

URL: <https://ecorner.stanford.edu/clips/asset-light-tech/>

Juliet Anammah, chairwoman of Jumia Nigeria, explains Jumia's "asset-light" business model. Rather than owning products, logistics operations, or payment services, she points out, Jumia has used technology to connect assets that already existed on the African continent, but weren't always aligned.



## Transcript

- Jumia is an e-commerce platform, 00:00:07,340 the largest e-commerce platform in Africa, and we started in 2012, and we started with a mission, very simple mission that we could improve lives with the power of internet on the continent.. And we are based in about 11 countries, and the 11 countries where we're based in actually cover 70% of Africa's GDP and about over 500 million internet users.. So, the question is, like you said, "what's the problem we're trying to solve?" If you're a seller in Africa, many years ago, you only have two options on how you're gonna retail your products to consumers.. Either you had to pay a very expensive high street real estate prices for a modern retail shop, or you had no other alternative but to operate in the open market, very informal open market.. It's hot, it has no amenities or utilities, and it's overcrowded.. Those were the only options you had, especially if you were a small, medium enterprise just trying to get by.. So Jumia solves that problem for a host of millions of SMEs and sellers and merchants on the continent because you don't have to register on Jumia platform, you don't have upfront capital expenditure in terms of putting up retail space.. Literally in minutes once you're registered and gone through the training for selling online on Jumia, you can start your business.. So that's a huge part of the problem.. The second part of the problem of course, was a logistics problem..

So the first one was a distribution problem, and even just staying on the distribution one, if you were a consumer, by the time you finally buy the product, chances are that the mark-ups from the very long distribution chain from manufacturer to bulk breaker to wholesaler, and finally to retailer, and the neighborhood shop where you buy the item, you could be paying significantly more than you should as a consumer.. So one was a distribution problem, from the consumer's perspective and from a seller's perspective.. So we're bringing millions of consumers to interact and transact with sellers directly, with no intermediaries or any other agents in between.. The second part of it is the logistics part of it.. We are also solving a logistics problem by integrating multiple logistics partners into one single integrated logistics, what we call, it used to be called in my old Accenture days as a popiel, but what it is is that you're using technology to integrate different asset owners, and then using Jumia's technology to also be the, manage the data and how they operate.. So those are the two main- - So if I can, 00:03:00,042 can I ask a quick question about that? - Yeah, sure go ahead.. 00:03:03,660 - So Jumia doesn't own the logistics supply chain 00:03:05,270 but it has a platform that allows you to get the right players in there when you need them where you need them.. - Exactly, exactly.. 00:03:11,943 Yeah.. So it's an asset light model and, where a lot of the investment that is required, because you have people who have the assets, you have people who have tricycles and vans and so on, but what was

lacking was always the technology to integrate that together, and to use the data to make quality decisions of where do you deliver, what timeline, is it required and so on and so forth, yeah..

- And what about payments? 00:03:41,940 I mean I'm really curious because I love this transformation, I wanna get back to the transformation for the informal sector that's implied in everything you just said.. - Yeah.. 00:03:58,190 because I still remember about 2015, just not too long ago, if a consumer made a purchase on Jumia and we relied on just the payment through a card, a debit card or a credit card, that had to clear on the backend with a bank, sometimes if there was a return, it could take two weeks because of course, the banks at the time, e-commerce was not really something that they were really focused on.. So we had to develop our own payment system again, using the same principle of integrating different payment methods that a consumer could have into a seamless platform that will allow us to clear whether it was credit card or a debit card or mobile money or bank transfer, whatever payment method that the consumer had, we could also integrate it on that network.. So that's the third component and that's why those are the three parts of our ecosystem...