watch Time Cont.



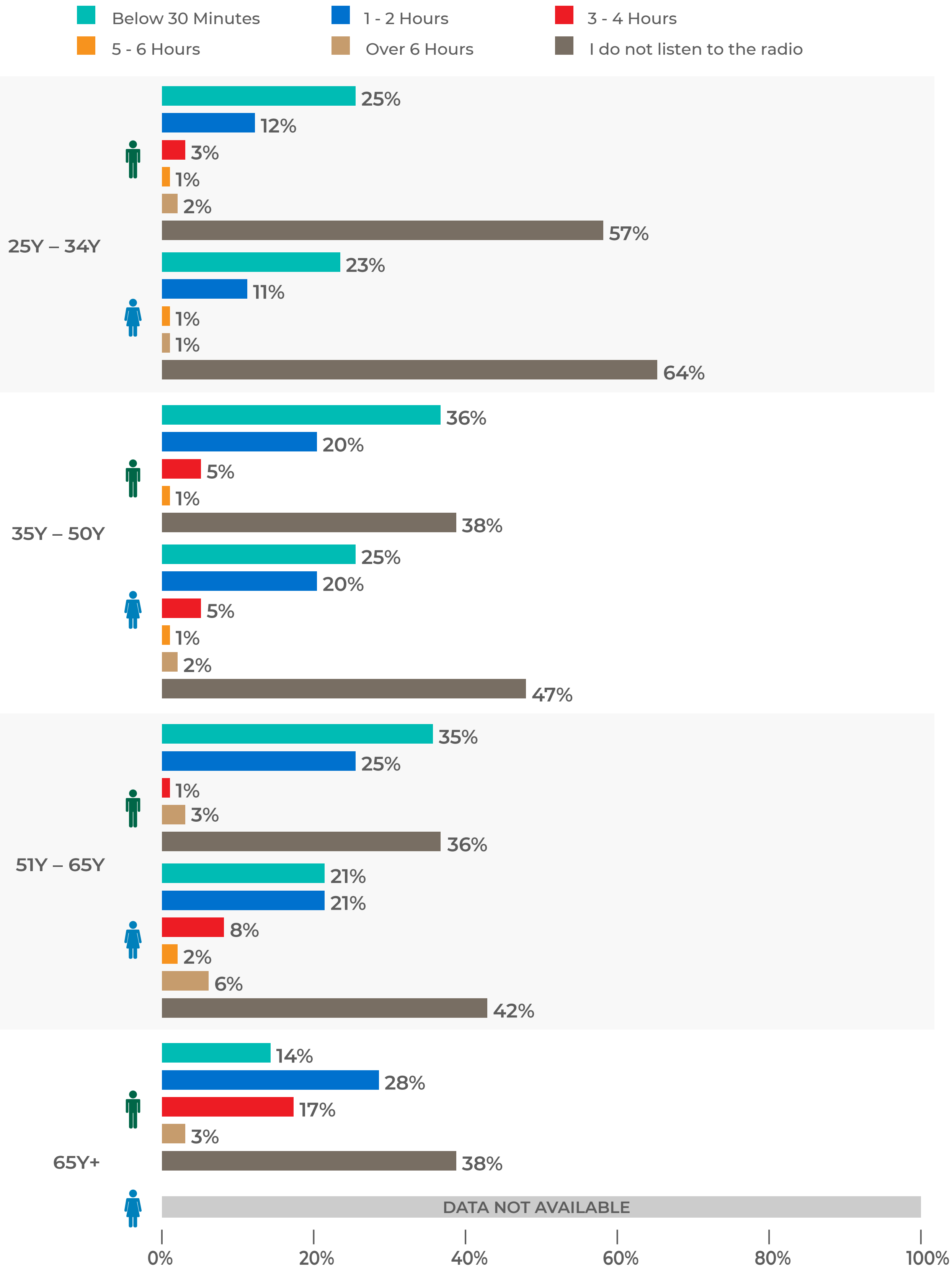
Time Spent On Listening To The Radio

On average, 25% of Sri Lankan Internet users spend below 30 minutes listening to the radio while 13% of the Internet users spend 1 - 2 hours. 57% of the Internet users have stated that they do not listen to the radio.

Age & Gender-Based Analysis



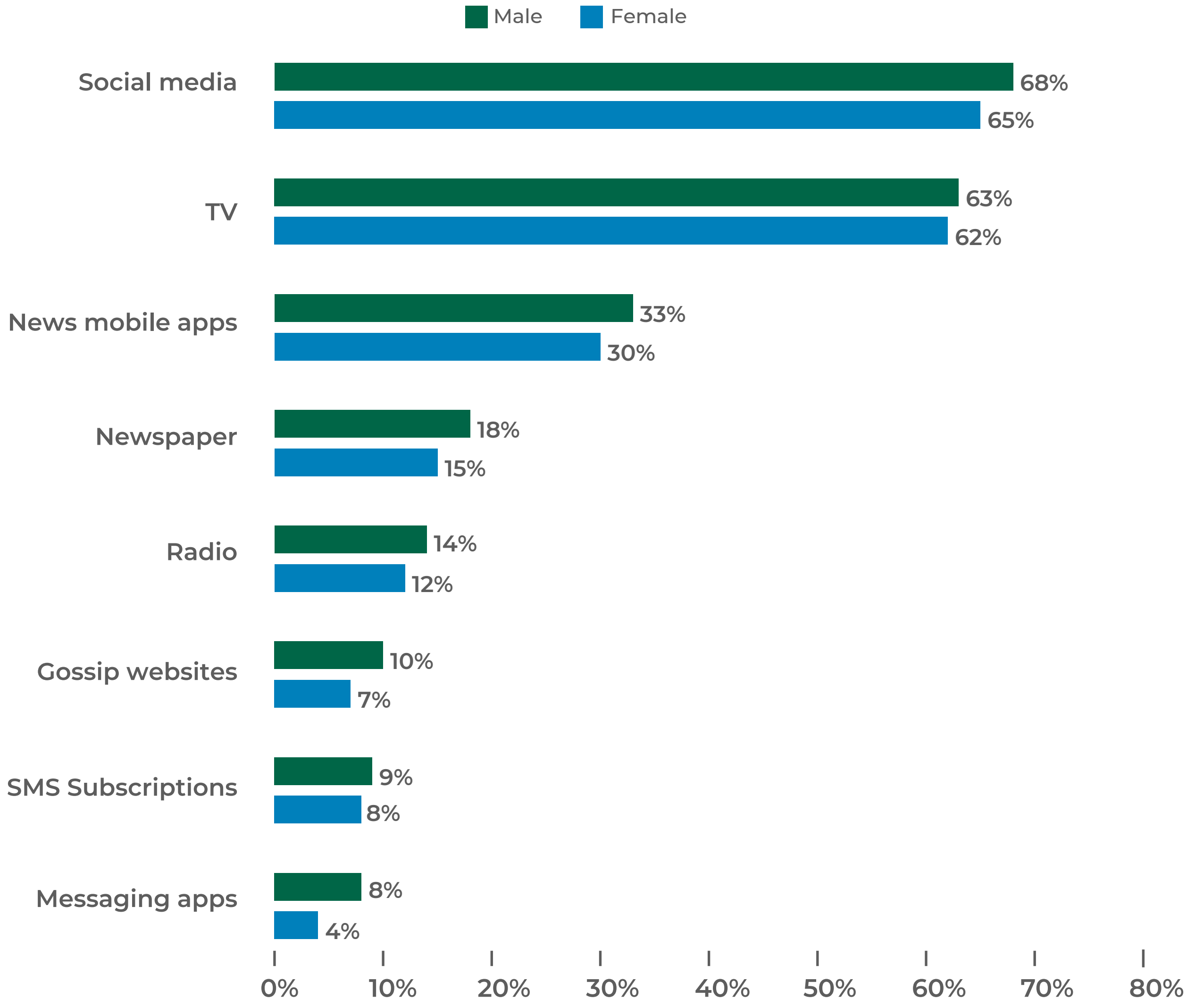
Time Spent On Listening To The Radio Cont.



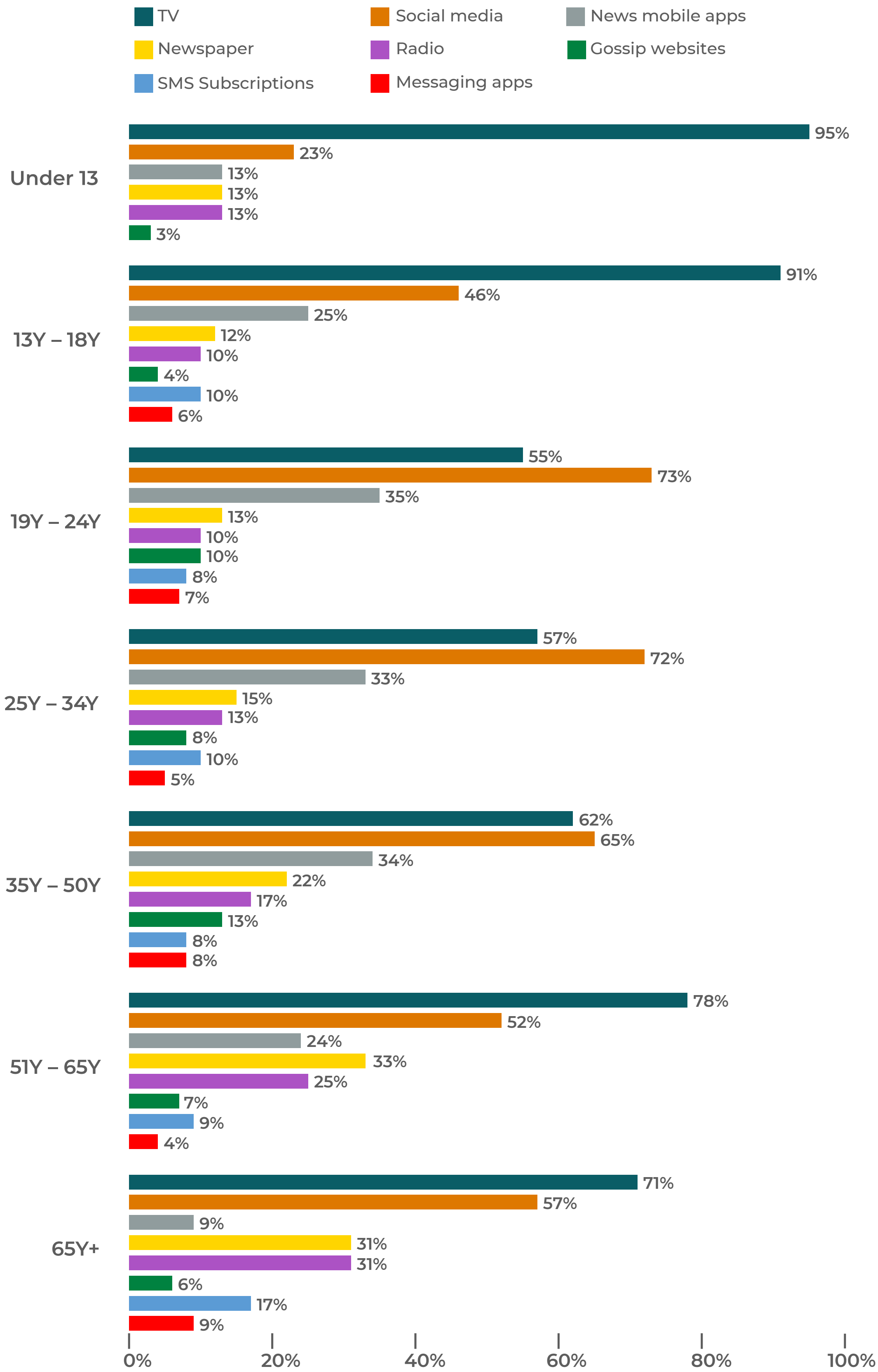
Key Media Sources Of Receiving News Updates

While social media has become the primary method of receiving news updates for Sri Lankan Internet users, accounting for 67%, TV has become the second most used method of receiving news updates, accounting for 62%.

Gender-Based Analysis



Age-Based Analysis

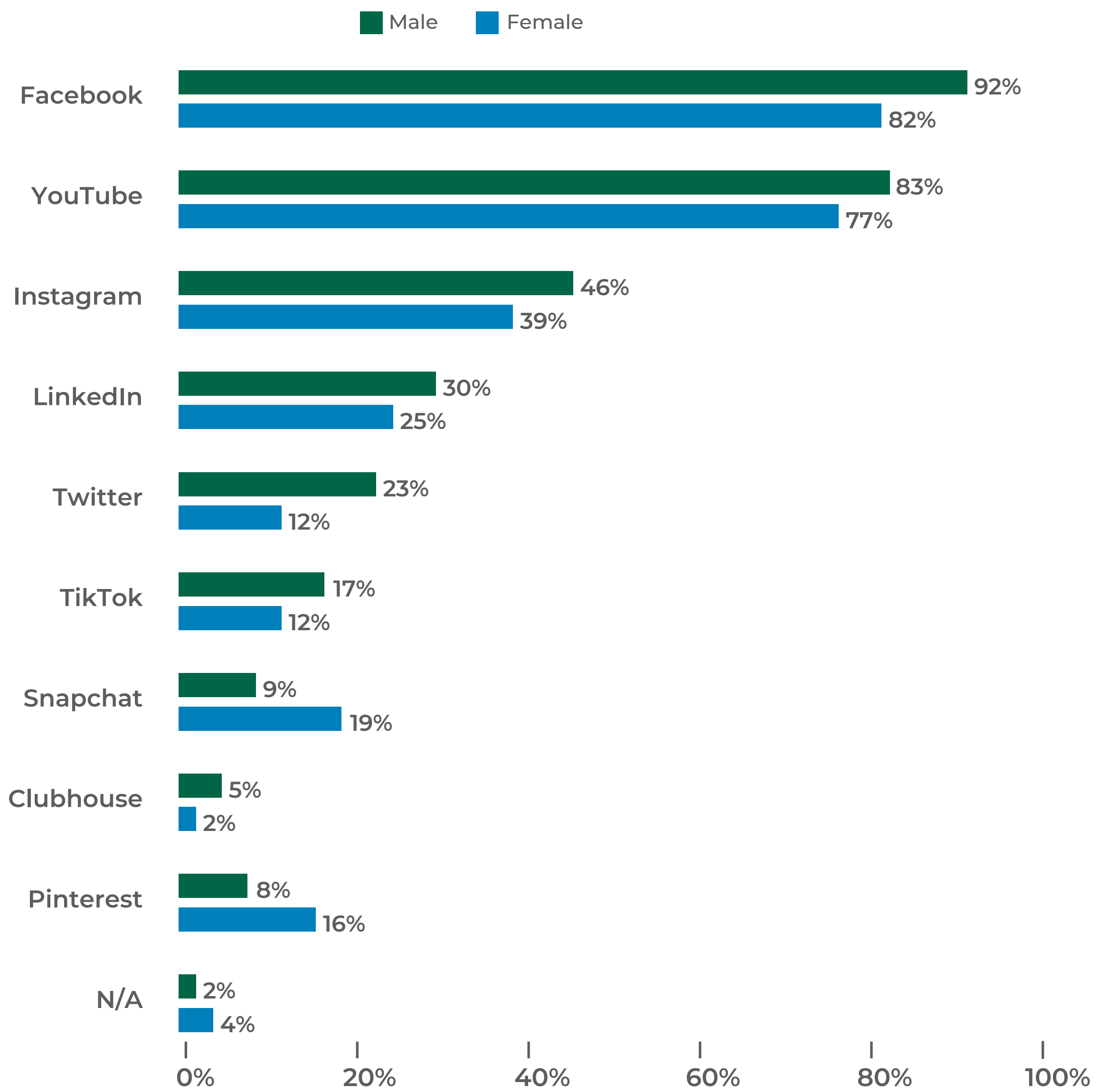


SOCIAL MEDIA CONSUMPTION PATTERNS

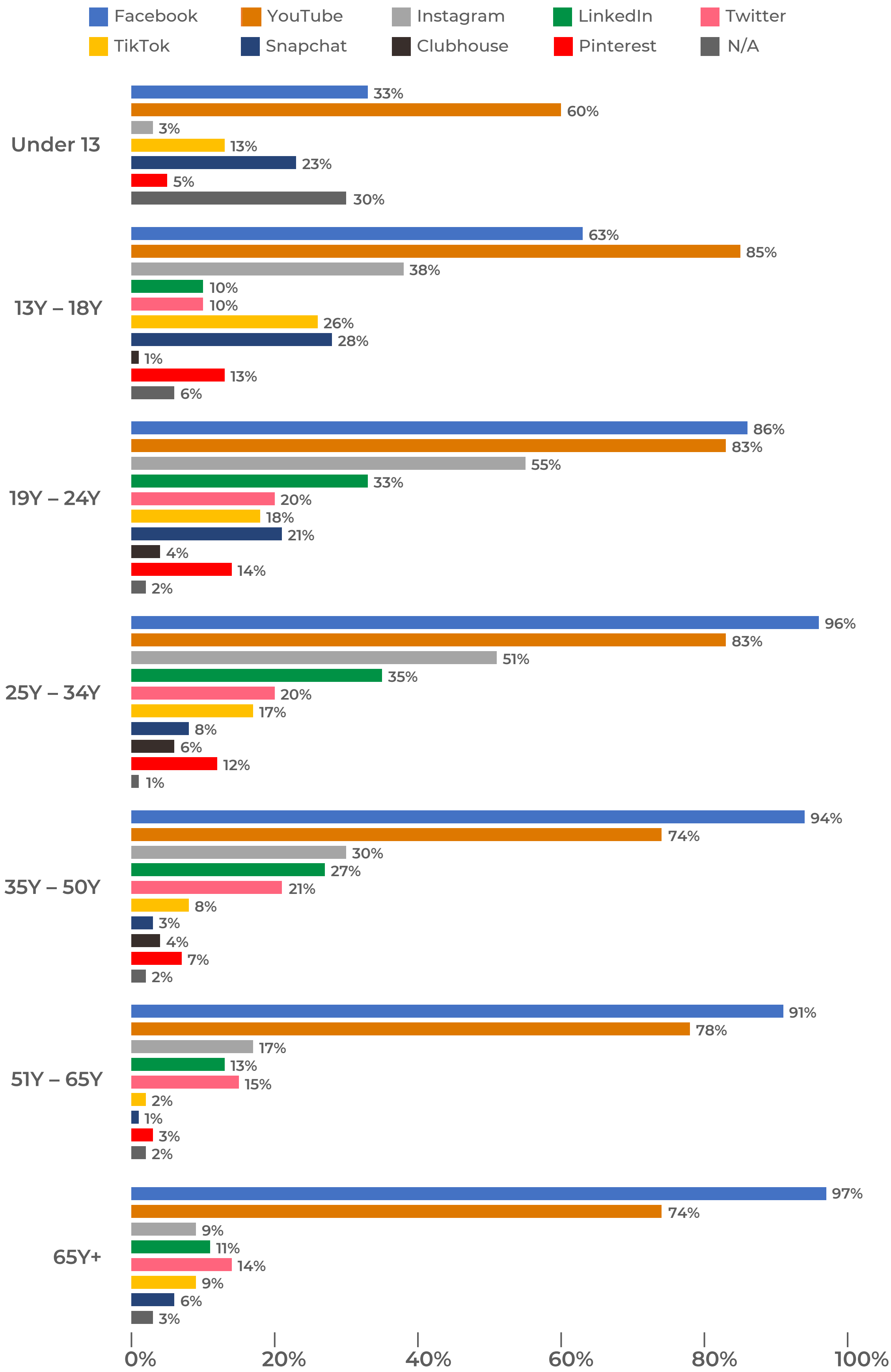
Most Popular Social Media Platforms

Facebook is the most popular social media platform among Internet users in Sri Lanka accounting for 88% active users. YouTube and Instagram have become the second and third most popular social media platforms accounting for 81% and 43% active users respectively.

Gender-Based Analysis



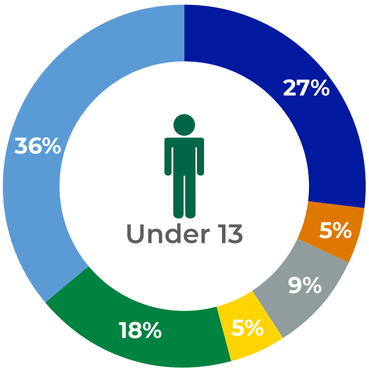
Age-Based Analysis



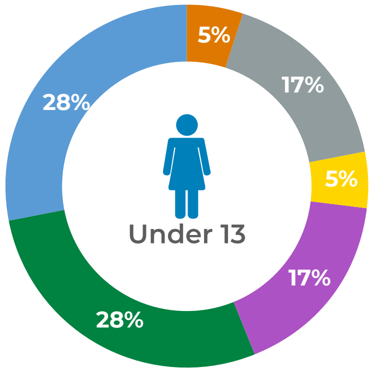
The Frequency Of Updating Social Media Profiles

Age & Gender-Based Analysis

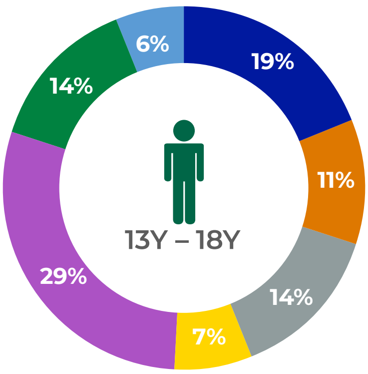
A couple of times a day | Once a day | At least once a week
Once in two weeks | At least once a month | Almost never
N/A



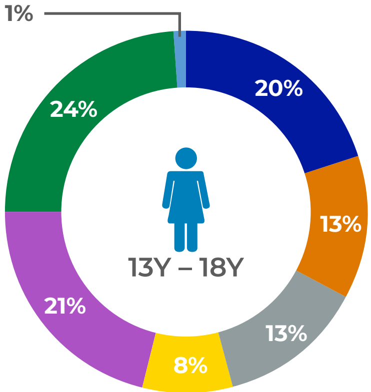
27% update status/content on social media profiles a couple of times a day while 9% at least once a week.



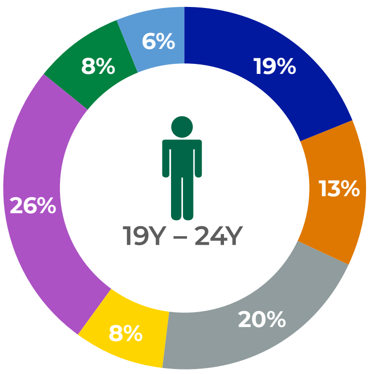
17% update status/content on social media profiles at least once a week while 17% at least once a month.



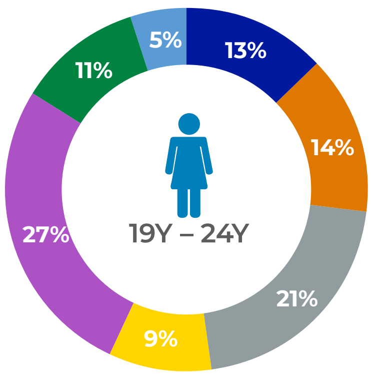
19% update status/content on social media profiles a couple of times a day while 29% at least once a month.



20% update status/content on social media profiles a couple of times a day while 21% at least once a month.



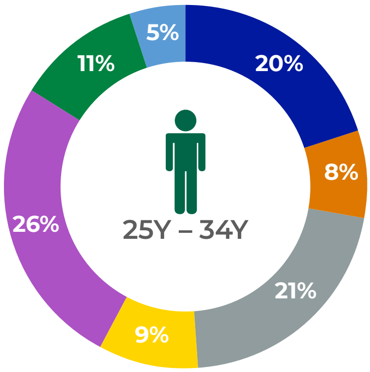
20% update status/content on social media profiles at least once a week while 26% at least once a month.



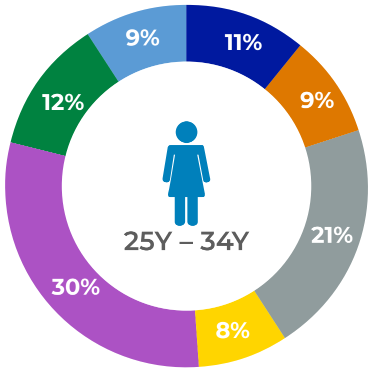
21% update status/content on social media profiles at least once a week while 27% at least once a month.

The Frequency Of Updating Social Media Profiles Cont.

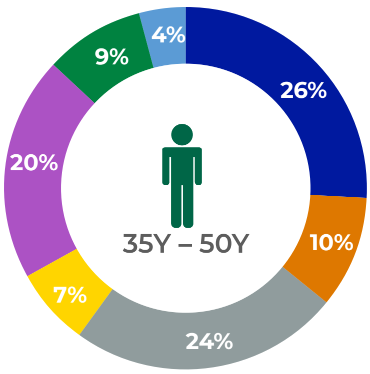
A couple of times a day | Once a day | At least once a week
Once in two weeks | At least once a month | Almost never
N/A



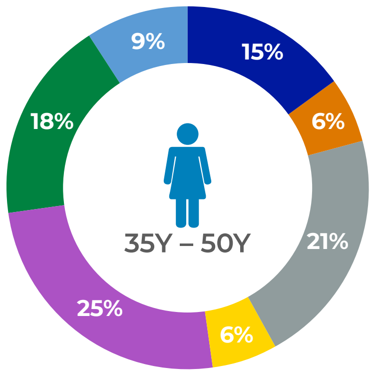
21% update status/content on social media profiles at least once a week while 26% at least once a month.



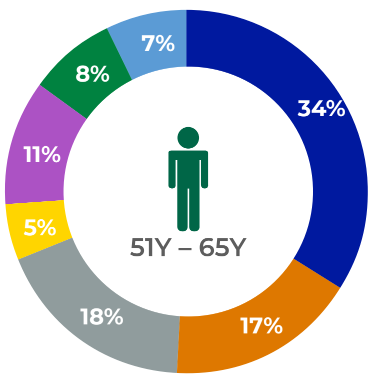
21% update status/content on social media profiles at least once a week while 30% at least once a month.



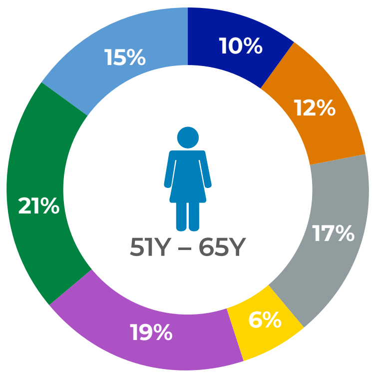
26% update status/content on social media profiles a couple of times a day while 24% at least once a week.



21% update status/content on social media profiles at least once a week while 25% at least once a month.



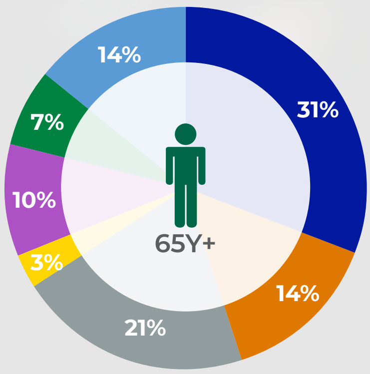
34% update status/content on social media profiles a couple of times a day while 18% at least once a week.



17% update status/content on social media profiles at least once a week while 19% at least once a month.

The Frequency Of Updating Social Media Profiles Cont.

A couple of times a day | Once a day | At least once a week
Once in two weeks | At least once a month | Almost never
N/A



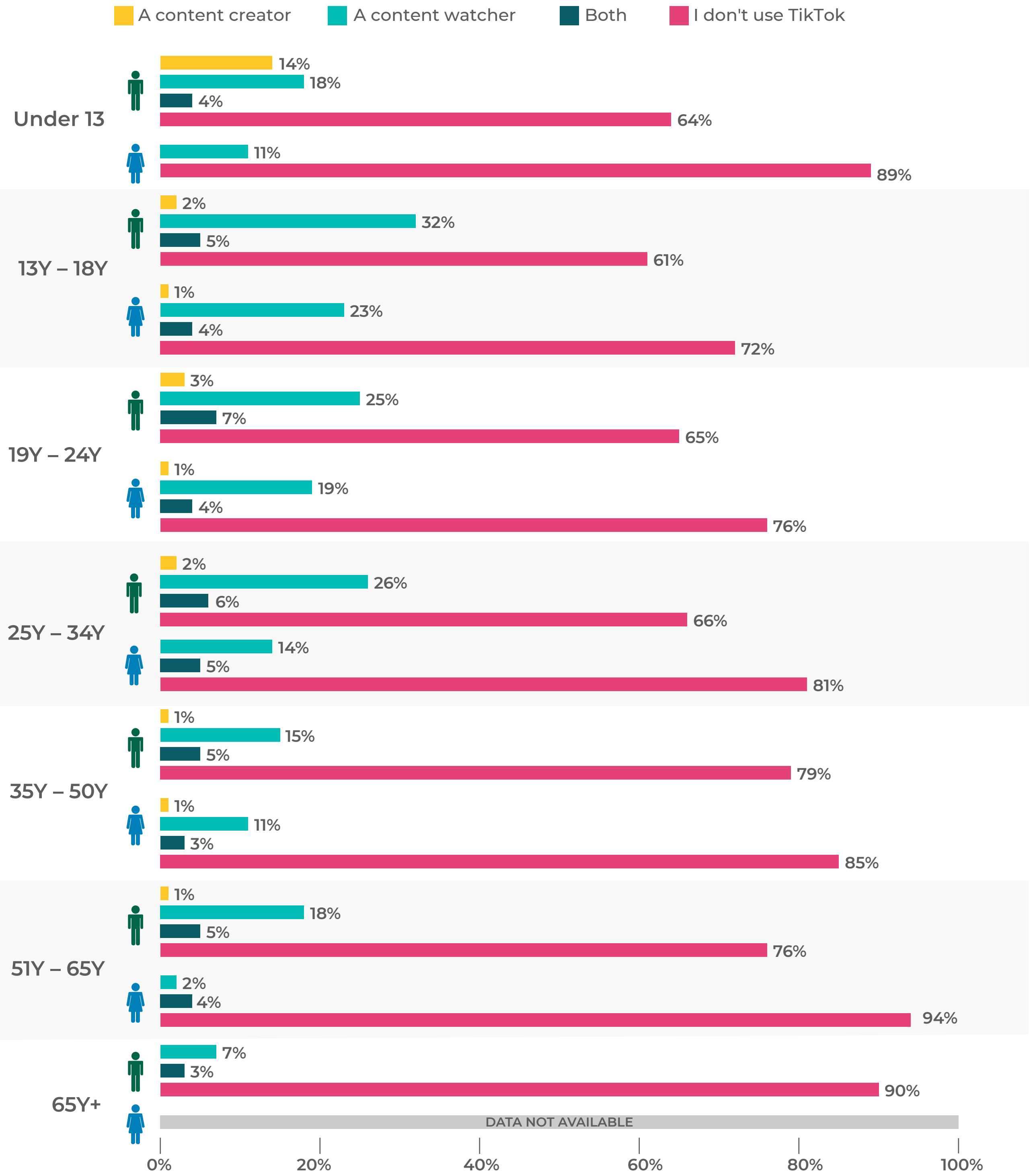
31% update status/content on social media profiles a couple of times a day while 21% at least once a week.

DATA NOT AVAILABLE

TikTok Content Creators Vs. Content Watchers

1% of Sri Lankan Internet users stated that they create content on TikTok while 20% stated they watch content on TikTok. Further, 5% of the Internet users both create and watch content on TikTok, while 74% have stated that they do not use TikTok.

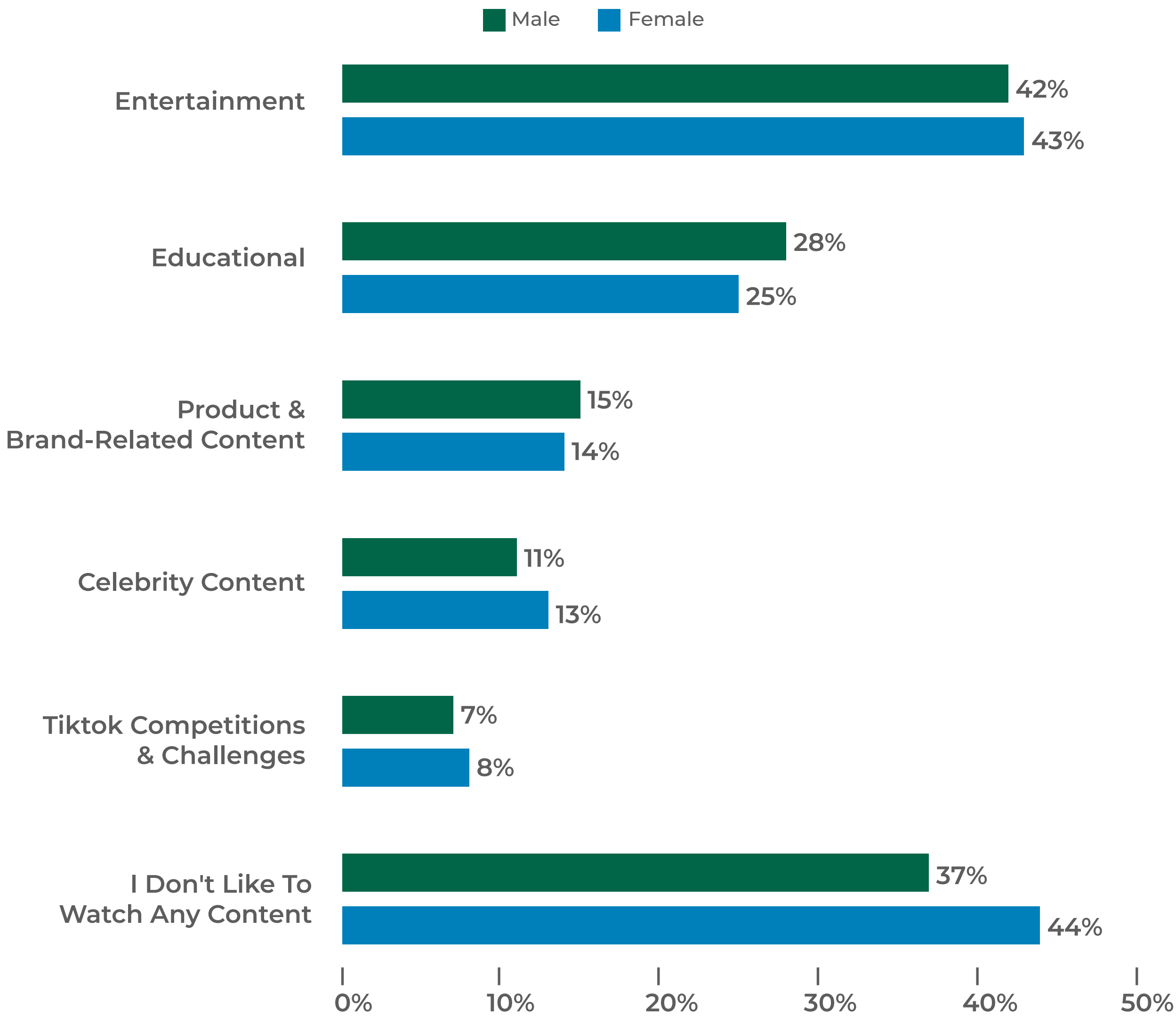
Age & Gender-Based Analysis



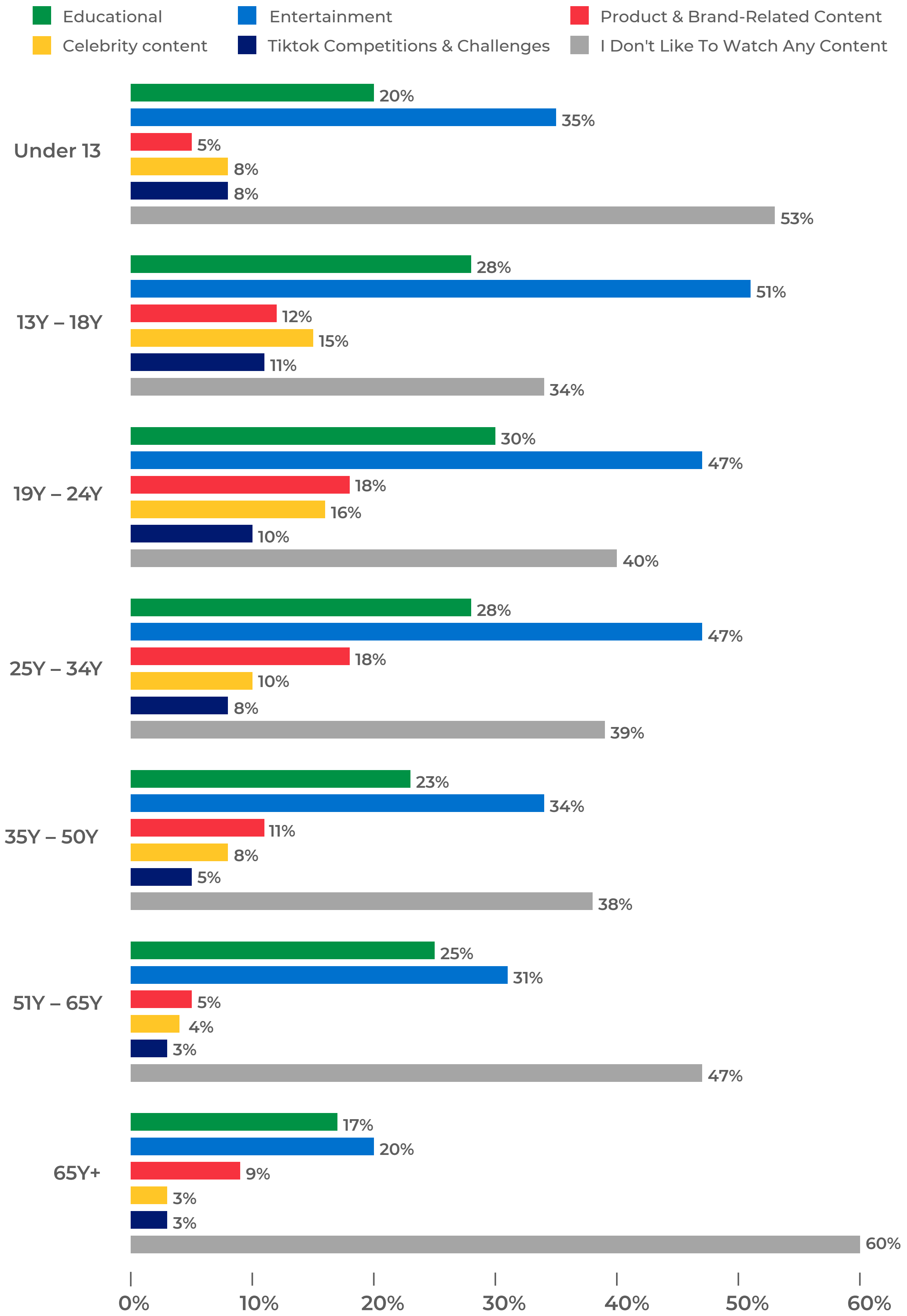
The Most Soughted Content-Type On Tiktok

43% of the Sri Lankan TikTok users stated that they prefer to watch entertaining content on TikTok while 27% stated that they prefer watching educational content on TikTok. Further, 15% have stated that they prefer to watch brand-related content on Tiktok.

Gender-Based Analysis



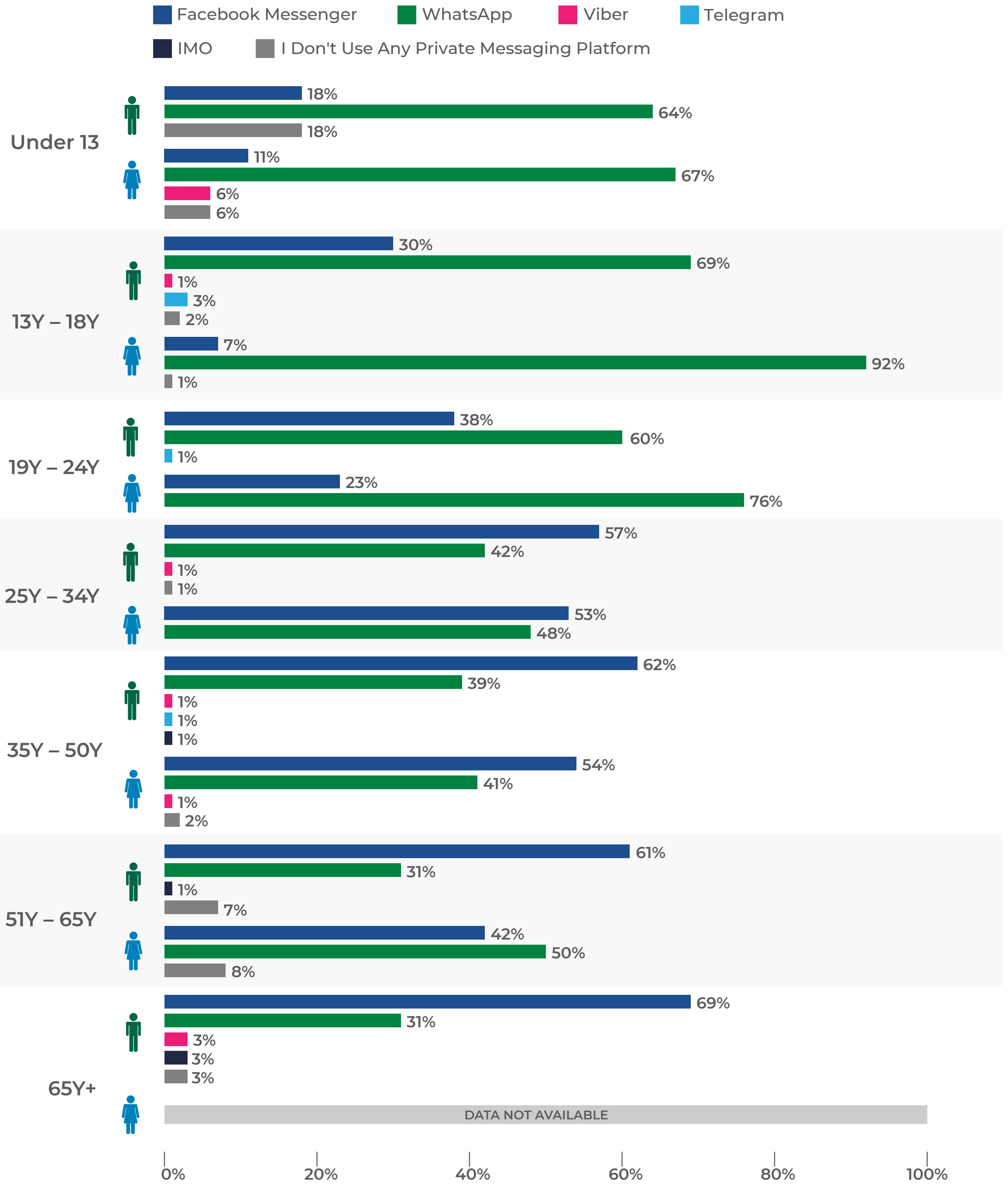
Age-Based Analysis



The Most Popular Private Messaging Apps

WhatsApp is the most popular private messaging platform among the Sri Lankan Internet users accounting for 53%, while Facebook Messenger is the second most popular private messaging platform accounting for 45%.

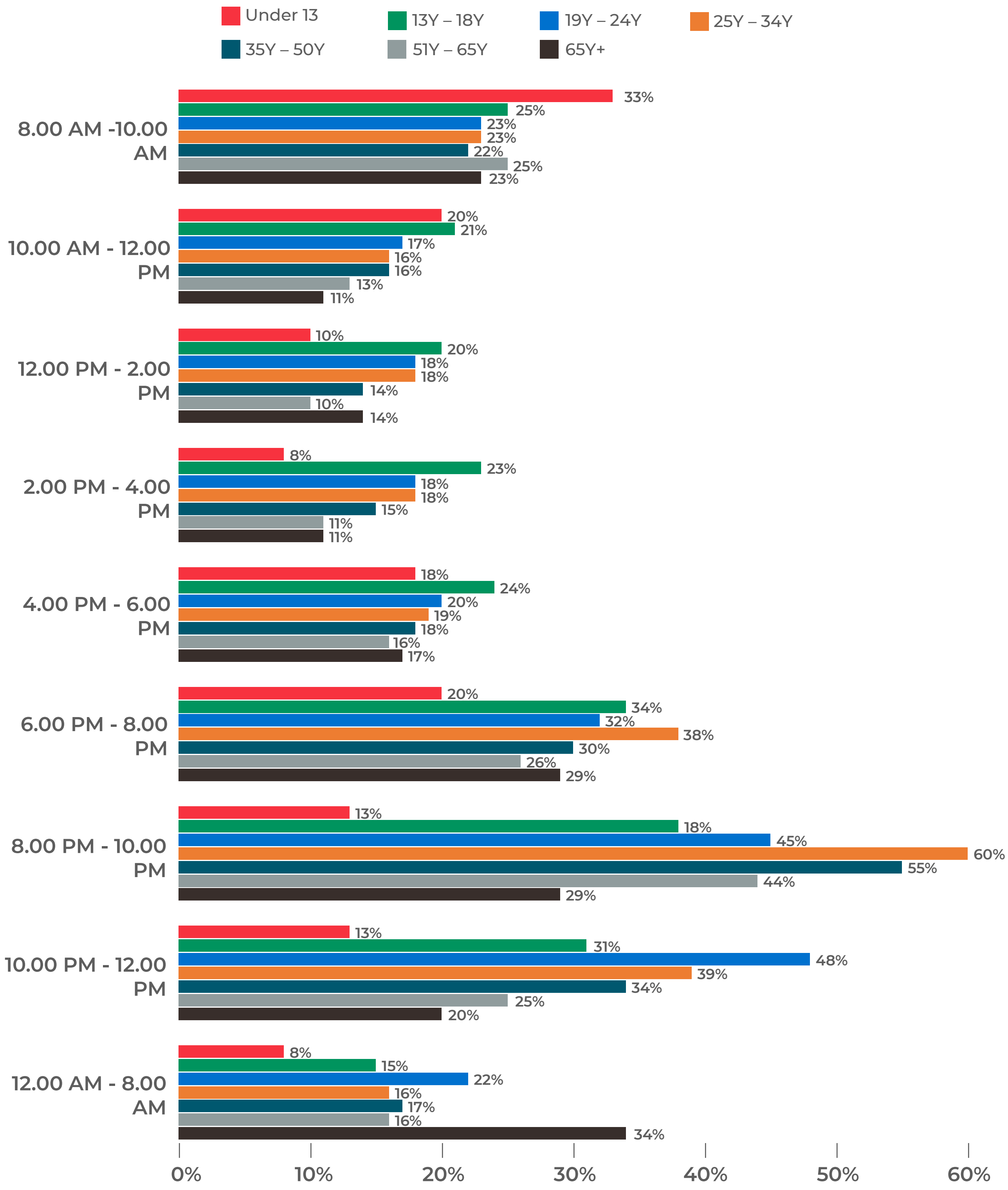
Age & Gender-Based Analysis



Most Active Times On Social Media

50% of the Internet users stated that they are active on social media from 8.00 PM to 10.00 PM, while 39% stated they are more active from 10.00 PM to 12.00 PM. Further, 33% of Internet users are active on social media from 6.00 PM - 8.00 PM.

Age-Based Analysis

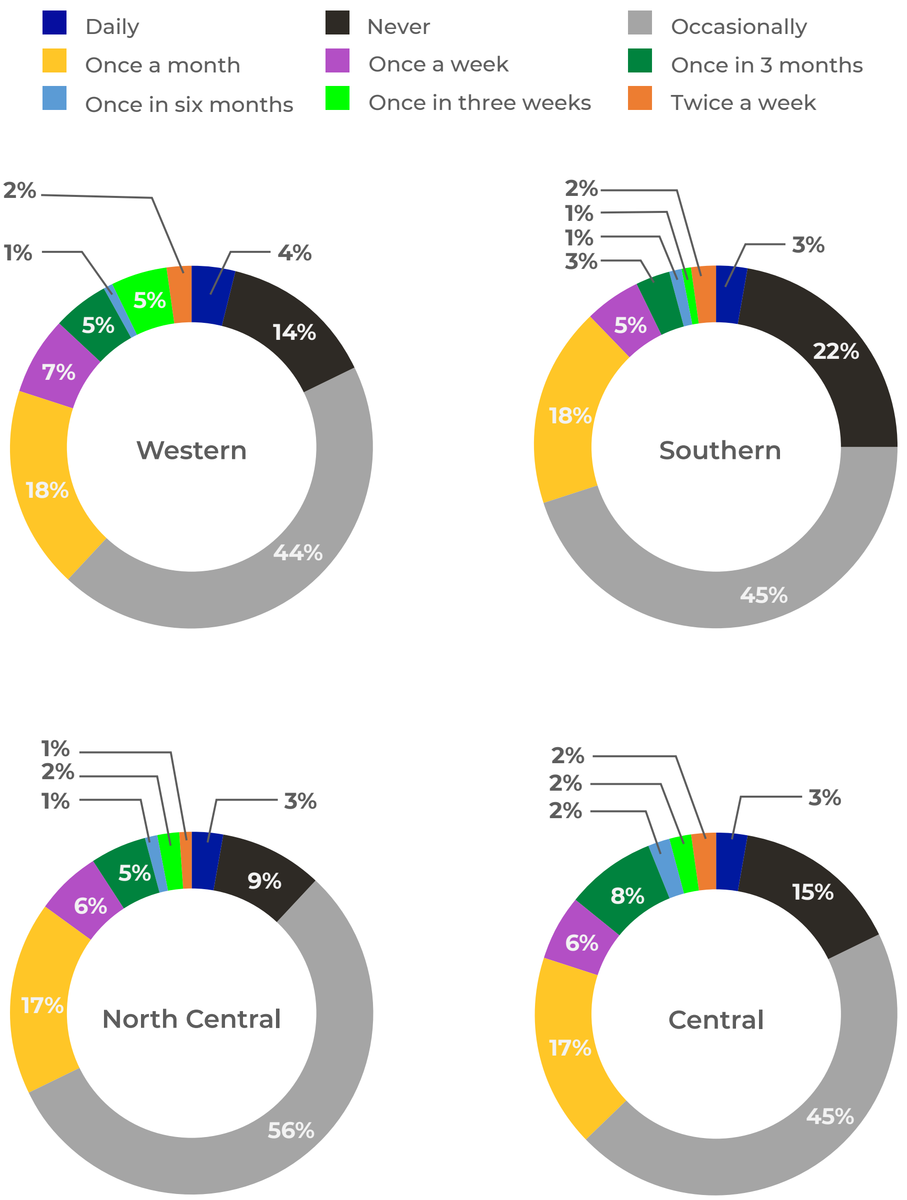


ONLINE PURCHASE BEHAVIOUR

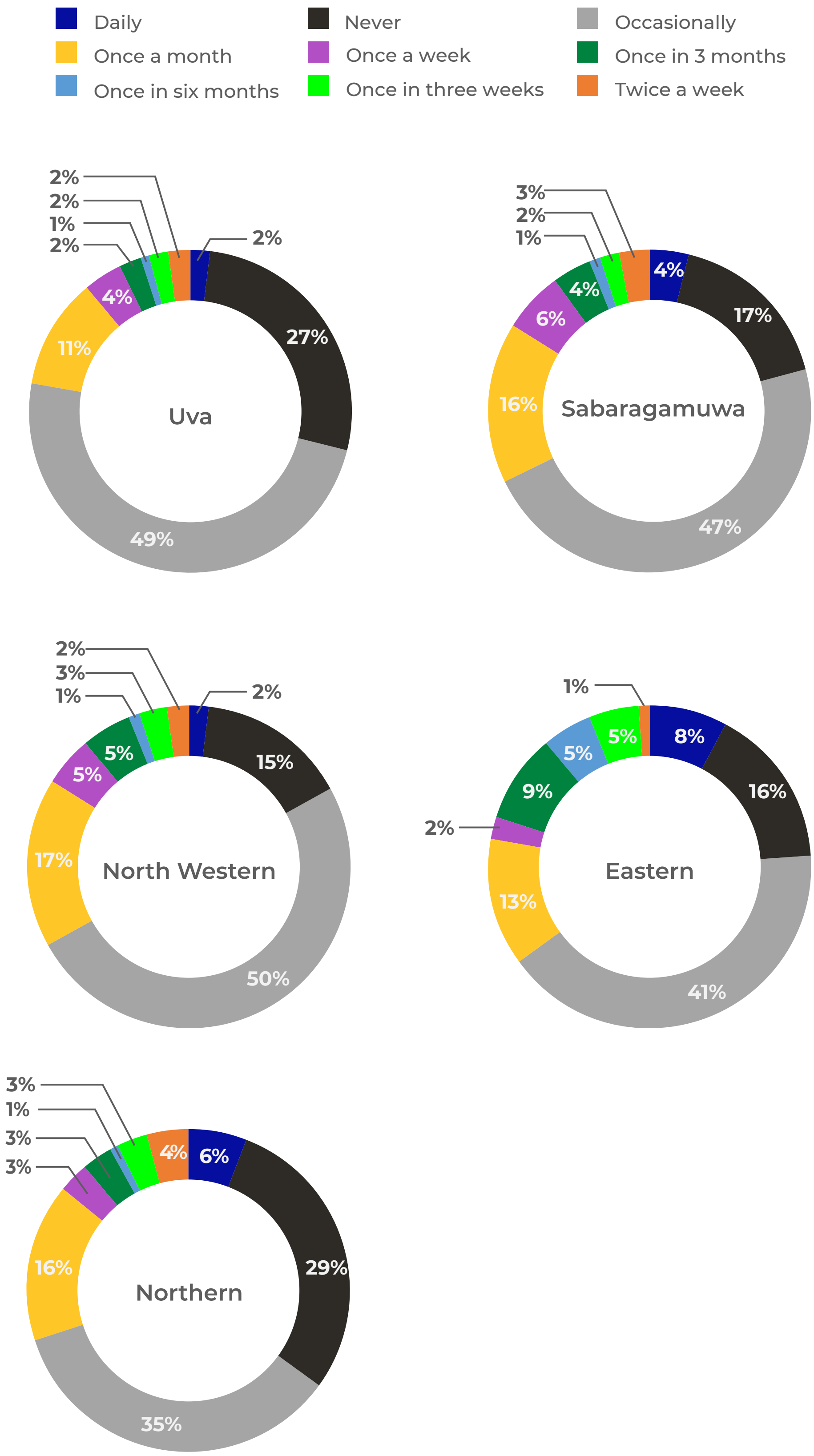
The Average Frequency Of Online Purchases

46% of the Internet users have stated that they make online purchases occasionally, while 17% stated that they make online purchases at least once a month.

Provincial Analysis



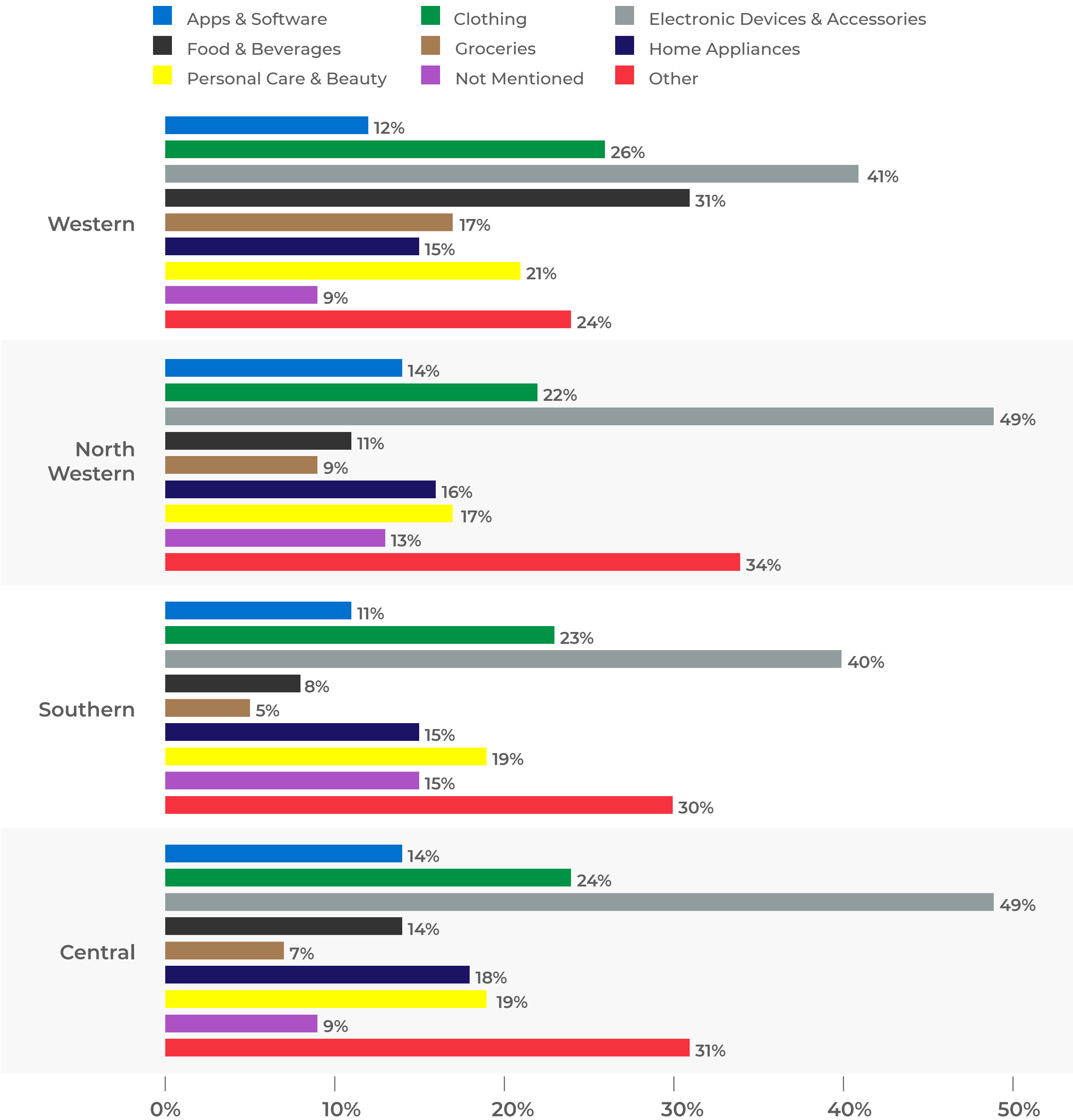
The Average Frequency Of Online Purchases Cont.



The Most-Purchased Products Online

43% of the Internet users have stated that they purchase electronic devices & accessories online, while 26% purchase clothes online and 19% purchase personal care & beauty products online.

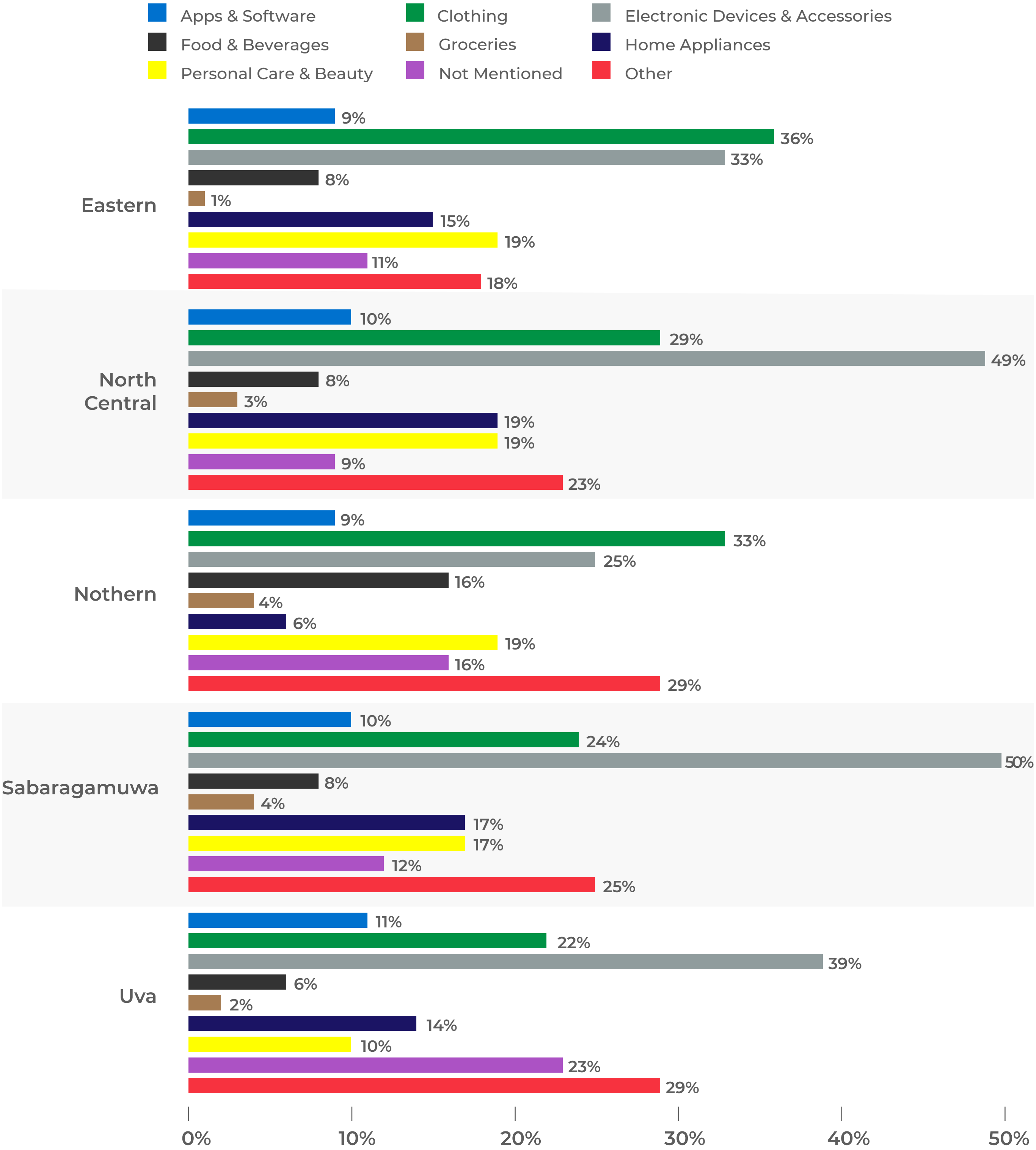
Provincial Analysis



To be continued...

The Most-Purchased Products Online Cont.

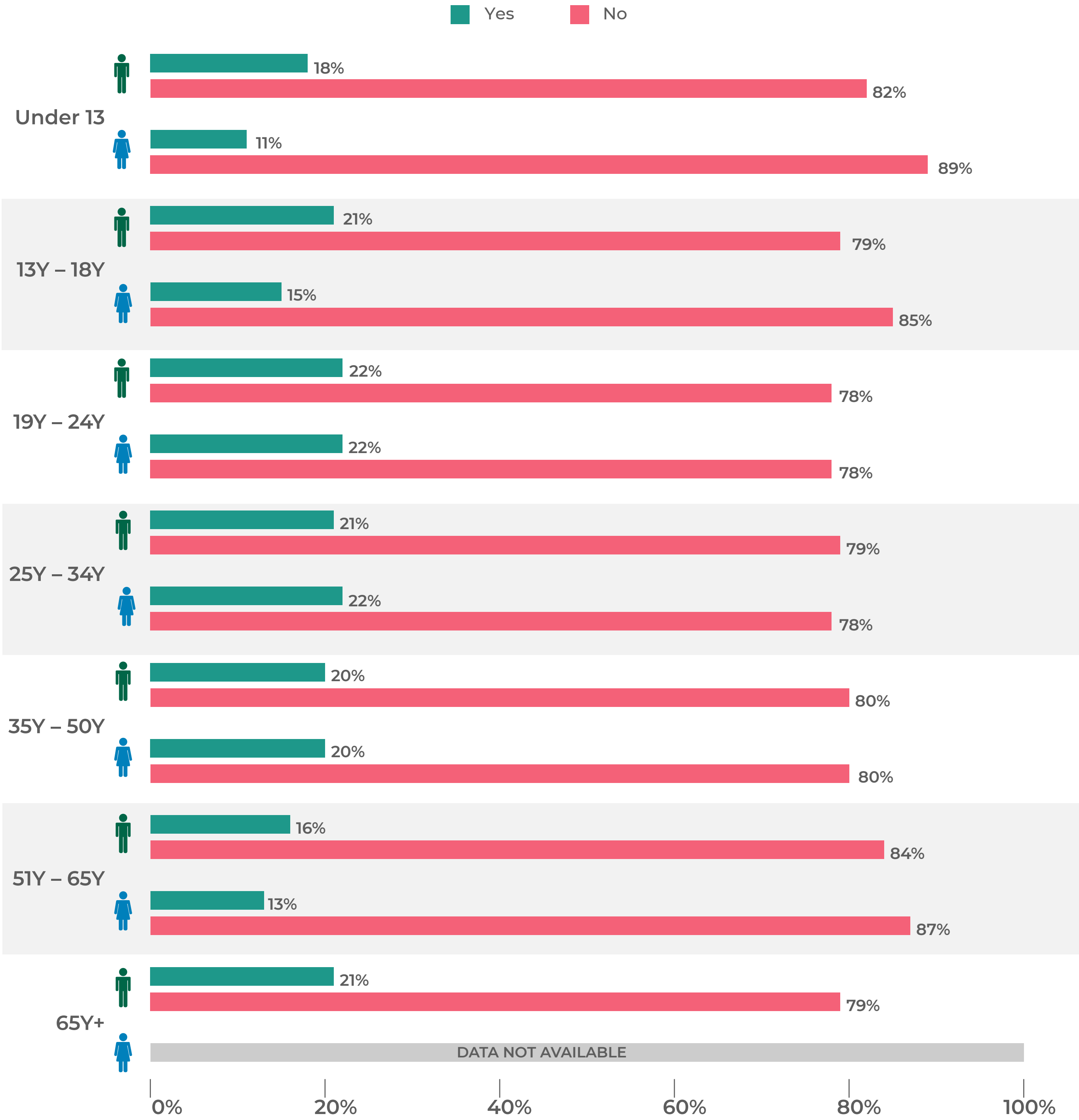
Provincial Analysis



The Impact Of Influencer Recommendations On Online Purchase Behaviour

20% of the Internet users in Sri Lanka have stated that they have purchased a product or a service after seeing an online recommendation of an influencer.

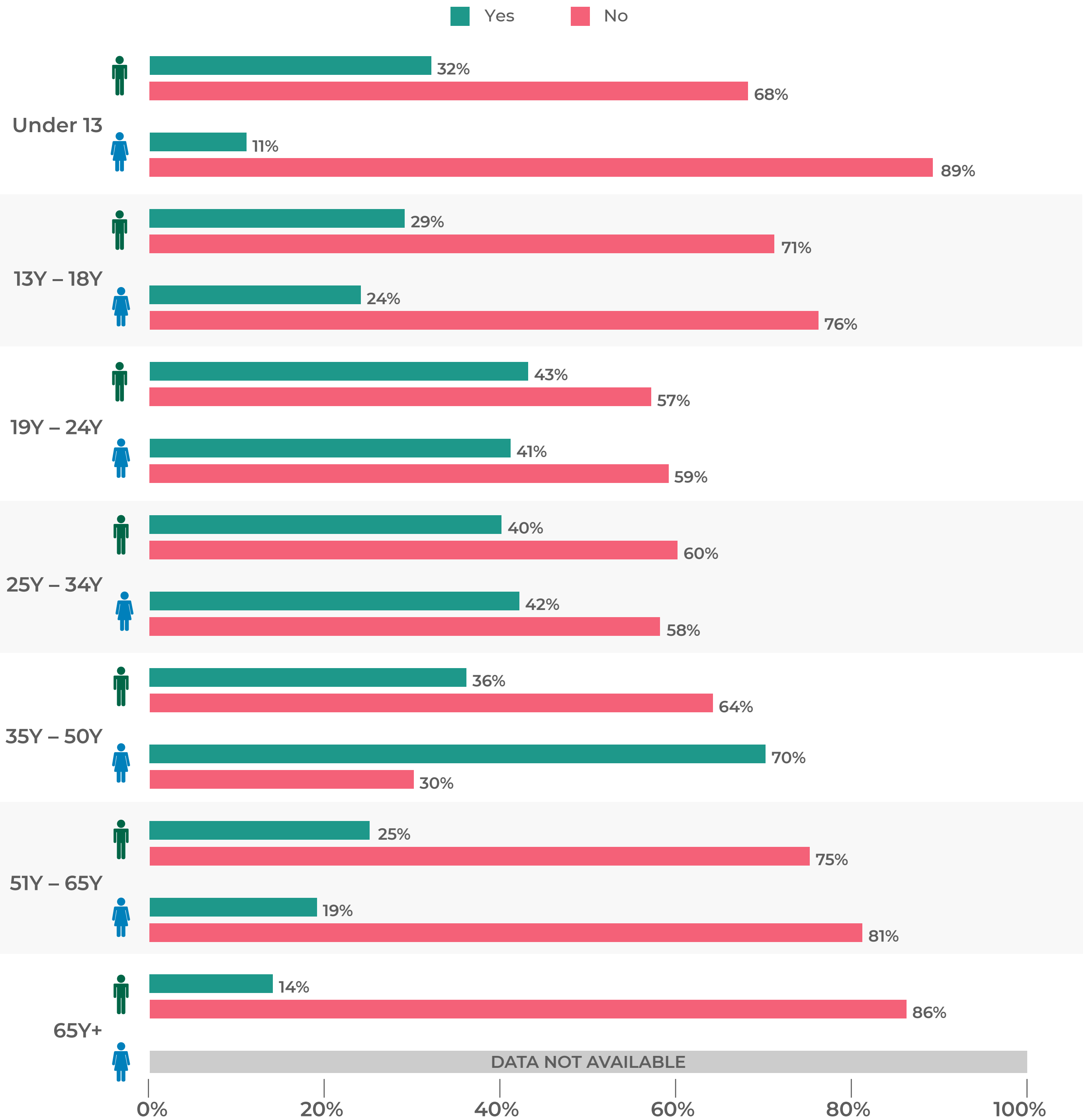
Age & Gender-Based Analysis



The Impact Of Social Media Friends' Reviews On Online Purchase Behaviour

39% of the Internet users in Sri Lanka have stated that they have purchased a product or a service after seeing a review or a recommendation by a friend on social media.

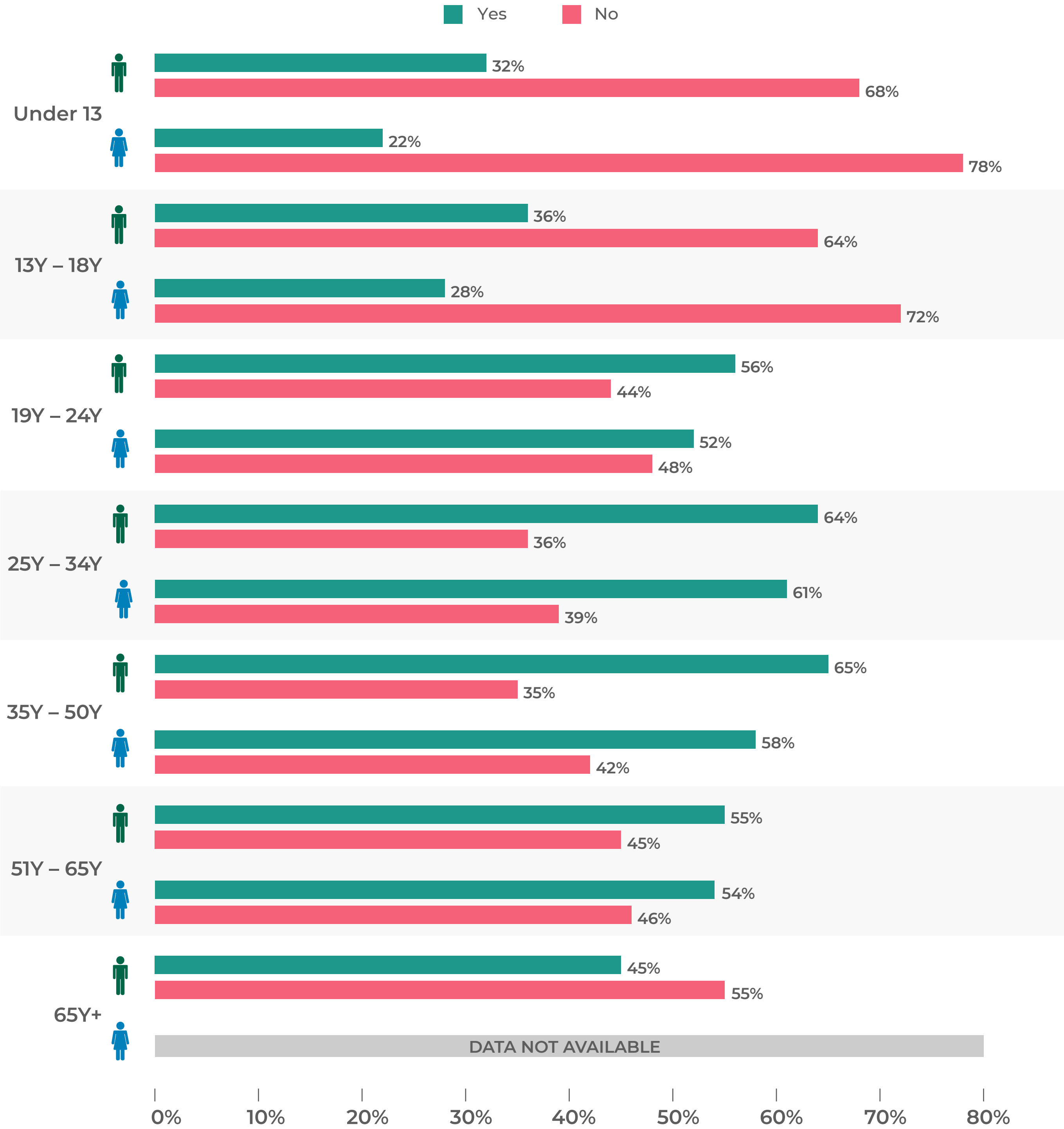
Age & Gender-Based Analysis



The Impact Of Online Advertising On Online Purchase Behaviour

56% of the Internet users in Sri Lanka have stated that they have purchased a product or a service after seeing an advertisement on the Internet.

Age & Gender-Based Analysis

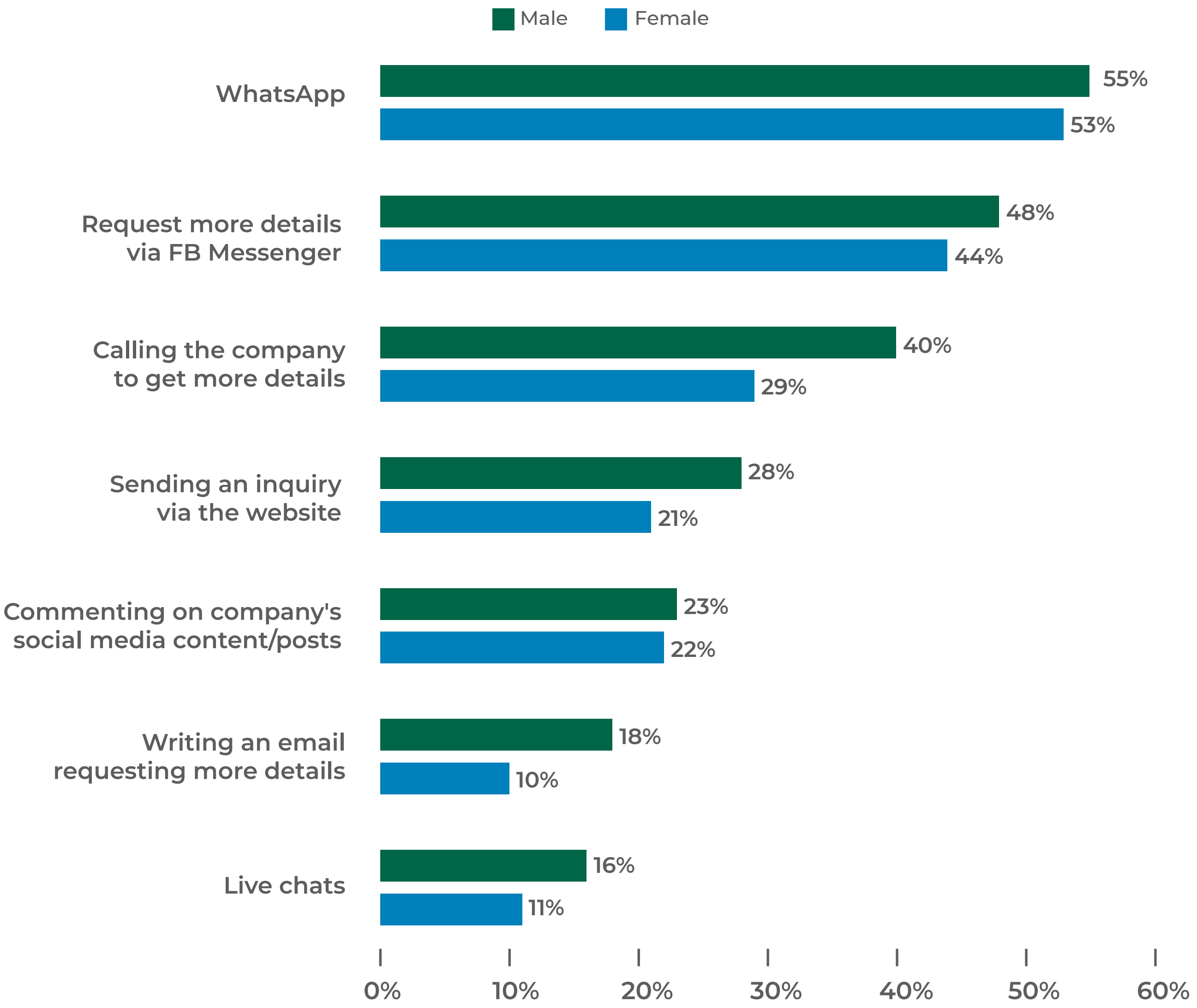


The Most Popular Methods Of Inquiring About Products/ Services

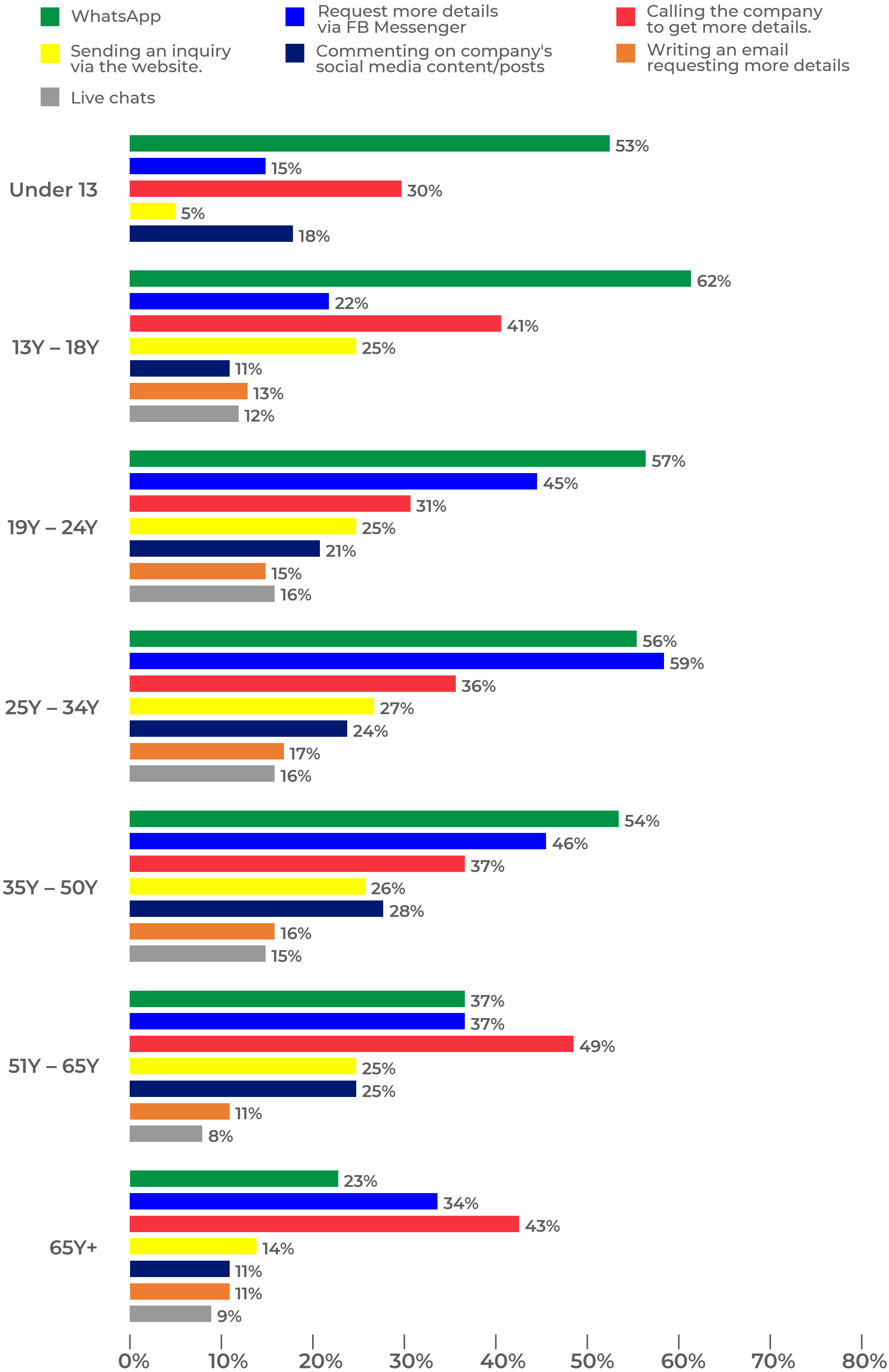
54% of the Internet users have stated that WhatsApp is their most preferred method of interacting with businesses and 46% have stated that they prefer using Facebook Messenger to interact with businesses.

While 36% of the Internet users have stated that they prefer calling the company, 25% have stated that they prefer sending an inquiry via the website.

Gender-Based Analysis



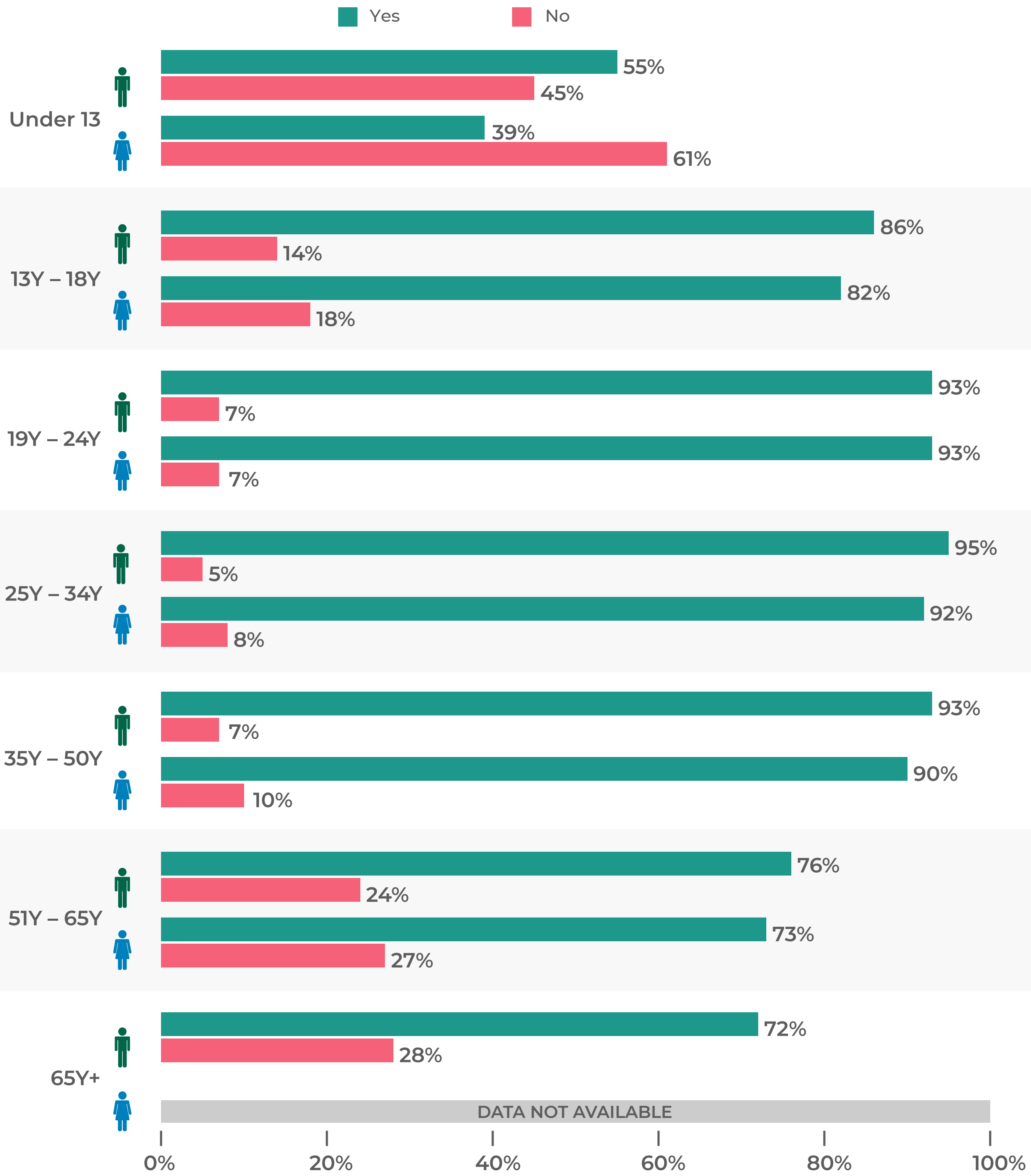
Age-Based Analysis



The Impact Of Online Reviews On Purchase Decisions

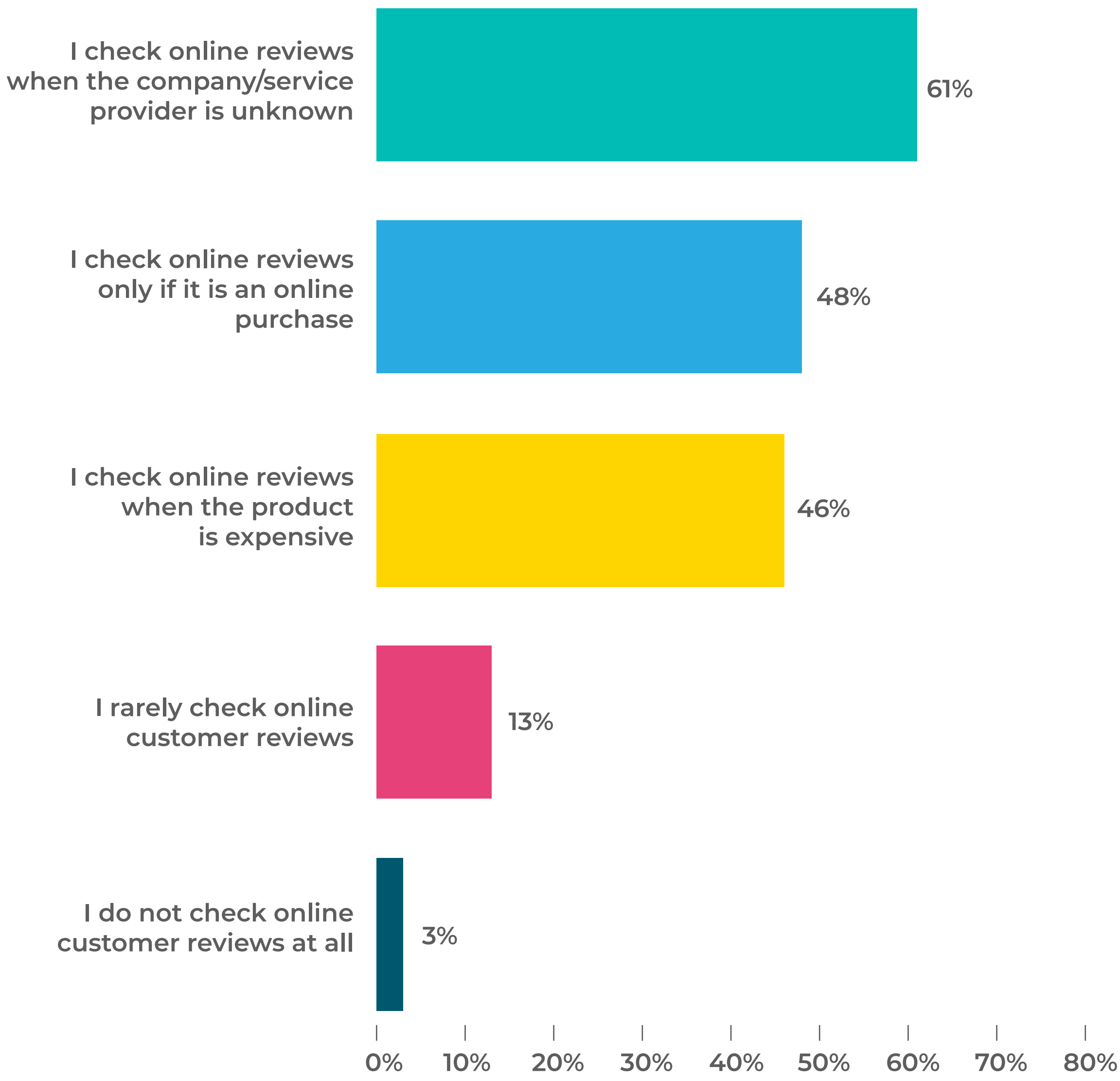
90% of the Internet users stated that they check online reviews before purchasing a product or a service.

Age & Gender-Based Analysis



The Most Common Situations For Customers To Check Online Reviews Before The Purchase Decision

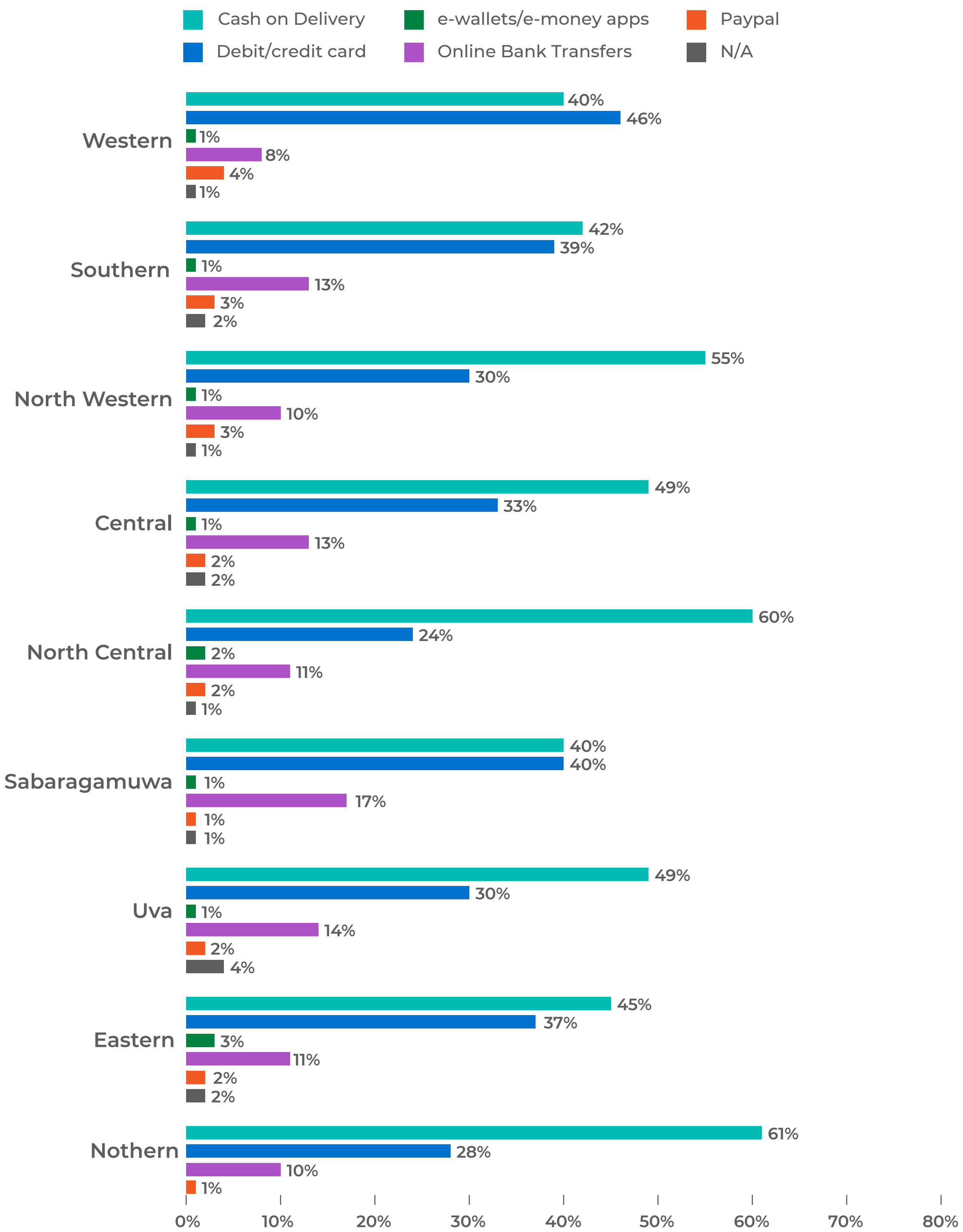
61% of the Internet users have mentioned that they check online reviews when the company/service provider is unknown or small in scale and, 48% check online reviews only if it is an online purchase.



The Most Popular Online Payment Methods

46% of the Internet users have mentioned the Cash on Delivery method as their most preferred payment option when purchasing products/services online, 37% have stated that the Credit/Debit Card is their most preferred payment method.

Provincial Analysis



WEB & MOBILE APP USAGE BEHAVIOR

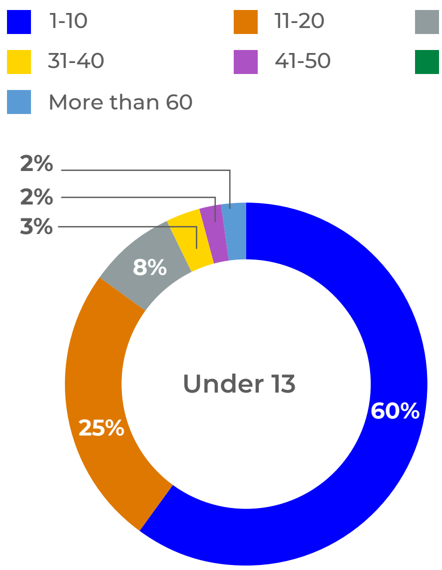
App Installation Vs. Actual App Usage

(Note: Social Media Applications Are Not Considered)

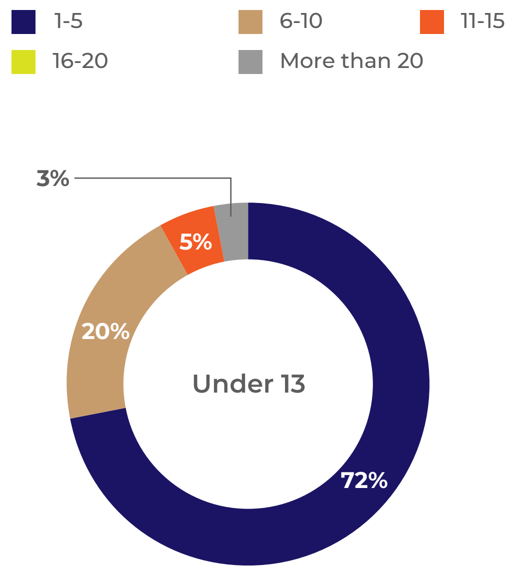
On average, 47% of the Internet users have 1 - 10 mobile applications installed in their phones in addition to social media applications, while 26% have 11 - 20 applications installed in their mobile phones.

Further, 56% of the Internet users have stated that they frequently use only 1 - 5 mobile applications, while 27% have stated that they use 6 - 10 mobile applications frequently.

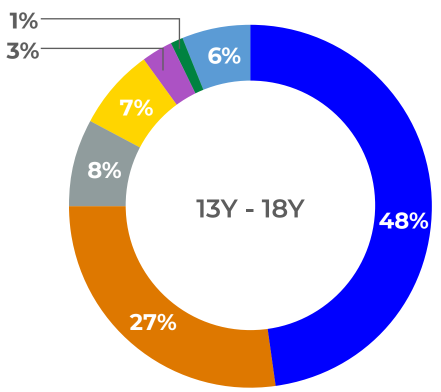
Age-Based Analysis



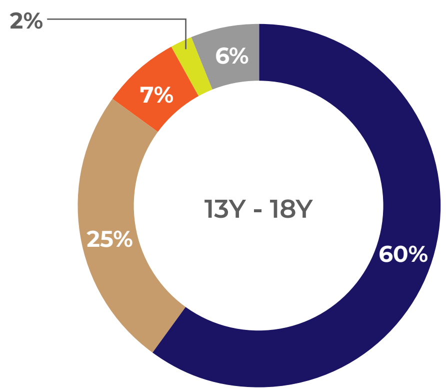
60% stated that they installed 1 - 10 mobile apps, while 25% have installed 11 - 20 mobile apps on their phones.



72% stated that they use only 1 - 5 mobile apps, while 20% use only 6 - 10 mobile apps more frequently.

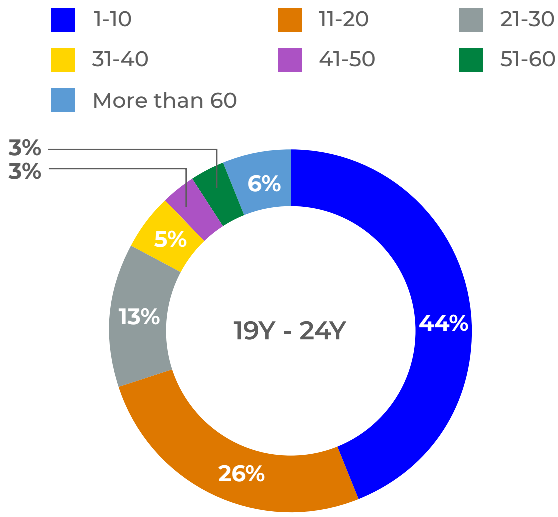


60% stated that they installed 1 - 10 mobile apps, while 25% have installed 11 - 20 mobile apps on their phones.

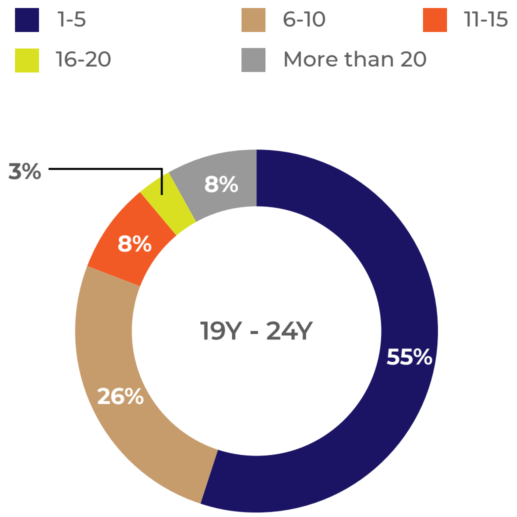


60% stated that they use only 1 - 5 mobile apps, while 25% use only 6 - 10 mobile apps more frequently.

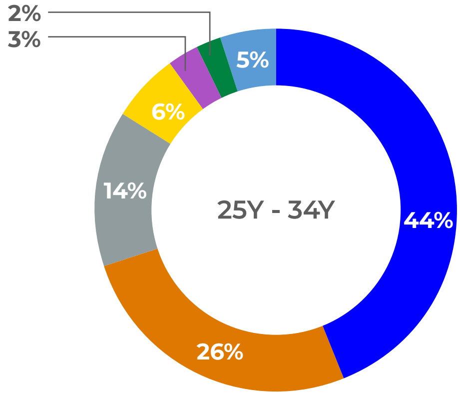
App Installation Vs. Actual App Usage Cont.



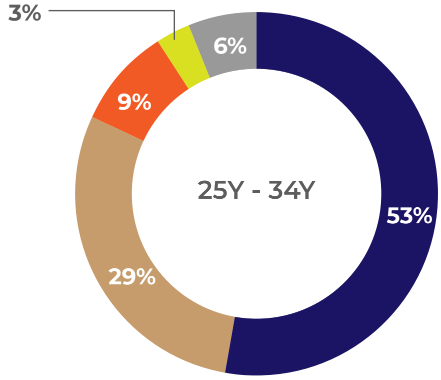
44% stated that they have 1 - 10 mobile apps installed, while 26% have installed 11 - 20 mobile apps on their phones.



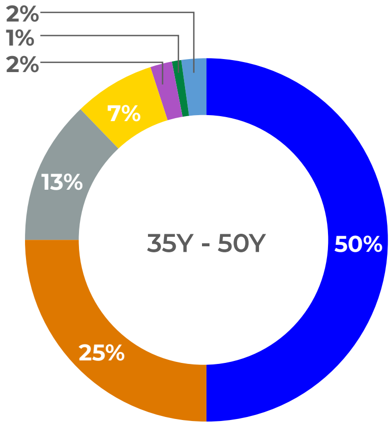
55% stated that they use only 1 - 5 mobile apps, while 26% stated they use only 6 - 10 mobile apps more frequently.



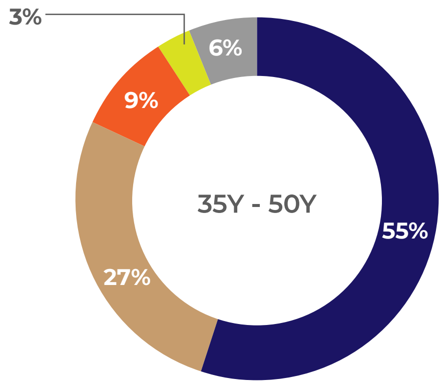
44% stated that they have 1 - 10 mobile apps installed, while 26% stated that they have 11 - 20 mobile apps installed on their phones.



53% stated that they use only 1 - 5 mobile apps, while 29% stated they use only 6 - 10 mobile apps more frequently.

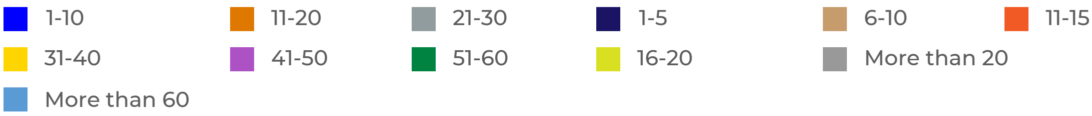


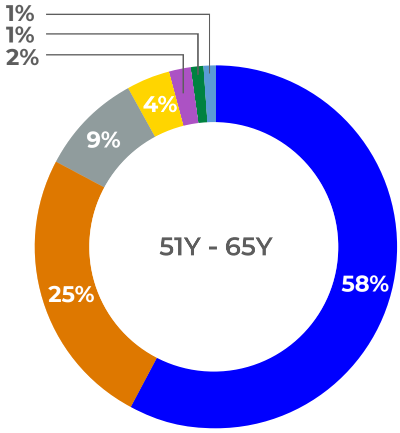
50% stated that they have 1 - 10 mobile apps installed, while 25% stated that they have 11 - 20 mobile apps installed on their phones.



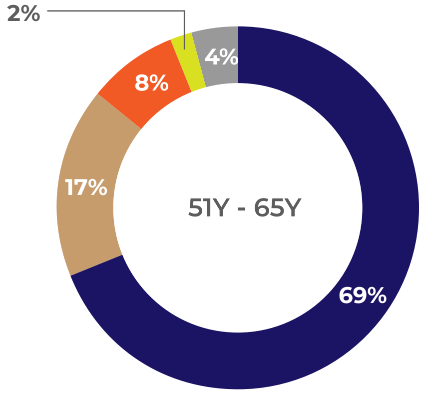
55% stated that they use only 1 - 5 mobile apps, while 27% stated they use only 6 - 10 mobile apps more frequently.

App Installation Vs. Actual App Usage Cont.

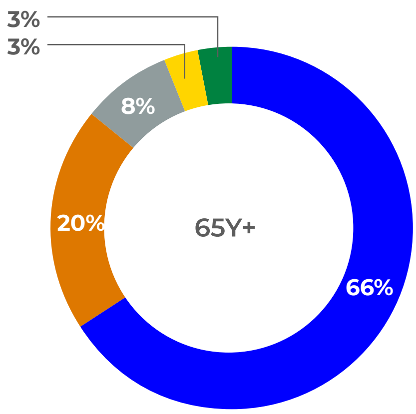




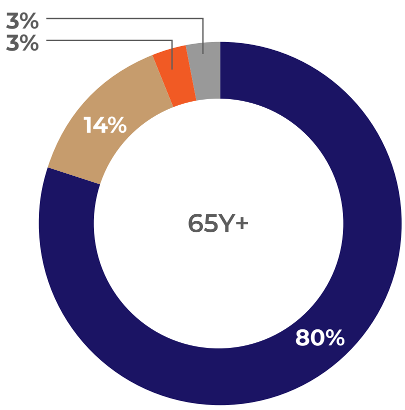
58% stated that they have 1 - 10 mobile apps installed, while 25% stated that they have 11 - 20 mobile apps installed on their phones.



69% stated that they use only 1 - 5 mobile apps, while 17% stated that they use only 6 - 10 mobile apps more frequently



66% stated that they have 1 - 10 mobile apps installed, while 20% stated that they have 11 - 20 mobile apps installed on their phones.

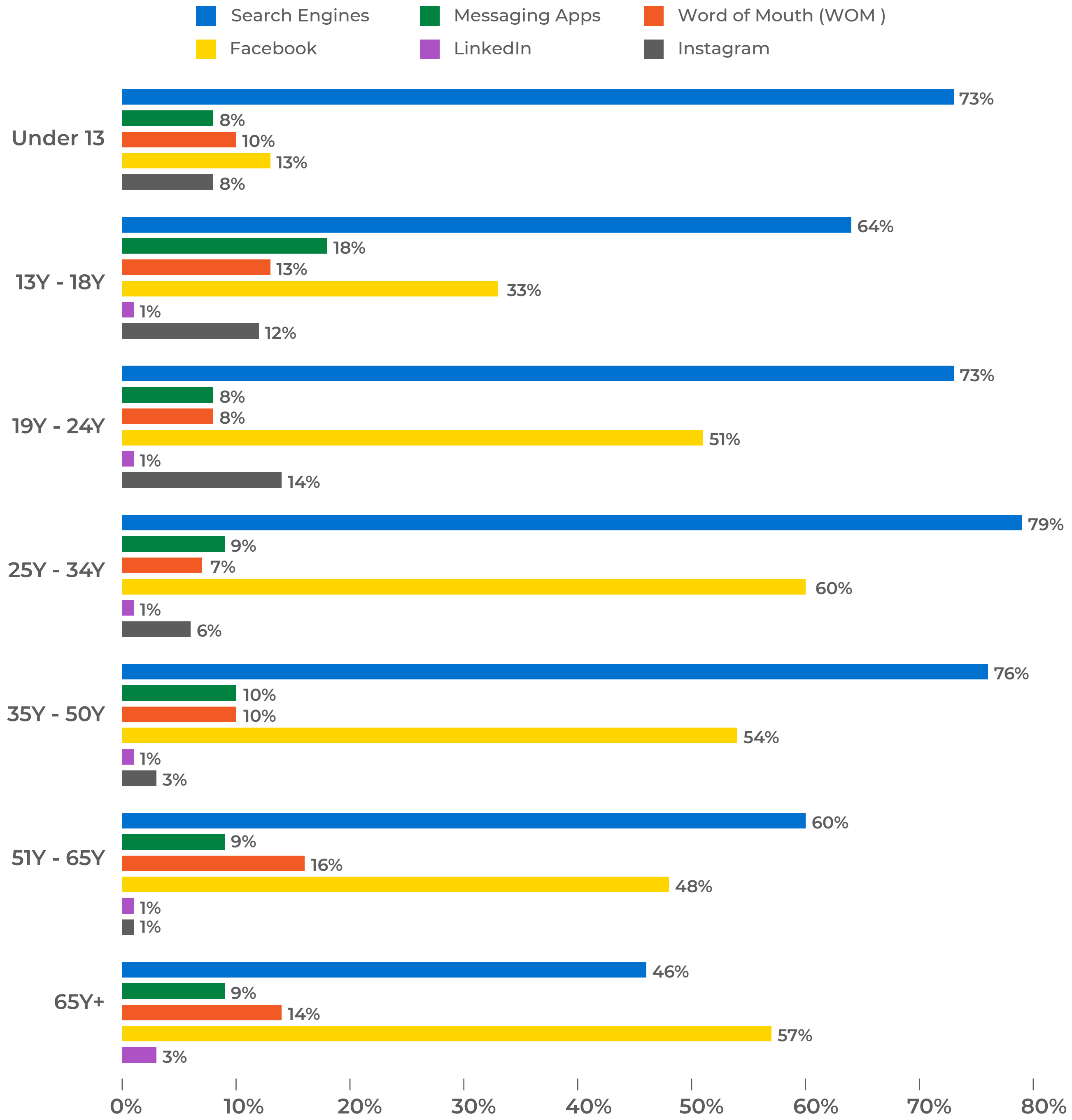


80% stated that they use only 1 - 5 mobile apps, while 14% stated they use only 6 - 10 mobile apps more frequently.

The Most Popular Methods Of Searching Information About Products & Services.

73% of the Internet users stated that their most preferred method of finding information about a product or a service is searching on search engines, and 52% prefer to search for more information on Facebook.

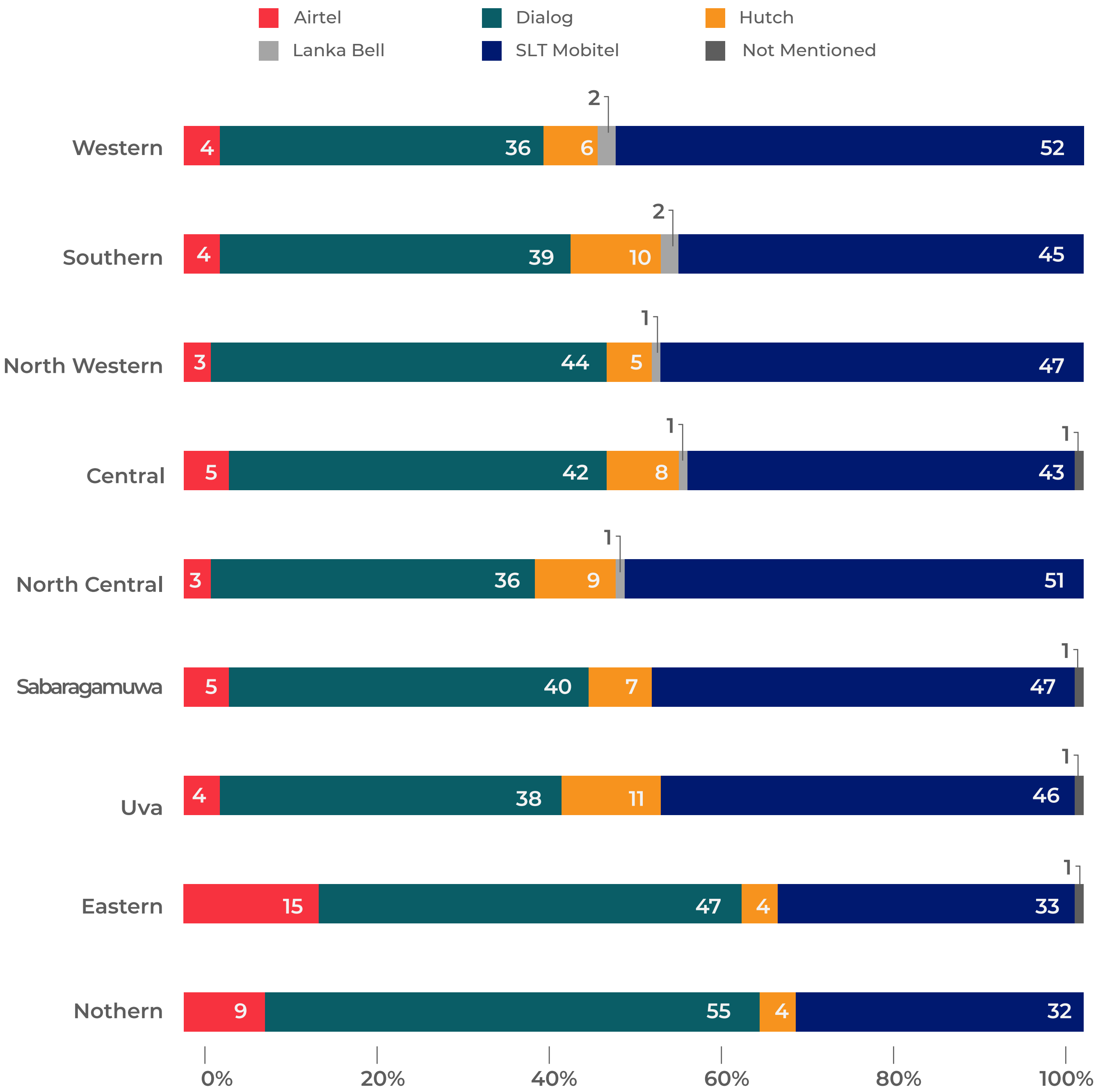
Age-Based Analysis



The Most Preferred Internet Service Providers

47% of the Internet users have mentioned SLT Mobitel as their most preferred Internet service provider, while 40% have mentioned Dialog as the most preferred Internet service provider.

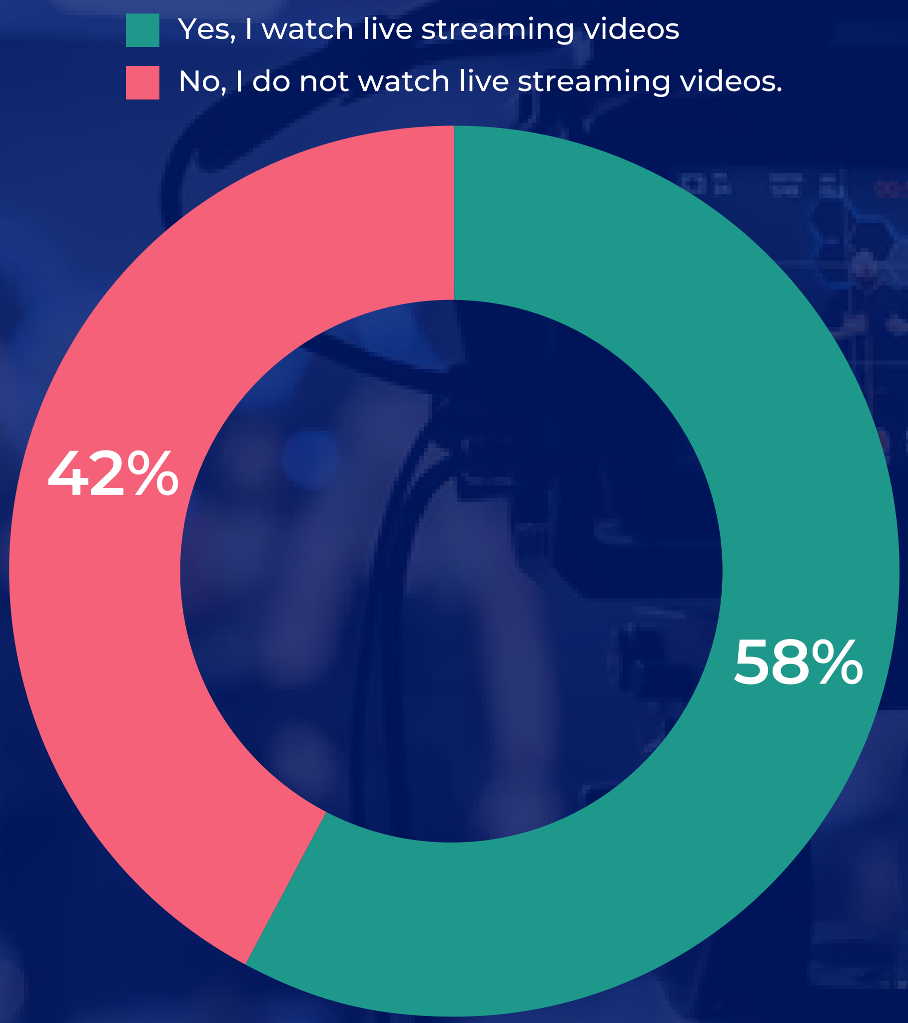
Provincial Analysis



LIVE STREAMING VIEWER BEHAVIOUR

The Tendency of Watching Live Streaming Videos

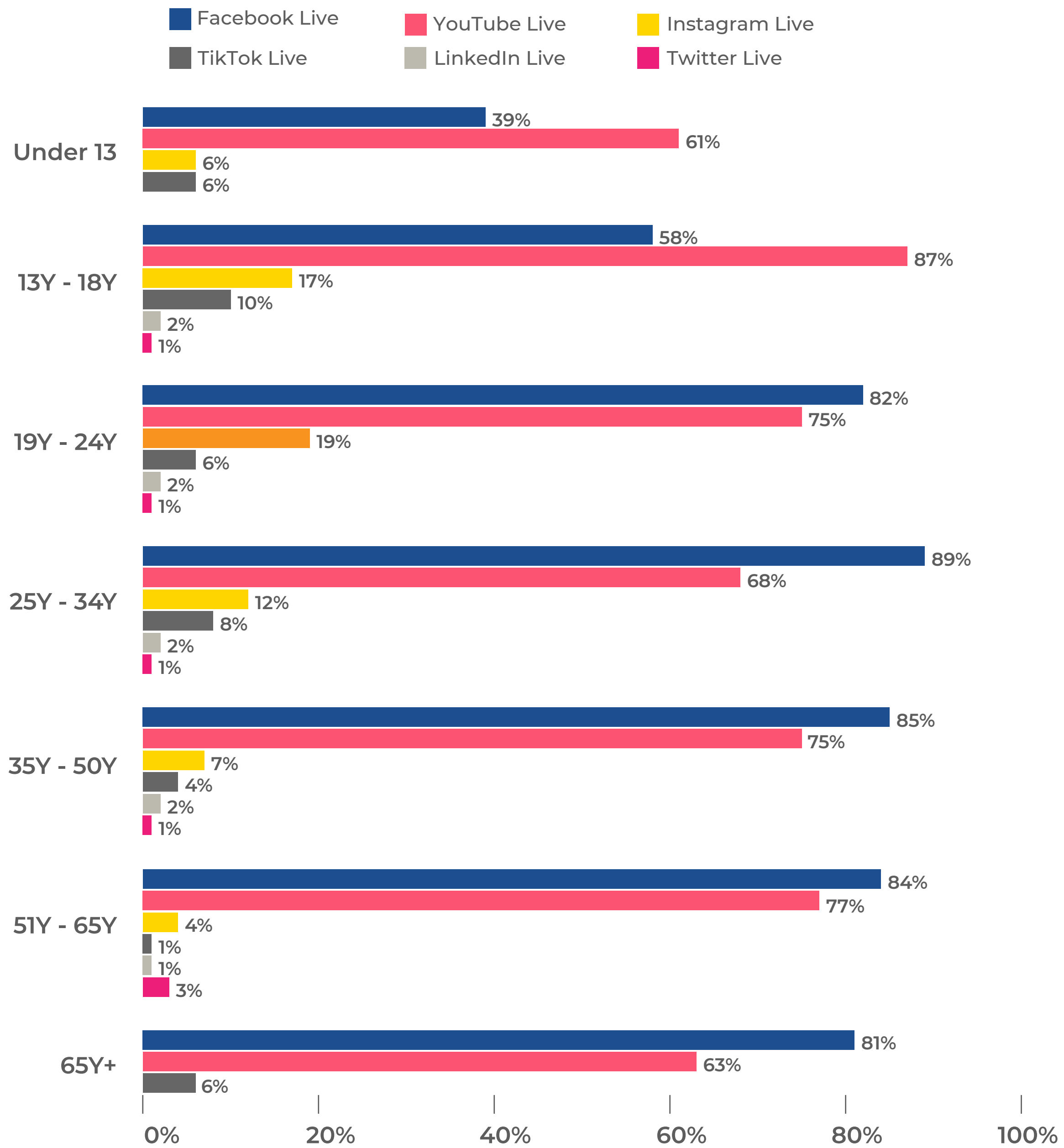
While 58% of the Internet users stated that they watch live streaming videos, 42% do not watch live streaming videos.



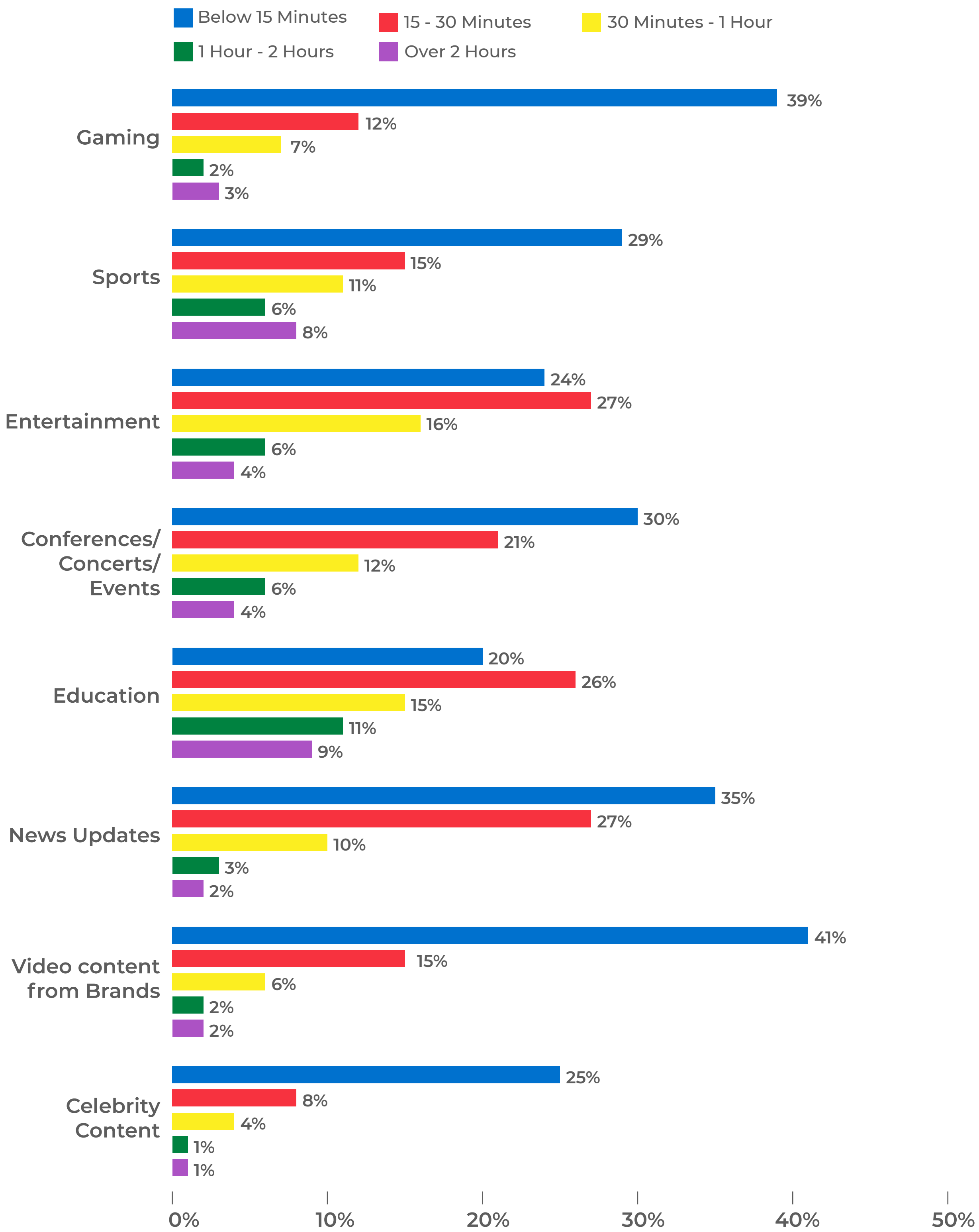
The Most Popular Live Streaming Video Platforms

83% of the Internet users have mentioned that they watch Facebook live streaming videos, while 74% have mentioned that that watch YouTube live streaming videos.

Age-Based Analysis



The Average Time Spent On Watching Live Streaming Videos



SRI LANKA'S MOST VISIBLE BRANDS ONLINE

Top 5

1 Dialog	2 Daraz	3 Samsung	4 Uber Eats	5 Apple

Singer	People's Bank	Odel	Abans	Kelly Felder
CBL	AliExpress	GFlock	Pizza Hut	Milkmaid
Coca Cola	Dell	Hameedia	Prima	Huawei
PickMe	Chenara Dodge	Sampath Bank	Marmite	Lassana Flora

MOST POPULAR MOBILE APPS IN SRI LANKA

Top 5

1 Zoom	2 Helakuru	3 Daraz	4 Dialog	5 PickMe
Uber	AliExpress	Peoples' Wave	Telegram	SHAREit
ikman.lk	Spotify	Combank DigitalPass	My Airtel	Uber Eats

SRI LANKA'S MOST POPULAR ONLINE SHOPPING SITES

Top 5

1. Daraz
2. AliExpress
3. Alibaba
4. ebay
5. Ikman.lk

- Chenara Dodge
- Sambole.lk
- Kelly Felder
- Kapruka
- Keells Super
- GFlock
- uber Eats
- Zigzag
- Amazon
- Pizza Hut
- Patpat.lk
- Cargills
- Buyabans
- Mimosa
- Thilakawardhana

MOST POPULAR LOCAL WEBSITES IN SRI LANKA

Top 5

1 daraz.lk

2 ikman.lk

3 gossiplankanews.com

4 topjobs.lk

5 hirufm.lk

baiscope.lk	adaderana.lk	cse.lk	donets.lk	dpeducation.lk
riyasewana.com	e-thaksalawa .moe.gov.lk	lankaenews.com	newswire.lk	dailymirror.lk

Note : The most popular websites are ranked based on the top-of-the-mind recall among the sample surveyed. There may be a discrepancy if the list is rated based on absolute traffic. If a high-traffic website is not ranked here, that indicates poor branding and user engagement for that website.

THE GROWTH OF THE MULTI INCOME CENTENNIALS

Shehan Selvanayagam
Founder of Loops Integrated

Have you come across the above filter on TikTok that tells people what they should be doing in 2022, where one of the options is "start that side hustle"? It is becoming more and more relevant in a post covid era and is driven more by Centennials than the older generation.

Research shows that over 60% of all centennials want to be their own boss and wants to have perceived freedom that comes from being their own boss and in many cases have already started their first step of this journey where one good outcome of Covid is that it has normalized people to work from home in a way that both the employee and the
company is happy with the level of output from the employee. Working from home has opened more opportunities for individuals and helped them realise that they have more capacity than before since they are now using the time previously spent on travelling and socializing for better use.

The following are some of the reasons why this trend is here to stay and is rapidly growing:

- **They are Digital Natives**

  This generation has grown up with the internet at their fingertips and spends most of their time online (Almost 3 hours every day). This long exposure online ensures that they are comfortable with the latest platforms and tools online and understand the value of branding and self-promotion. This new way of doing business feels natural to them compared to the older generation that has grown up with a mixed reality upbringing.

- **Entrepreneurship is now normalized**

  I remember back when I was growing up, my parents told us to get well educated to get a job at a reputable company, if we were to work on ourselves, the only socially accepted professions were Doctors, Lawyers, and Engineers. My parents also come from a generation where their first job is their last job where it was common for people to work over 30+ years at one company till they retire. GenZ comparatively has many role models from Tech startups and influencers who are more accessible with several case studies where people have been successful entrepreneurs and are comfortable doing so.

- **Learning on the Go**

  Learning for the Centennials is not only found in books and courses but found online on social platforms, videos, and other online platforms. They are happy to learn by "Googling" something and picking up a skill. Due to this, they are not worried about barriers of failure where they live in a generation where failure is celebrated and not hidden away.

- **Barriers to entry have either dropped or disappeared**

  You can now start a business in a few clicks as tools have become cheaper and more accessible. You can always start on a passion project in your spare time and grow it while doing your day job and use low-cost online tools to promote it.

- **Work has been re-defined**

  Traditional ways of work have been re-defined where working hours, work culture, and types of work have changed. Even when people look at job opportunities, they have two different rates to choose from (If I come into work or If I work remotely), which allows flexibility for people when they look at setting up and running their side hustle.

- **Not Driven by Profit**

  Most GenZ is not driven by Profit but by passion and ambition. They are more driven by solving big problems, social Issues and saving the environment, and the entrepreneurial glory that comes along with it.

SRI LANKAN GAMING INDUSTRY IN 2022

Chamara Peiris
Founder & CEO of leeg.live

The whole world has entered what can be considered the golden age of gaming. The past 24 months resulted in a massive influx of new gaming media, gamers, developers, and gaming companies worldwide. The advancement of technology and high levels of adoption of games as means of entertainment have led to gaming becoming a multi-billion dollar industry.

Despite the various other forms of gaming, such as PC gaming and console gaming, mobile gaming will be the front runner in the days to come as it evolves faster than others. This article aims to understand and analyse the trends associated with gaming in Sri Lanka. Data and statistics about gaming are sparse in Sri Lanka, though many gaming studios build games for local and global markets and several gaming platforms. Each mobile service provider that operates on the island has their own gaming platforms and run their own tournaments.

Mobile gaming growth in Sri Lanka is expected to gain momentum in 2022 due to increased internet penetration and digital payment adoption and of course the changes to lifestyles due to the global pandemic. Virtual education and increased screen time with fewer parental objections, use of advanced technology which captures the attention of the youth, the creation of innovative concept-based games, increased popularity of esports, and games that offer monetary rewards are other key factors that have boosted the turn towards mobile gaming. It is noteworthy that Sri Lanka declared esports an official sport as early as 2019, a bold move for a developing nation. Platforms such as ExamHub that promote gaming in virtual education will be another proponent of gaming; thus, capturing a much larger audience than would otherwise be reachable through typical means of popularizing gaming.

According to AdColony a large global mobile advertising platform, there are 4 million active mobile gamers in Sri Lanka who spend 20% of their time on mobile gaming. Statistics gathered locally through gamer.lk, reveal that 2 to 3 million Sri Lankan youngsters between ages 18 and 24 are interested in gaming. Because of this, 2022 will usher higher inclination by brands into the gaming industry to target the young. Data reviews show that most of these youngsters are from urban areas, hence there is a largely untapped market in rural and suburban areas of Sri Lanka. The coincidence of growth in penetration of smartphone usage and the growth in mobile gaming will help to reach this untapped market. If gaming companies consider the demographic factors, they can easily access a wider user base. On the flip side of the coin, the local youth will have the opportunity to engage in innovative games that hone skills such as speed, dexterity, hand-eye coordination, forward-thinking and anticipatory behaviour as well as English language capabilities.

There is an ancillary market for gaming equipment and gadgets that have started to develop due to the gaming industry's growth. The ever-increasing number of players make these purchases principally through online channels. Globally the use of VR in gaming will propel games and gaming to previously unknown user experiences including, metaverse however the lack of access to required technology and the high cost of such devices will prevent such gaming from gaining traction in Sri Lanka. As much as gamers enjoy gaming, globally, many people enjoy watching gaming. Sri Lanka is no different.

Streamers who showcase their talents virtually to those who enjoy spectating need not possess extraordinary gaming skills, but rather, can rely on their charisma and engaging personalities to gain a following. Yet, there seems to be a dearth of knowledge among gamers, potential gamers, and even the spectators on the games and platforms that are available in Sri Lanka. Gaming companies may need to pay attention to this factor and address it to reap the possible benefits. The 2022 global gaming landscape is expected to be dominated by hyper-casual games as per Sensor Tower's Industry Trend Report. Hyper-casual games are easy to play in nature, allowing people to have fun and relax without using the intellectual side of the brain, but these are yet to dominate the Sri Lankan market.

Even though there aren't many organisations like Gamer.lk and start-ups like Leeg.live focusing on gaming and esports in Sri Lanka, there will still be a reasonable number of esports events and team IPs which will boost the gaming ecosystem. Needless to say, these events will only increase the tendency towards gaming, thus, creating many career opportunities for gamers and IT professionals. In Sri Lanka, there are already gaming portals with subscription models, but these models need to be revised to be in line with accepted industry standards where options such as free-to-play, pay-to-play, play-to-win, and play-to-earn are available. Since the gaming ecosystem in Sri Lanka is still quite young, the discussion on the use and uptake of technologies such as blockchain, cryptocurrency, NFTs, or the modern gaming economy would be a premature one.

The growth of the gaming industry has paved the way for international gaming competitions. It has become a ubiquitous spectator sport, drawing large audiences, similar to physical sports. It is a profit-able industry with international tournaments and large cash prizes. Thanks to Gamer.lk and The Sri Lanka eSports Association, Sri Lankan teams have also taken part in international tournaments. Another growing genre in global markets is fantasy sports, but in Sri Lanka, it has not gained much traction with Cricrush being the only local fantasy sports start-up.

Unfortunately, that too ceased to function some time ago. With all these advancements, gaming will become a mainstream source of entertainment for Sri Lan- ka's youth the same way it is for the youth at a global level. Taking the global gaming market by storm is not a hazy dream as there is no shortage of IT professionals with the required intellect and vision. What the ecosystem needs are investors who understand the gaming landscape and trends to take local products to the global market.

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