



Bringing the Net to the Masses: Cybercafés in Latin America

By Madanmohan Rao

madanr@planetasia.com



Much of the success of the Internet as an information economy and as a new medium depends on affordable, near universal access to the Net in countries across the globe. In emerging economies, numerous projects have been launched in this regard, incorporating public Internet kiosks, cybercafés, community access centers, and multimedia communication booths.

QUICK SEARCH

For instance, WorldTel chairman Sam Pitroda recently signed with the Tamil Nadu government in India a high-profile, \$50-million agreement to set up 1,000 Internet community centers with up to 20 terminals each, thereby providing widespread Internet access as well as employment for up to 50,000 people. WorldTel first experimented with such concepts in Latin America, in countries like Peru and Mexico.



A sampling of certain other such Latin American experiments with cybercafés should provide instruction for entrepreneurs and policy makers in other parts of the world, especially in the wake of recent liberalizations of the Internet-service-provider marketplace.

From the Internik cybercafé in Argentina to the Internet Link Club in Andheri, India, Internet café access centers have been springing up around the world. According to two of the leading Internet café resources online--the Cybercafé Search Engine (<http://cybercaptive.com/>) and the Internet Café Guide (<http://www.netcafeguide.com>)--there are about 2,000 cybercafés in 110 countries.

The cybercafés in Asia tend to be at hotels and vacation resorts. In Europe they usually target students who want to do more surfing than they are allowed at their college, according to Britain's Internet magazine. In many emerging economies like Zimbabwe and Kenya, cybercafés often are the local people's only means of accessing the Internet.

Australia's National Office for the Information Economy is providing \$11.5 million in grants for such projects as Internet access in South Australian libraries and a cybercafé in New South Wales. And in some Latin American countries, cybercafés are becoming a key part of the tourism and Web solutions industries.

The streets between avenida Amazonas and Juan León Merón in Quito, Ecuador--home to many tourist hotels and restaurants--also host an astonishing density of Internet cafés--almost a dozen in an area of just a few blocks. Many of the Internet cafés--offering a mix of Internet access, coffee, snacks, and even a book exchange--are less than three months old, such as the Interactive Café on Fosch Street.

"We have seen almost 12,000 customers since we opened three months ago. About 90 percent of the Internet users are foreign tourists; the rest are local Ecuadorans," says Paul Konz, manager of Interactive Café. Interactive Café has 14 computers connected to the Net via a leased 64 Kbps line that costs \$1,500 a month. "We hope to have as many as 20 computers next year," says Konz.

Konz hopes to break even by the end of next year--a projected window also shared by the owners of some of the other Internet cafés, like Aaron Stern, proprietor of the PapayaNet cybercafé. "We get up to 300 people a day, about 25 percent of whom are locals," says Stern. PapayaNet's services are advertised in local newspapers, in tourism brochures, and at the airport in Quito.

"In addition to free mail services like Hotmail, our customers are heavy users of [Internet telephony service in Ecuador] IDT's popular Net2Phone service," says Stern.

IDT can help cut the costs of calling Europe from an average of \$2 a minute down to about 30 cents a minute. Unfortunately, this may not be a feasible offering in countries like India, where Internet telephony is banned.

Charges for Internet access in the cybercafés of Quito vary from 15,000 sucres (\$2.22) to 20,000 sucres an hour. However, stiff competition from neighboring cybercafés is forcing some of them to expand their services into franchised operations in other cities in Ecuador as well as other countries in Latin America; some are even beginning to offer Web solutions like Web site design and hosting.

Stern plans to extend his PapayaNet chain to Peru and Colombia. Oscar Imbaquingo, proprietor of InternetCafé, plans to set up cybercafés in the Ecuadoran cities of Cuenca and Guayaquil. He has just begun setting up Web sites for local companies and has about a dozen clients, most of them tourist agencies.

Web solutions also constitute an integral part of the business model for Internet company Altesa-Net (<http://www.altesa.net>), which runs a cybercafé called Monkey. "We get a steady stream of tourists and locals to the cybercafé, but our real target is the e-commerce market in Ecuador," says Rene Crespo, president of AltesaNet.

The company has designed and hosted Web sites for more than 70 clients in Quito and also manages online promotion for events like a local beauty pageant. The cybercafé is used for demonstrating Web marketing techniques for prospective clients, and for conducting

training classes. The café was publicized at the recent Compu'98 national PC Expo in Quito.

Other Internet cafés in the neighborhood--like PlanetaNet--offer membership programs with discounted fees for regular Internet users. "We also offer 10-15 percent discounts for high school students. We may even open an art gallery to attract tourists," says Galo Fierro, proprietor of PlanetaNet.

Given the Ecuadoran economy's dependence on tourism, it seems clear that cybercafés are going to play an important role in the tourism segment both for visiting tourists trying to communicate back home and for tourism agencies hoping to learn more about the interests and preferences of tourists.

In contrast, just across the border in Colombia, cybercafés have not been doing so well in cities like Bogotá. "The high costs of leased lines--\$2,500 for a 64 Kbps connection--have not made it easy for cybercafés to flourish. Many have now closed shop," says Christian Boehlke, business director at Web solutions firm Axesnet (<http://www.axesnet.com>).

Further up north in San José, Costa Rica, Internet access centers are faring much better. A steady stream of Internet users visits the numerous photocopy shops doubling as Internet access centers, such as Internet Point near the University of Costa Rica. The handful of thriving cybercafés includes the InternetCafé, with 50 computers, and the more modest CyberCafé, near the Teatro Nacional, with 10 PCs. "We charge about \$4 an hour for Net access and get about 50 people a day. We offer Web training sessions for local businesses for \$15 an hour and also publish Web sites," says Roger Pilon, CyberCafé proprietor.

Pilon's company has published tourism-oriented sites for local car rental services (<http://www.carentals.com>) and real estate companies (<http://www.goisthmus.com>). But what really sets his operation apart from the others is the ambitious search engine and directory service (<http://www.searchcostarica.com>) he has launched for Costa Rican Web sites. The service currently is in English and will be expanded to include Spanish content. "These new services are bound to increase traffic to my search site as well as to my CyberCafé," Pilon says. The CyberCafé is being promoted in local media and in tourism fairs in Europe.

Ernesto Rivera, an Internet columnist at La República newspaper, is optimistic about the prospects for cybercafés in Latin America. "Many of them offer good, cheap access to the Internet and nurture local communities of Internet enthusiasts. The Net is very much in vogue among students, foreigners, businesspeople, and tourists. Entrepreneurs with vision and luck are bound to succeed with cybercafé ventures," he says.

About the Author: [Madanmohan Rao](#)

[TOP](#) | [HOME](#) | [NEWS](#) | [THEMES](#) | [ARCHIVES](#) | [ABOUT E-OTI](#) | [SEARCH](#)