



International
Trade
Centre

TRADE IMPACT
FOR GOOD

AfCFTA and E-commerce, opportunities to increase intra-African trade

One Trade Africa

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**OPERATIONALISING THE AFCFTA IN NORTH AFRICA:
NEW OPPORTUNITIES FOR MSMEs GROWTH AND INTEGRATION**

Rabat, 30th March 2021



Agenda: looking at ecommerce opportunity in Africa

Introduction

1. Cross-border e-commerce for SMEs and the opportunity of the AfCFTA
2. African e-commerce B2C marketplaces – understanding the trends
3. Examples of what African entrepreneurs tell us
4. Introducing the ecomConnect Programme?



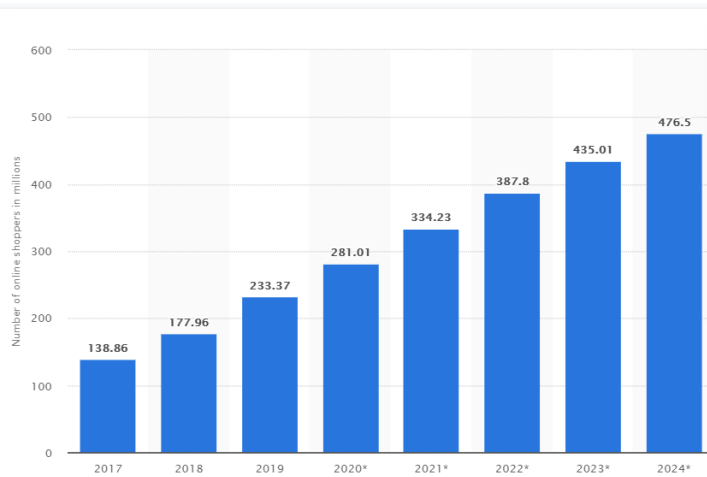
SMEs are transforming the way they do business... digitally!



An ecommerce snapshot of Africa

More and more Africans shop online..

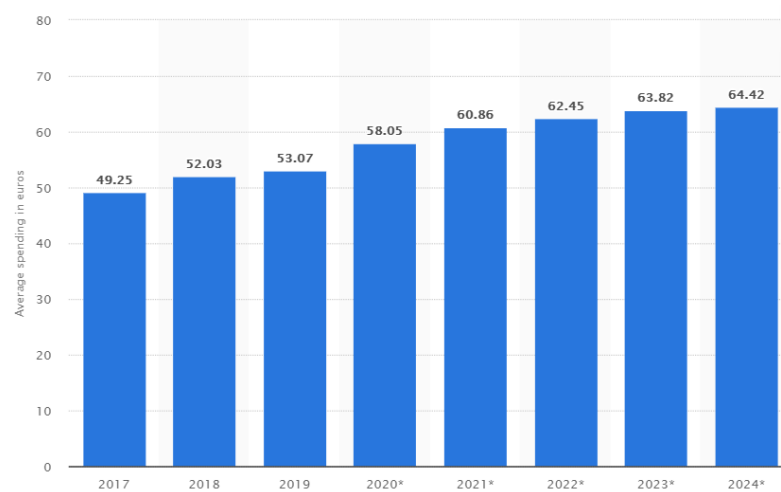
Source: Statista, data July 2020



B2C online shoppers in Africa (millions), 2019-19, forecast 2020 to 2024

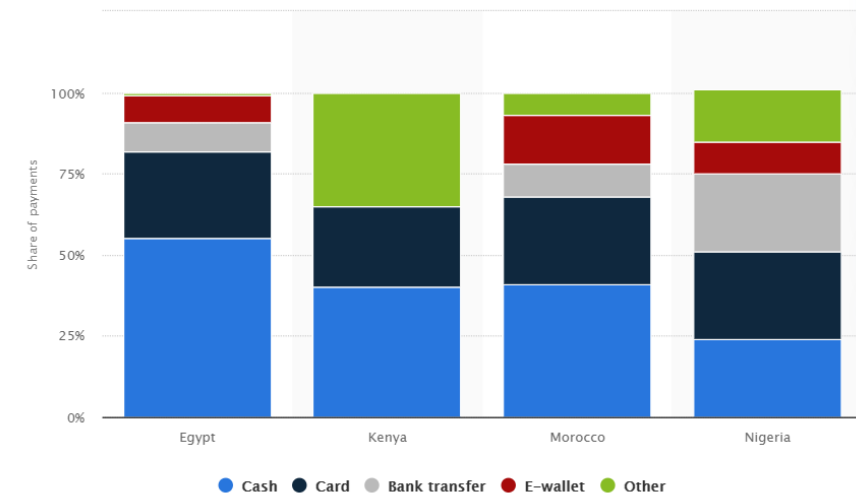
... and start to spend more per head

Source: Statista, data Jan 2020



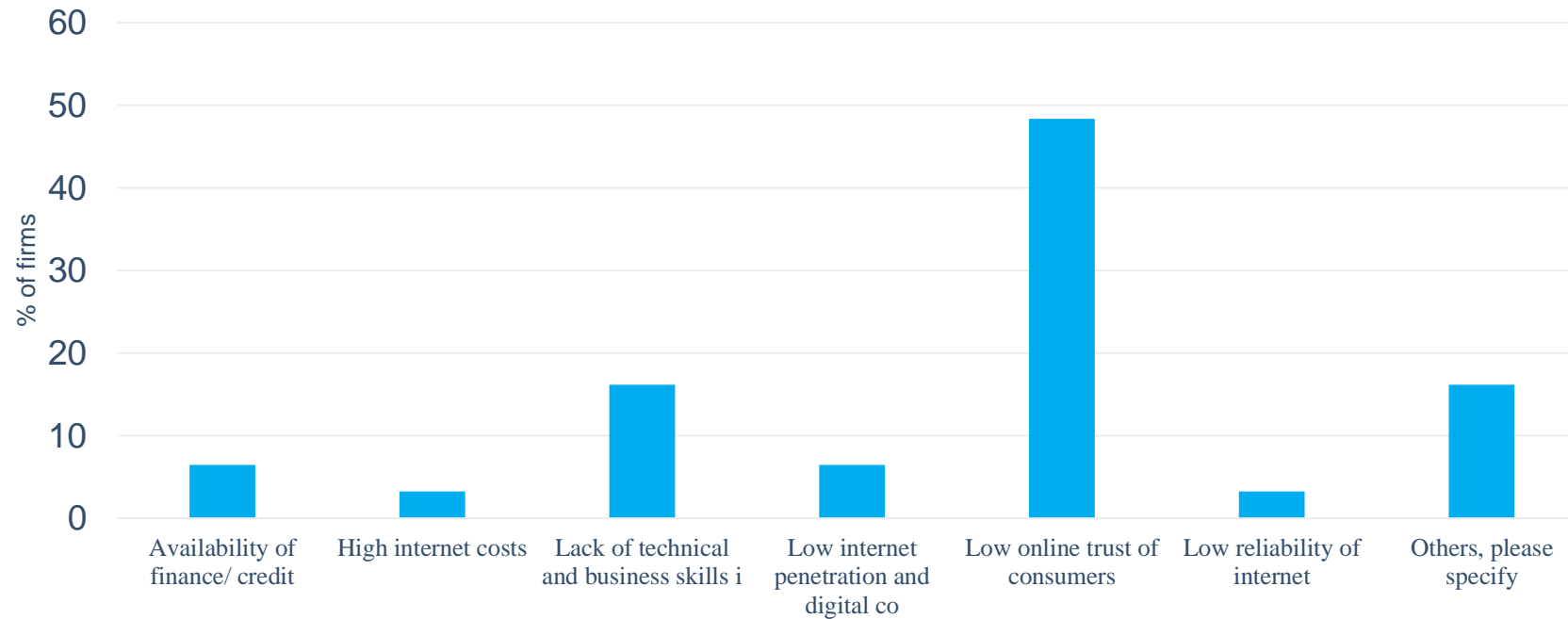
B2C online spending per shopper in Africa, 2019-19, forecast 2020 to 2024

Cash is king (and sometimes mobile money)



Trust is signaled by SMEs as a major barrier

Source: ODI survey for UNECA, October 2020, N=31, 5 countries – Kenya, Liberia, Nigeria, Rwanda, South Africa

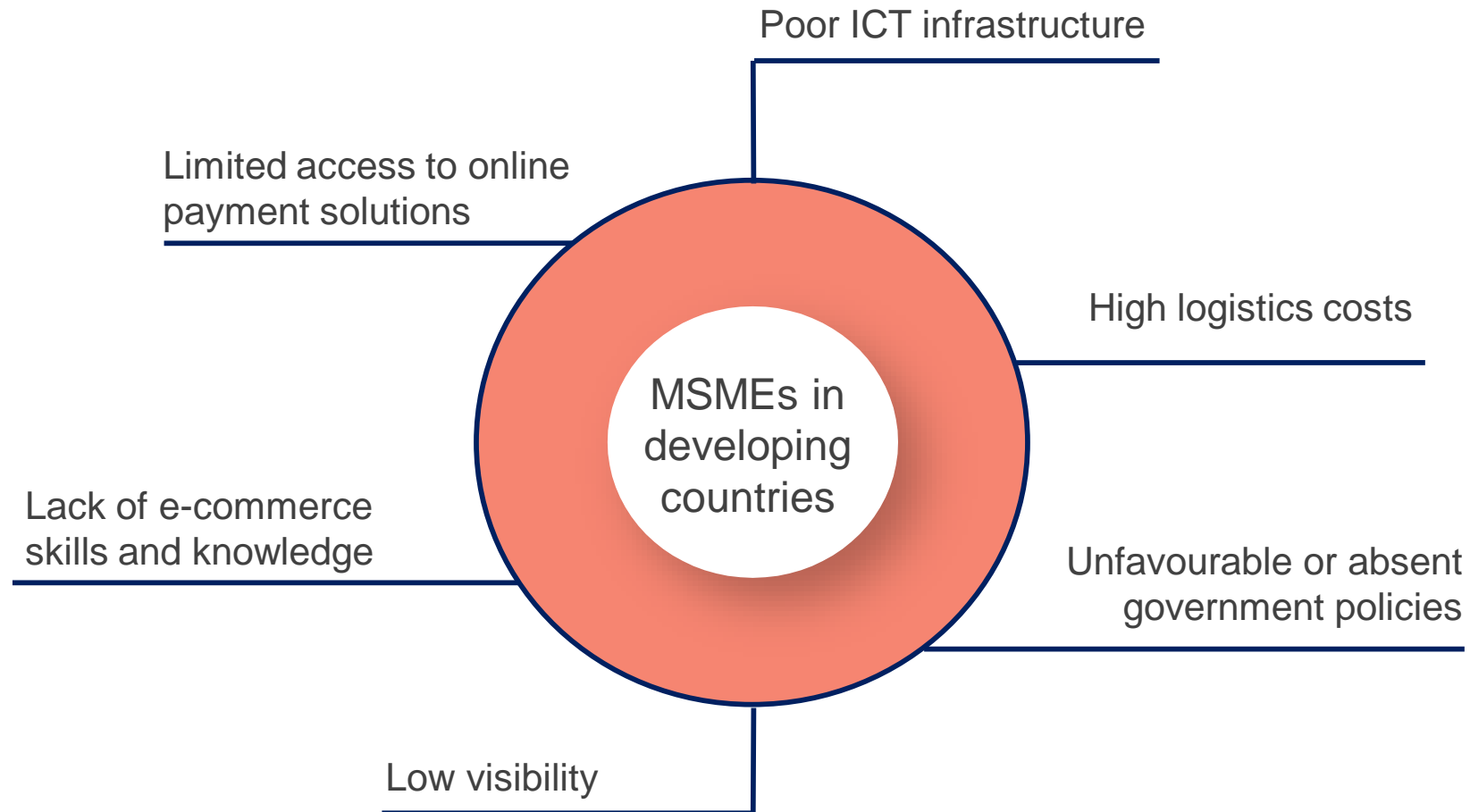


Consumer trust as a barrier

Example: Rwanda survey 2018



...a number of well known barriers holds back growth in Africa of ecommerce



Cross-border e-commerce for SMEs and the opportunity of the AfCFTA

Cross-border e-commerce

Cross-border e-commerce keeps growing

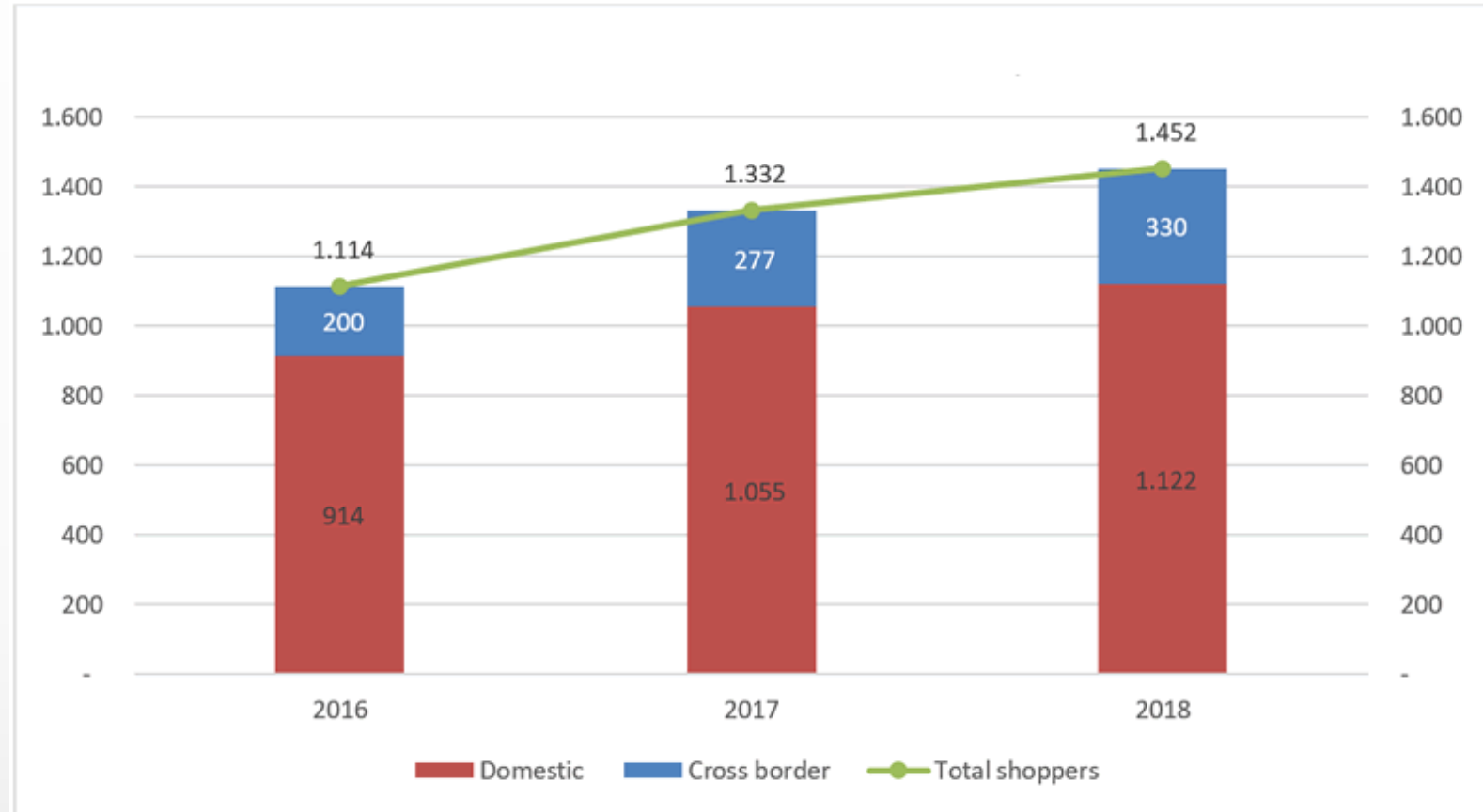
Share of cross-border
online shoppers

17% in 2016

to

23% in 2018

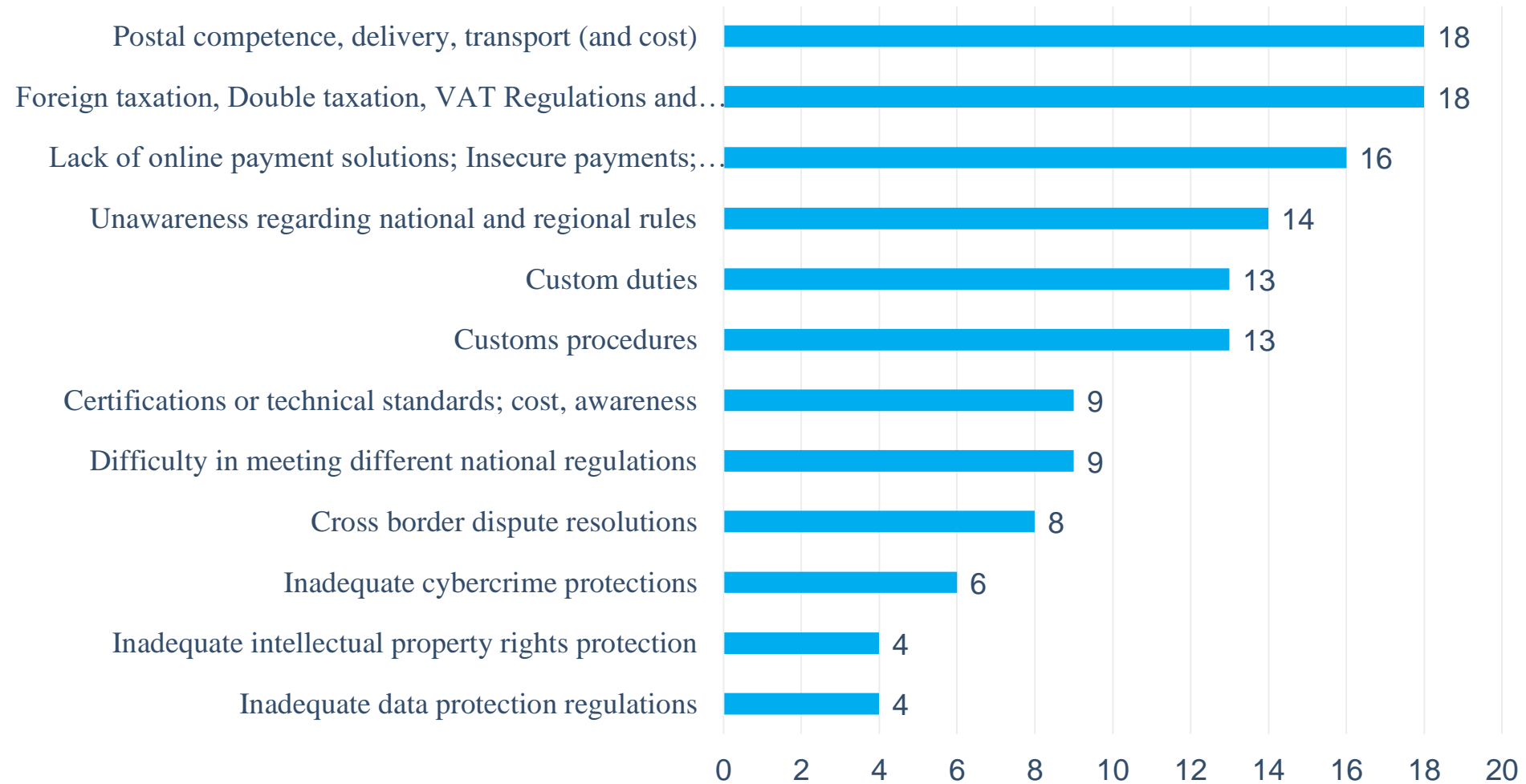
Global online shoppers (million), 2016-2018



Source: UNCTAD, based on national data

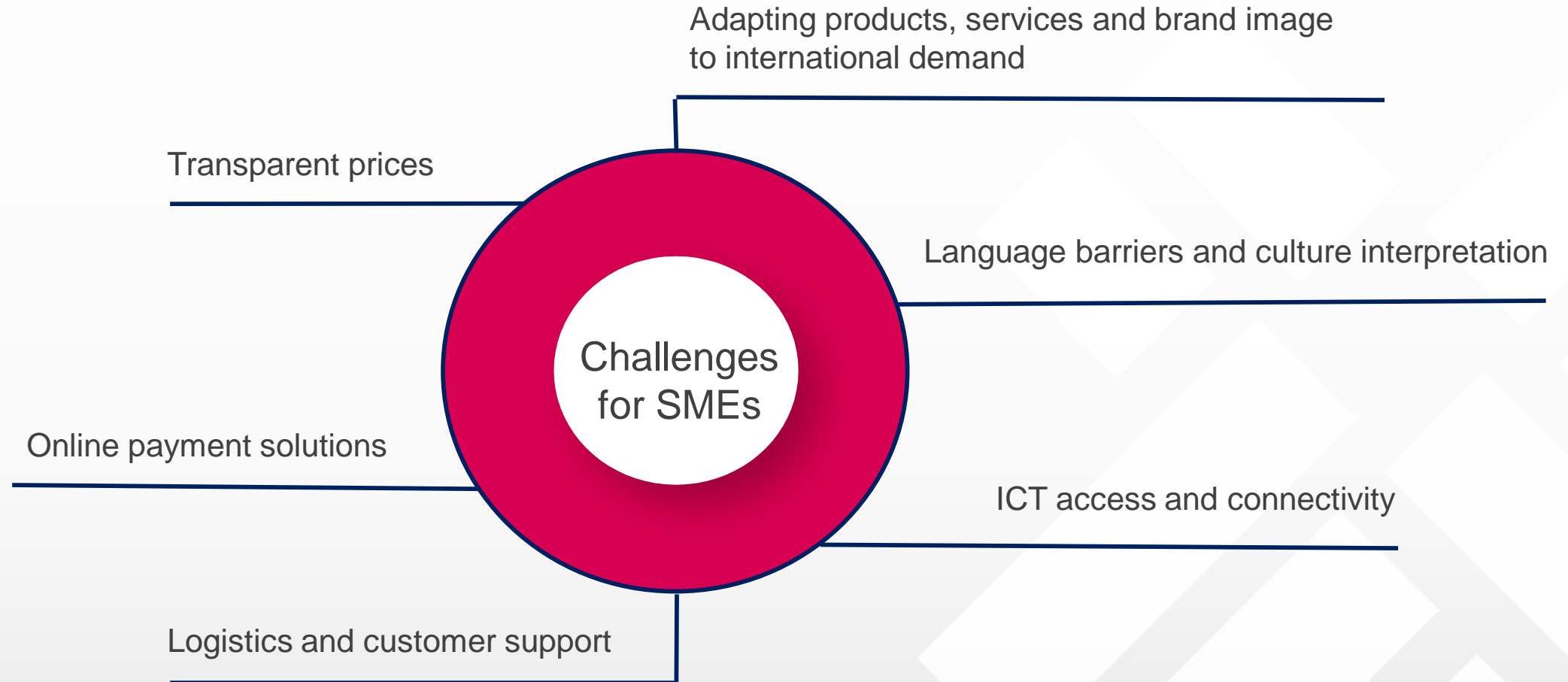
Obstacles signaled by African firms in conducting cross border ecommerce

Source: ODI survey for UNECA, October 2020, N=31, 5 countries – Kenya, Liberia, Nigeria, Rwanda, South Africa



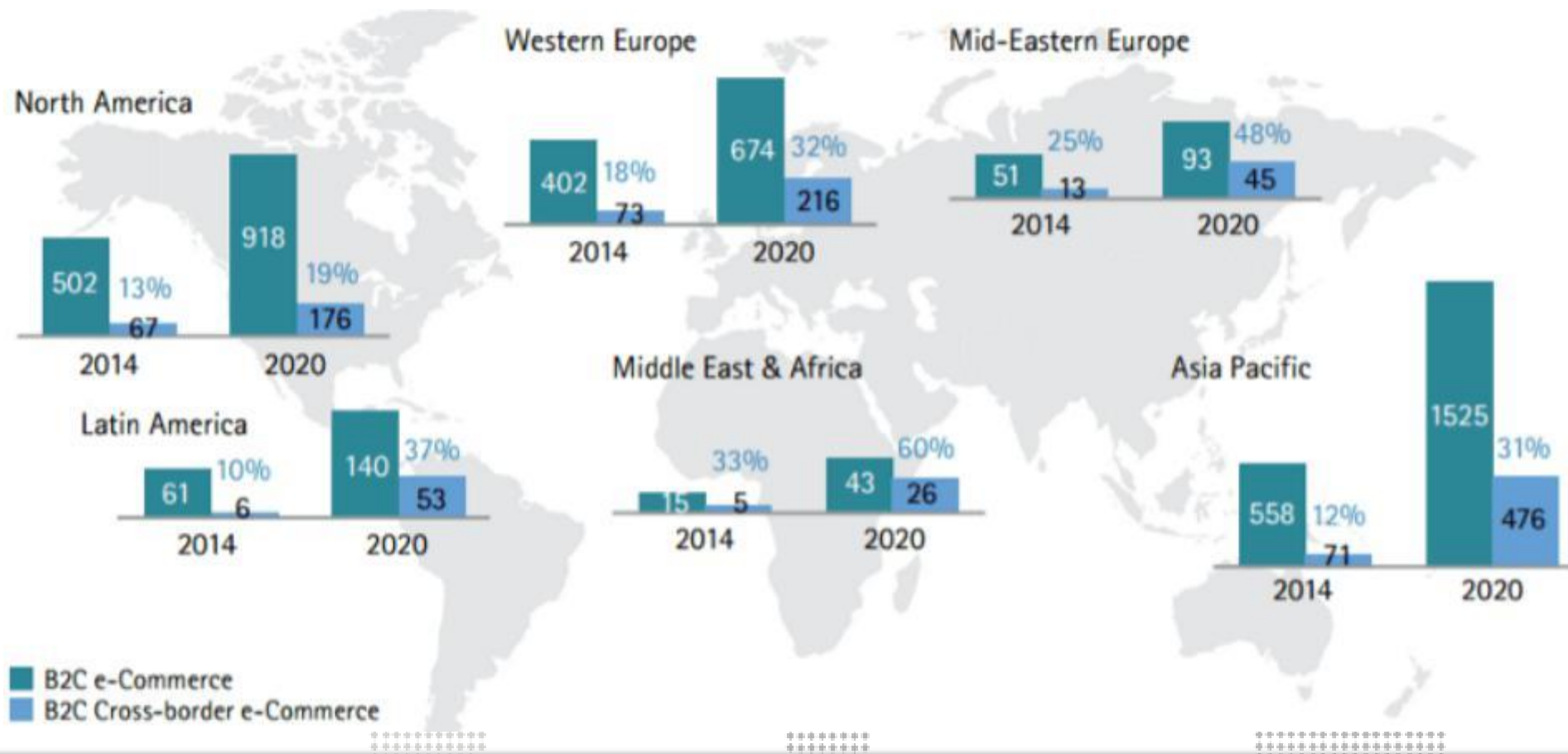
Cross-border e-commerce

What does it take for small businesses?



E-commerce market potential in Africa

B2C sales (2014-2020) in Billions of USD

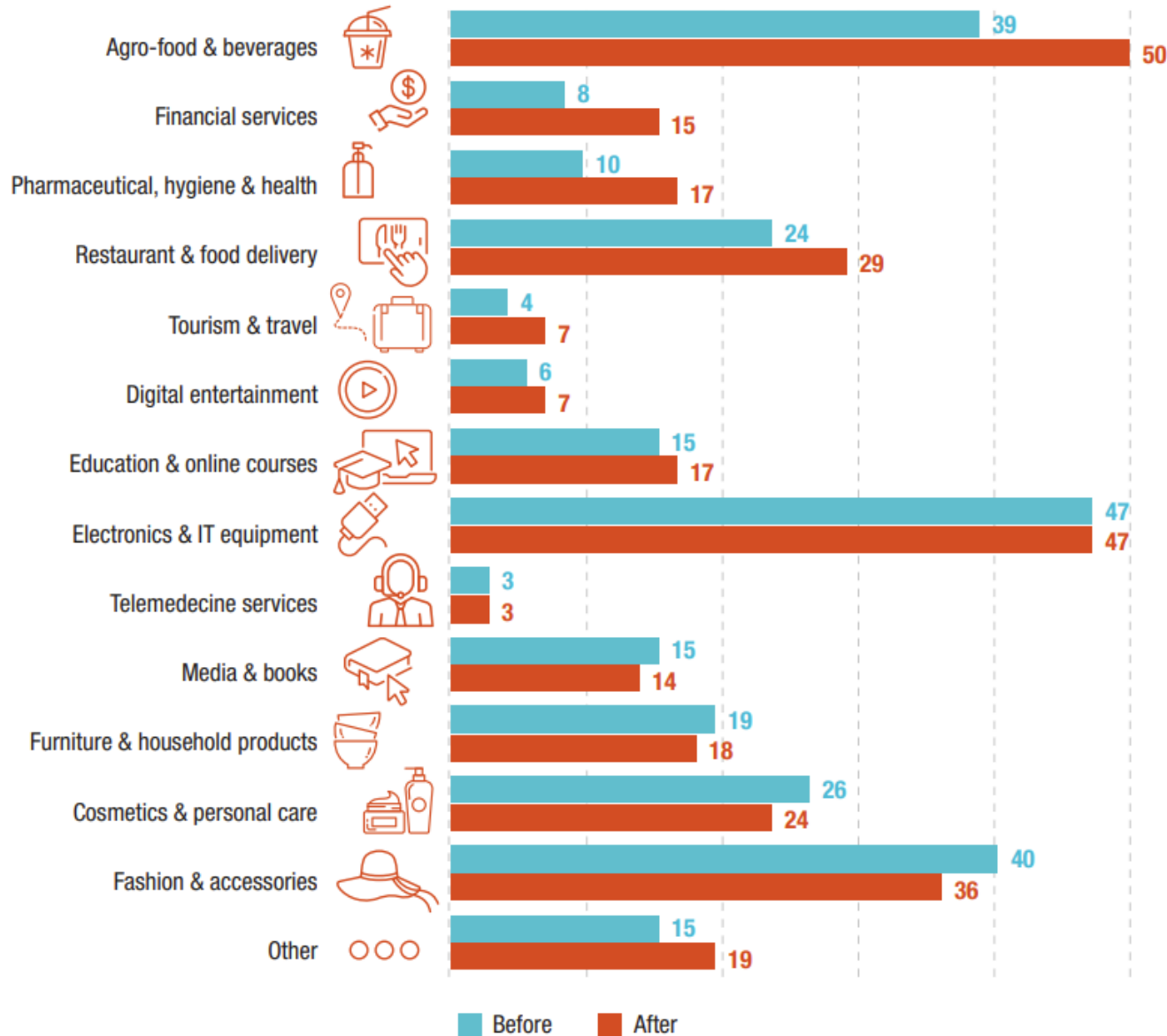


Source: Accenture (2018)

The AfCFTA seeks to create an integrated African market of 1.27 billion people, expected to reach 1.7 billion by 2030. In some African countries, <18% of households have access to the Internet throughout the continent and <5% of the population currently buys online.

Top 5 sales categories before and after COVID-19 (%)

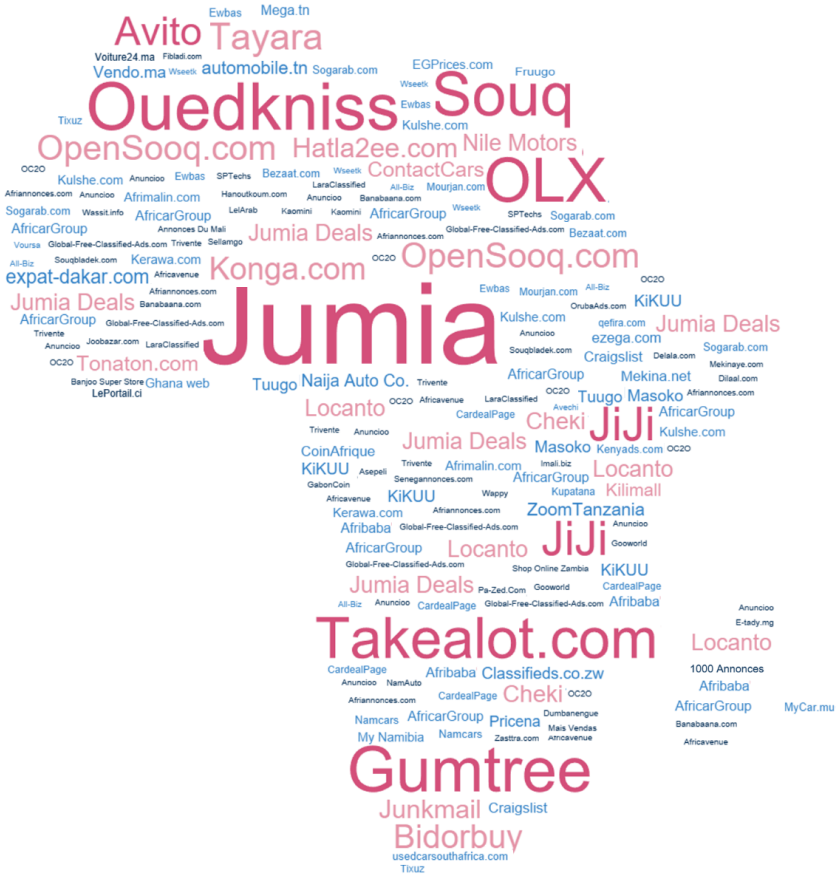
Third-party marketplaces



African e-commerce B2C marketplaces – understanding the trends

Africa e-commerce B2C markets - Example

www.intracen.org/ecomafrika



58

Countries

631

Marketplaces

1,902

Marketplace websites

Africa e-commerce B2C markets - Example

A valuable tool for African businesses

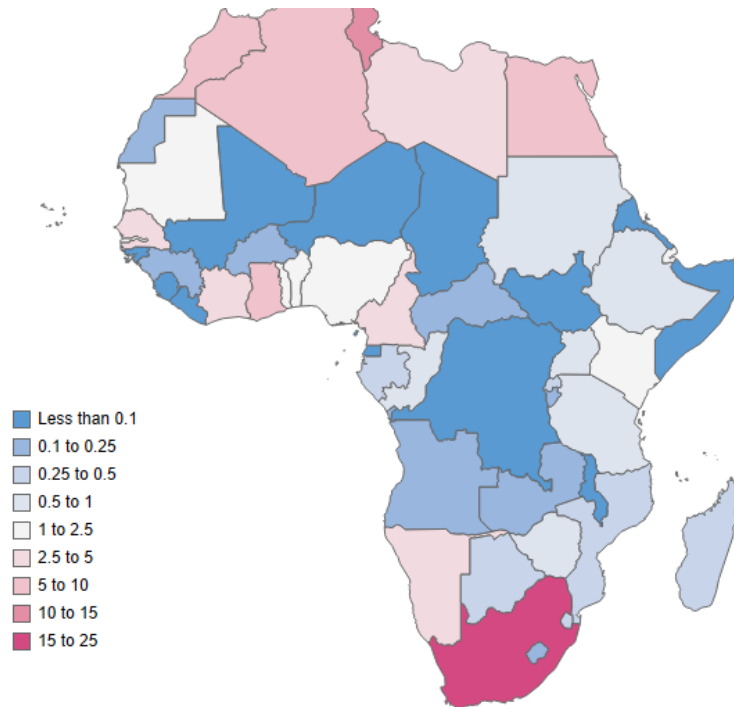
Uncover valuable marketplaces

Country statistics

Benchmarking

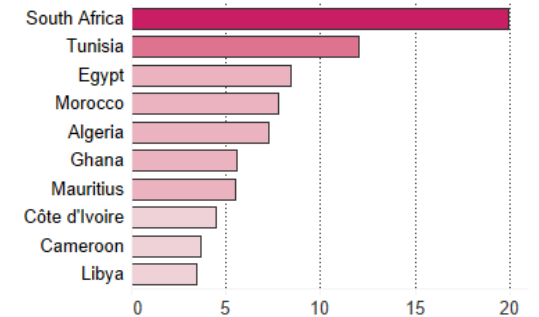
Explain performance

Uncover trends



In 2019 Africa had at least **631** business-to-consumer **online marketplaces** for physical goods. Those marketplaces had in total **1,902 websites** (urls) in the 58 countries and territories of Africa. Although online marketplaces can be found in every African country, there are only few countries with relatively much marketplace activity.

Top 10 countries by Marketplace popularity index, 2019



About the indicator

The marketplace popularity index is the total number of non-unique Web visitors of all business-to-consumer product marketplaces divided by the total number of Internet users per country in 2019.

Map shows territorial boundaries according to OpenStreet Map.

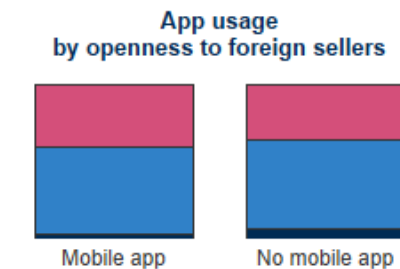
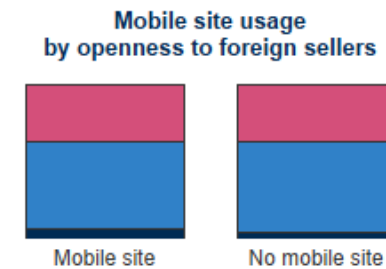
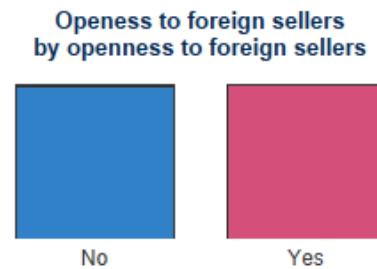
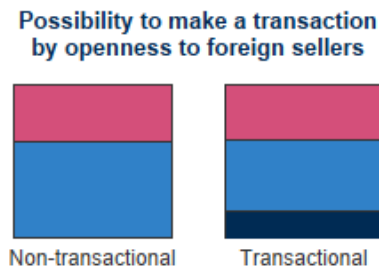
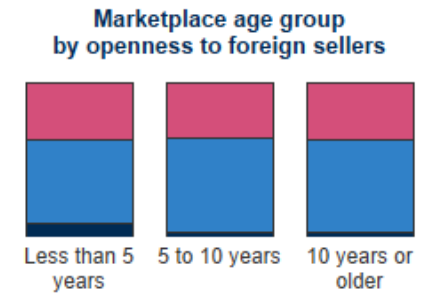
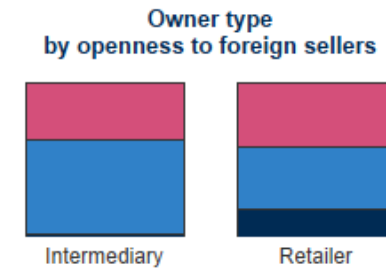
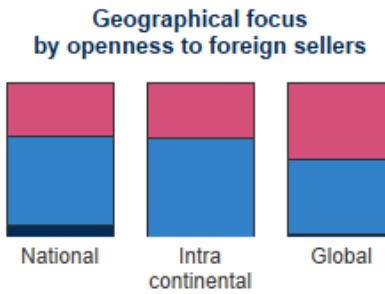
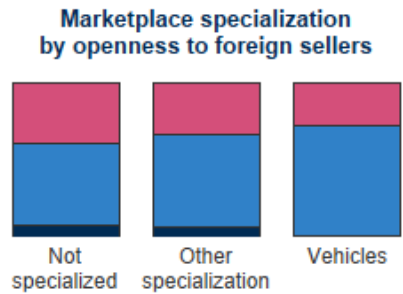
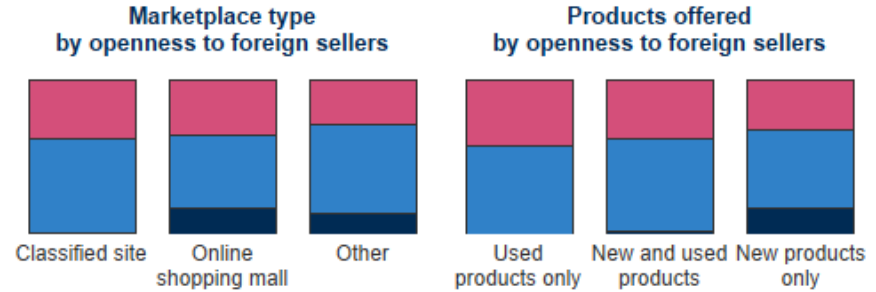
Africa e-commerce B2C markets - Example

A valuable tool for African businesses

About 28% of the marketplaces in Africa offer foreign sellers the possibility to trade on their platform(s). Marketplaces that are open to sellers from other countries are most likely global players, focussing on used products only, or retailer owned. Marketplaces that do not open their platforms for foreign traders are most often operating in multiple African countries and are non-transactional.

Characteristics by:
openness to foreign sellers

Legend for all graphs:
■ Yes
■ No
■ Unclear



Africa e-commerce B2C markets - Example

A valuable tool for African businesses

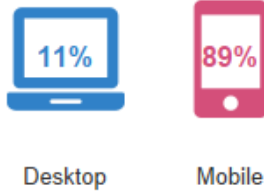
Afribaba

Marketplace type:	Classified site
Age marketplace**:	11.0
Start year marketplace**:	2008
Ownership type:	Intermediary
Specialization:	Not specialized
Product types:	New and used products
Open for foreign sellers:	No
Transactional:	No
Mobile website:	Responsive site
Mobile apps:	Android app
Geographical scope:	Intra continental
No. of countries:	39
No. of African countries:	39

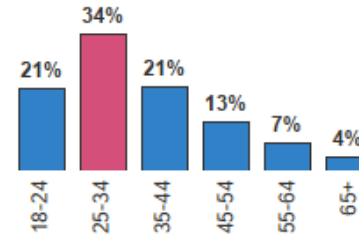


© Mapbox © OSM

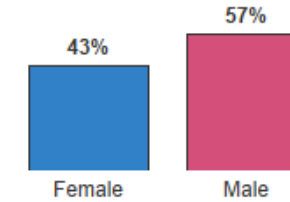
Estimated Web visitor share by device



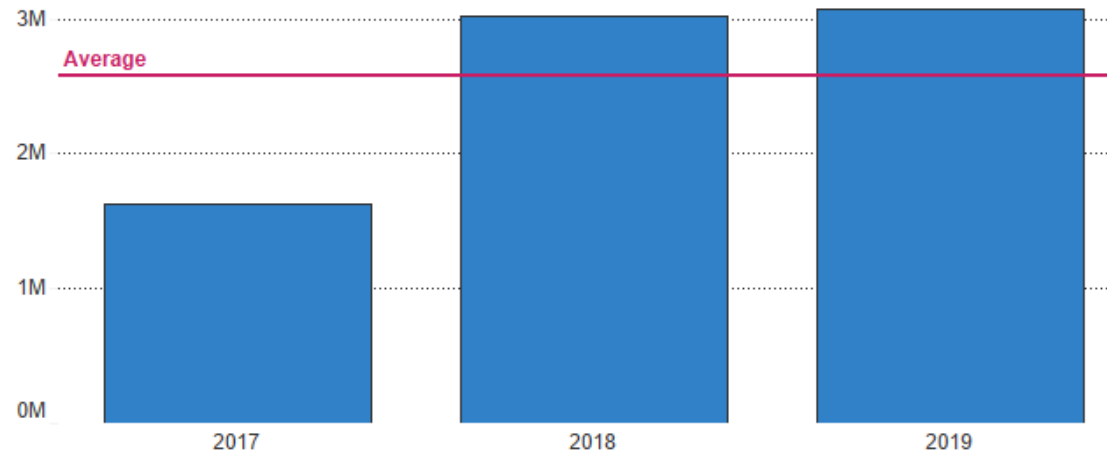
Estimated Web visitor share by age



Estimated Web visitor share by gender



Estimated number of Web visitors for Afribaba per Year



* Only marketplaces with an average Web traffic of more than 20,000 between 2017 and 2019 are displayed.
 ** Estimated age and start year based on domain name registration.

Africa e-commerce B2C markets - Example

A valuable tool for African businesses

Nigeria

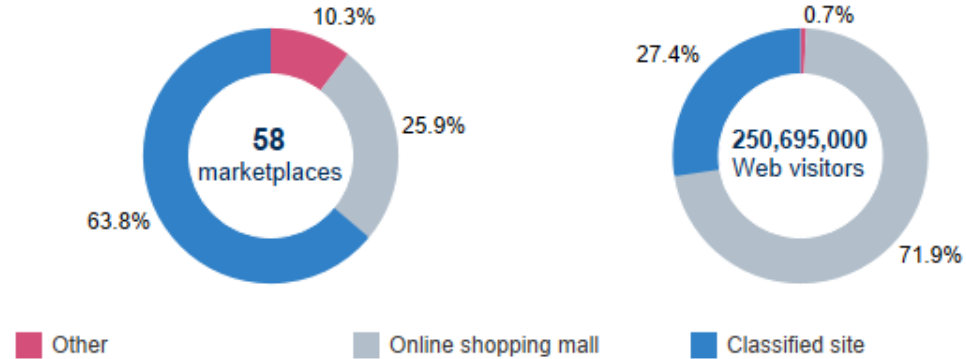
Nigeria not only has the largest population in Africa with over 200 million people, it also boasts the largest economy with a GDP of \$446.5 billion. Nigeria is home to Africa's most popular online marketplace: Jumia. The majority of the marketplace traffic comes from online shopping malls. Between 2017 and 2019 marketplace traffic grew with 9% in Nigeria.

Gross Domestic Product	\$ 446.543 billion	i
No. of inhabitants	195,875,000	i
Urban population share	50.3%	i
Number of Internet users	80,172,000	i
Internet penetration	42.0%	i
Credit card penetration	2.6%	i
Mobile money account penetration	5.6%	i
Financial institution account penetration	40.0%	i

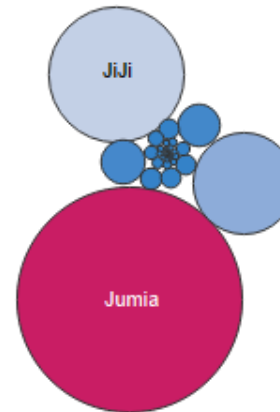


Tip!
Go to the tab 'Figures per marketplace' to learn more about individual marketplaces in Nigeria.

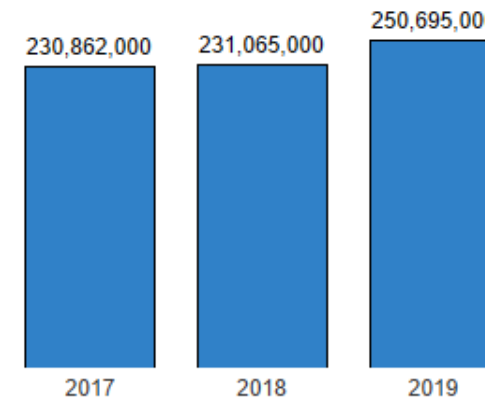
Distribution of marketplaces in Nigeria by number and Web visitors, 2019



Marketplaces in Nigeria by number of Web visitors, 2019

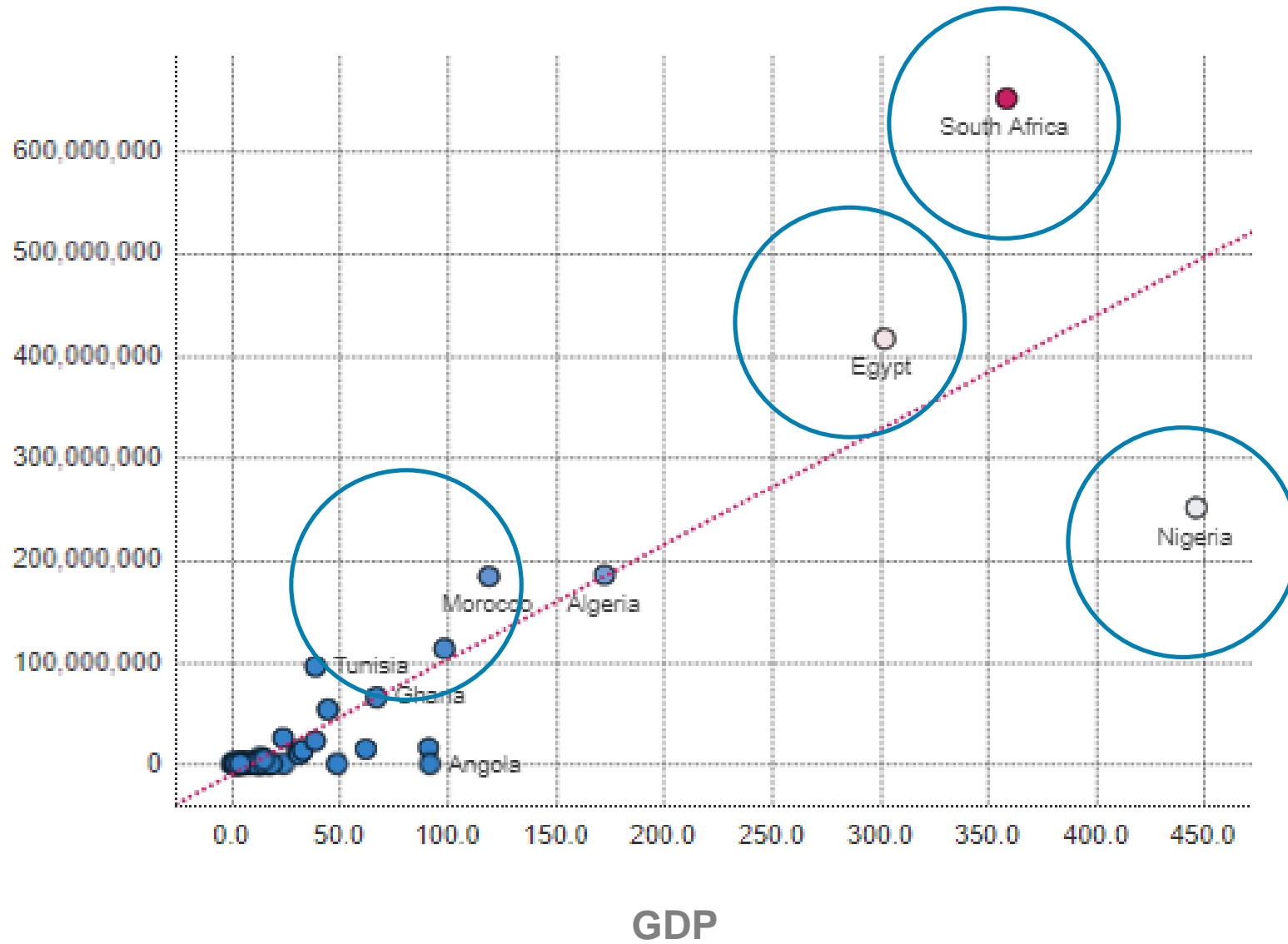


Total number of Web visitors of all marketplaces present in Nigeria, 2017-2019



Relative size of ecommerce market places in Africa

Marketplace traffic (visits)

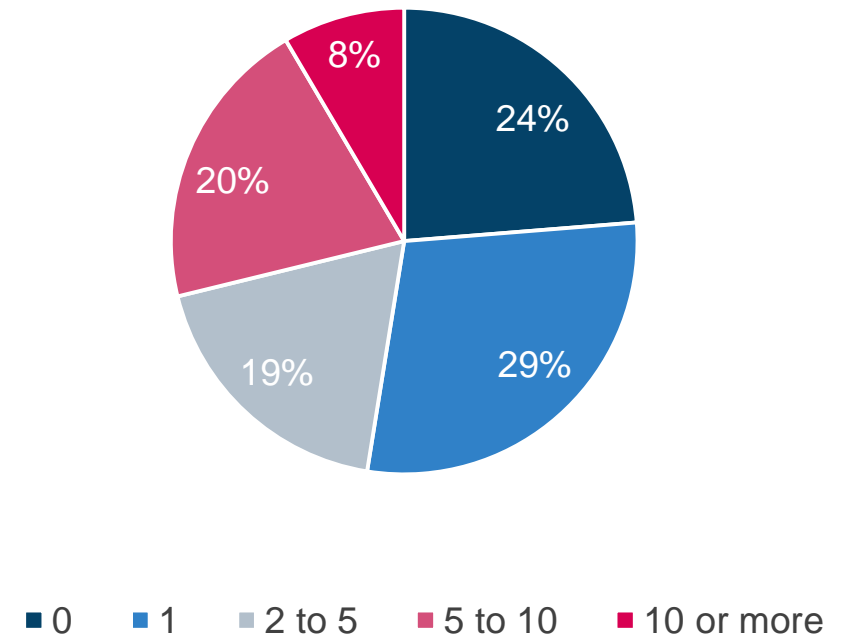


Africa e-commerce B2C markets - Example

Some results: Possibility to directly sell on marketplace websites in Africa

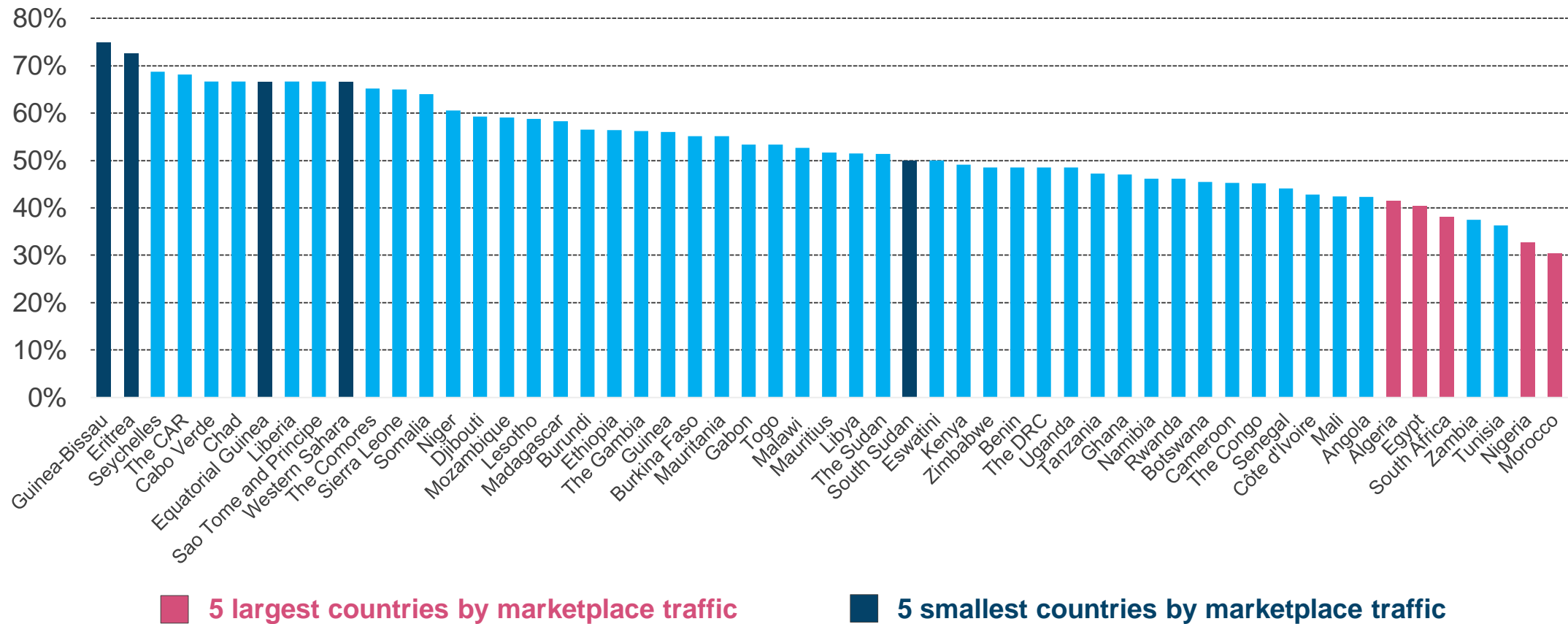
Only 11% of the marketplace websites are transactional

African countries by number of transactional marketplace websites



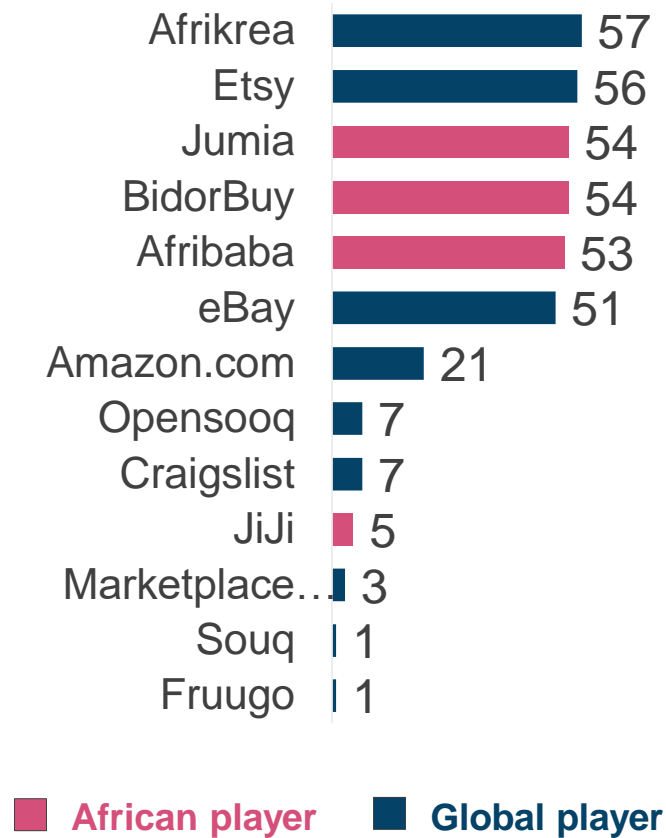
Africa e-commerce B2C markets - Example

Some results: 49% of the African marketplace websites are open to foreign sellers



Africa e-commerce B2C markets - Example

Some results: Comparing major Global and African marketplaces by permitted African origin of sellers



Conclusion: reasons for success and failure need exploring – and factors for success promoted

Success in marketplaces in Africa is hard

- Total B2C marketplace traffic declined by 3% in Africa 2017-2019 (3 years)

Africans are opting for newer technologies and business models

- Older technologies (classified sites) decline the most rapidly (by 20%).
- Marketplaces selling only second hand goods declined over 30%

Pan-African business is growing – but fragile and restricted to only a few

- Marketplaces open to sellers from other countries experienced an increase visitors by 7%
- Those not open to foreign sellers had a decrease of more than 13%
- But only half of all African marketplaces are open to other Africans, very few “transactional”

- **Promote technologies and newer business models**
- **Reduce restrictions on cross border business**
- **Facilitate payment solutions**

Examples of what African entrepreneurs are telling us

Accessing international ecommerce markets is possible and can be lucrative

Kemi Tijani, Founder of Wow Braids (Nigeria)

“ In 2015 I started a beauty brand. By 2017 we were **exporting over 80% of our products on e-commerce platforms** such as Amazon, eBay, Etsy and our own B2C website and have earned over \$1m in 3 years while bootstrapping the business.

Thanks to accessing international consumers through global marketplaces **we have been able to continue selling during COVID-19 and create 300 new jobs for women in Nigeria.**

We are now looking to expand that model to other industries and countries and provide access to international consumers through digital channels. **Our goal is to create sustainable incomes for over 20,000 young people in the next 5 years.**

”





Entrepreneurs need to be equipped with new digital skills to compete

Eya Zannad, Founder at ZANNAD Womenswear (Tunisia)

“ ZANNAD is experiencing exponential growth each year thanks to the loyalty of its first customers and to the visibility gained on social media.

Our continuous growth could lead to **youth job creation In Tunisia at two levels**: in the **factory** and in the **digital communication** department for digital marketing activities.

However, we are struggling to find our target customer online. We need **good quality training on e-commerce**, especially on market research to find potential customers and digital marketing techniques to improve visibility and foster a relationship of trust with our customers. ”



Better access to finance and lower shipping costs could boost cross border native ecommerce platforms

Nafy Diagne, Founder of Awalebiz (Senegal)

“ We have designed a multivendor e-commerce site offering a wide selection of products that are made by African artisans and sold to local, regional and international buyers.

However, **raising funds to grow our business is a major challenge:** available “micro finance” is not suitable for our next phase of expansion.

We have a challenge to be known among customers inside and outside Africa and develop participation of additional African merchants.

We hope the African Continental Free Trade Area decreases shipping costs of products between African countries and contribute to the development of intra-regional trade.”

Harmonisation of standards can be a source of opportunity to expand across borders

Vaolah Amumpaire, Founder of WENA Hardware (Uganda)

“ We would be able to offer more attractive prices with **better integration of global payment platforms across different countries.**

Transferring money from online payment platforms like PayPal to a local bank is difficult (almost impossible!).

It would certainly make it easier for us to build an international business in Africa if all had the **same rules on standard terms and conditions/policies.** We struggle to understand and plan for taxation across borders.

”



Introducing the ecomConnect Programme

Vision 2030

- Network of hubs and partnerships
- 100,000+ SMEs supported to make sales
- Impact on 100+ million people otherwise excluded

Domains of action



E-commerce training & coaching for SMEs

Product and service digitization

Visibility campaigns

Market research



Partnerships with local and international marketplaces, logistics and payments providers

Collaboration with business incubators

Digitization facilities

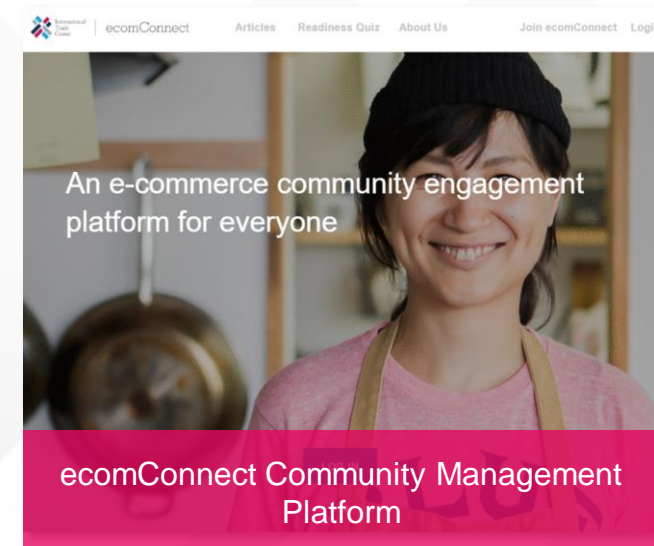
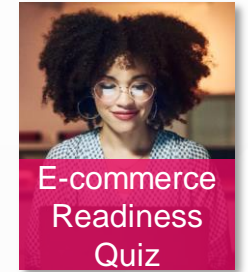
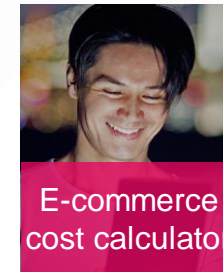


Community building

Peer-to-peer network & value creation

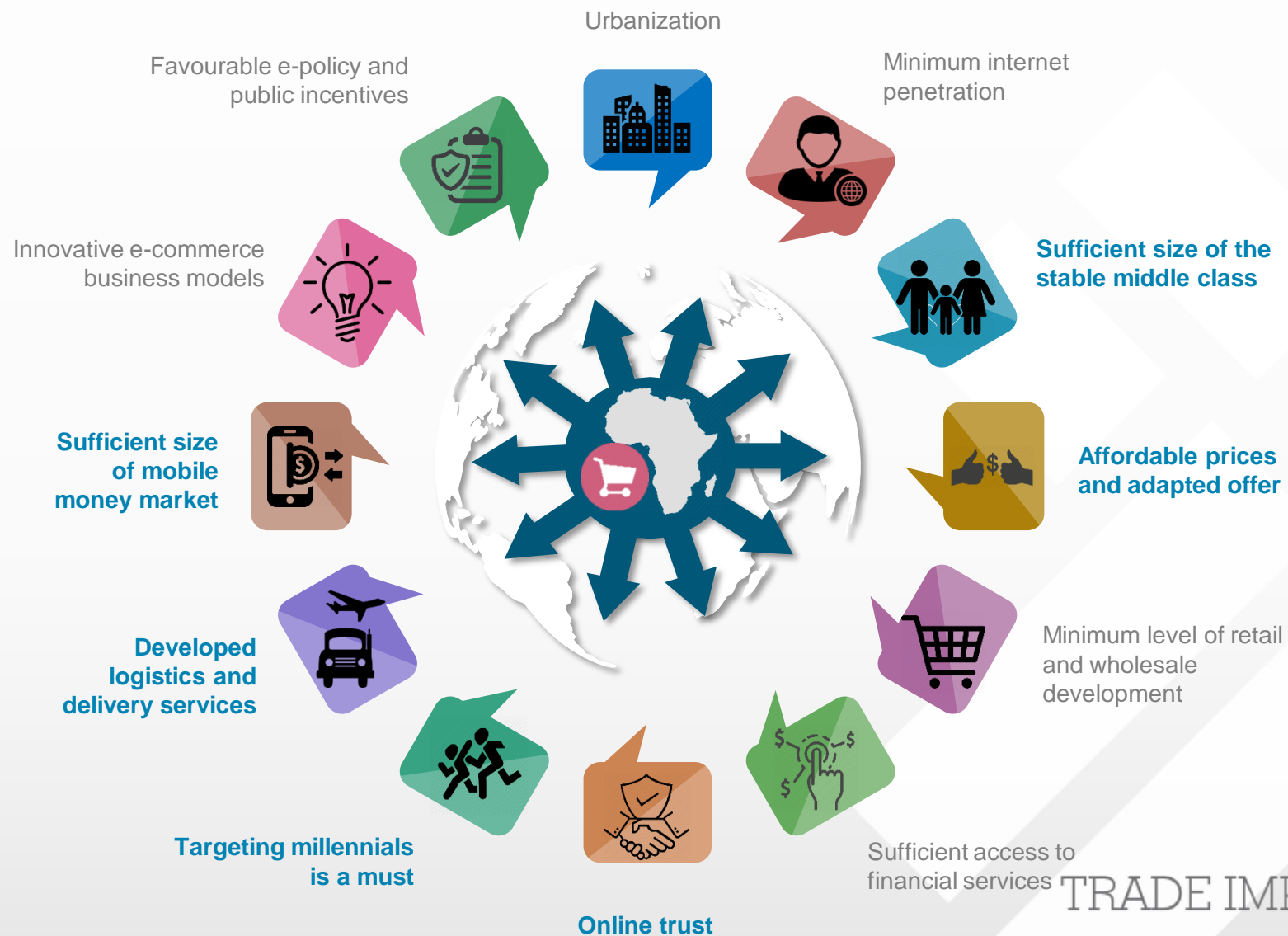
Partnerships with connectivity innovators

Innovation



Recommendations

12 success factors e-commerce in Africa



Thank you!

Join #ecomConnect – The online engagement community for e-commerce entrepreneurs

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ecomconnect@intracen.org

www.intracen.org/ecomconnect