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Juliet Anammah is the chairwoman of Jumia Nigeria and the Chief Sustainability Officer of Jumia Group, the largest e-commerce platform in Africa and the first African tech startup to be listed on the NYSE. She previously served as the CEO of Jumia Nigeria for more than 4 years, overseeing the growth and transition of Jumia Nigeria from online retail to a full digital ecosystem that included marketplace, logistics and payments services. In this conversation with Darius Teter, executive director of Stanford Seed, Anammah explores the challenges of building a marketplace business in Africa as well as the huge untapped potential of e-commerce on the continent.



## Transcript

Announcer Who you are defines how you're built. 00:00:08,669 - Welcome Stanford students and our global audience 00:00:11,050 to the Entrepreneurial Thought Leaders series. I'm Luke Sykora, Head of Content at STVP, and ETL is presented by STVP, the Entrepreneurship Center in Stanford's School of Engineering and BASES, the Business Association of Stanford Entrepreneurial Students. Today, we are really thrilled to welcome Juliet Anammah and Darius Teeter to ETL. Juliet is the chairwoman of Jumia Nigeria and chief sustainability officer of Jumia group, which is the largest e-commerce platform in Africa and was the first African tech startup to be listed on the New York Stock Exchange. She oversees institutional relationships, corporate communication, and ESG as well for Jumia across 11 countries in Africa. She previously served as the CEO of Jumia Nigeria for more than four years, overseeing growth and transition of Jumia Nigeria from an online retail into a full digital ecosystem that includes marketplace and logistics and payment services as well, and I'm sure we'll be hearing about some of that shortly. Today's details is also a collaboration between STVP and Stanford Seed, which is an initiative within Stanford Graduate School of Business, that partners with entrepreneurs in emerging markets to build thriving enterprises that transform lives. And we're very happy to have Stanford Seed executive director, Darius Teeter here to host this conversation with Juliet. Before joining Stanford Seed Darius served as vice president of global programs for Oxfam America.

He has a BA in history from Yale and a master in public policy from the Harvard Kennedy School. And if you're inspired by this conversation and want to learn more about the entrepreneurial climate in Africa, really encourage you to check out his podcast, it's called Grit and Growth. It tells the stories of entrepreneurs in Africa and South Asia, and also connects those stories to relevant perspectives and strategy insights from Stanford GSB faculty. And we'll pop a link to that podcast in the YouTube Live chat, welcome Juliet and Darius. And with that, I will turn the session over to Darius. - Thanks so much, Luke. 00:02:28,240 and we'll try to do what we can do, but I also wanna give students and other participants a chance to ask theirs as well. But I wanted to kick it off. Luke gave a very brief introduction to Jumia, but for those of us who don't know much about it, can you tell us just a little more, what are the problems that Jumia is trying to solve? - Yeah, thanks Darius. 00:02:51,210 So Jumia is an e-commerce platform, the largest e-commerce platforming in Africa, and we started in 2012.

And we started with a mission, very simple mission that, you know, we could improve lives with the power of the 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 had two options on how you're gonna retail your products to consumers. Either you had to pay a very expensive high street retail prices for a modern retail shop, or you had no other alternative, but to operate in the open market, very informal open market is hot, it has new amenities or utilities and it's overcrowded. Those were the only options you had, especially if you were 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 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 markups 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're 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 logistics part of it. You know, we're also solving a logistics problem by integrating multiple logistics partners into one single integrated logistics, what we call, you know, it used to be called in my old Accenture days as (indistinct) 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, you know, manage the data and how they operate. So those are the two main - (mumbling) Can I ask a quick question about that? 00:05:48,710 So Jumia doesn't, - Yeah, sure go ahead. 00:05:50,870 - Jumia doesn't own the logistics supply chain, 00:05:52,480 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. 00:05:59,143 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, you know, quality decisions of, you know, where do you deliver, what timeline is that, you know, required and so on and so forth, yeah. - And what about payments? 00:06:27,930 I mean, I'm really curious because I love this transformation and I wanna get back to the transformation that for the informal sector, that's implied in everything you just said, but what about payments? - Exactly. 00:06:41,980 So payments was another part of it 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, you know, payment through a card, a debit card or credit card, I'd had to clear on the backend with a bank, sometimes if there was a return, it could take two weeks because of course the, you know, 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, a 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, you know, clear whether it was credit card or 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. Yeah. - I'm curious, so let's, 00:07:46,750 I wanna dig down a little bit more into the payments piece. I'm going straight into the weeds 'cause that's where - Yeah, I know. 00:07:49,886 - I love to be but, 00:07:53,470 are you using third-party payment providers? I mean, there's so many startups now in this space, the FinTech space in Nigeria, there's a lot of venture capital flowing in, you know, there's Lydia, PayHippo, there's just, I mean, I've lost track of him any of the mark, are you doing your own thing or you're working with all of these third parties (mumbling) - Well, we're working with, we're agnostics. 00:08:12,740 So we're working with all third parties. Yeah. And especially given how large the market is, the real value you bring to consumers is not limiting them to your own solution is actually given them a platform through which they could use whatever payment methodology that they have. Yeah. - That's an actually a substantially more sophisticated 00:08:33,720 than what it's like here in the United States.

I'm always struck by that. Like, people are so excited that they can buy their Starbucks coffee with their phone and people were doing that in the Philippines nine years ago, 10 years ago, so like, - Yeah. 00:08:44,180 - I feel like we're catching up 00:08:46,140 because of the dominance of credit card companies. So tell me a little bit about what is the bait, you know, using data, what is the transformation you're seeing in the informal sector thanks to platforms like Jumia's? - It's huge. 00:08:59,500 I mean, because look at it, look at the number of sellers in Africa who are small, medium enterprises in the informal market, and then when they get onto Jumia, look at the kinds of information that is available to them, suddenly they know, for example, what, which ones of their items are fastest moving, at what price points, which particular color, if you're in fashion, if you're fashion seller on Jumia you suddenly know whether it's the blue shirt or the red shirt that actually sells better than the other SKUs that you have. That's very powerful information. They get information in terms of, even the placement of the products, the product information which they put up on site, they get information on their seller score and all that. So really formalizing informal trade is what, it is a huge, huge benefit that e-commerce, you know, e-commerce platform like Jumia is bringing to the sellers in Africa. So that's a huge products, a really big transition from where they were before. Yeah.

- So that I love that that's the data analytics piece, 00:10:12,560 which is some, for some of them, I think probably data they've never had, or they had intuitively, or they had it on pen, you know, paper and pen. - Yeah. 00:10:23,863 - Can you tell how many of your sellers are new sellers? 00:10:26,570 I mean, in other words that they would not be in a marketplace if it wasn't online? - Oh yes. 00:10:34,229 We ran a survey recently and I might be able to share some of that information just in

ranges. And we have sellers, you know, in between 30% to 40% of our sellers who say, look, you know, they started their businesses exclusively on Jumia, right? And some of them, some sellers start their businesses on Jumia, some sellers came to Jumia to expand their businesses, but what I actually find extremely interesting is the number of women sellers that we have on Jumia. So we have at least in Nigeria and Kenya, which are key markets, about 51% of our sellers are actually women. And why do women find it attractive? It's agenda-agnostic environment. I mean, you could be a fashion seller, you could be an electronic seller and, you know, you don't have, it's not a physical market where someone can make those kinds of gender-related decisions of whether I want to buy an electronic product from a woman or not. So that has given them, you know, access to different categories that it could perform in. Two, it's also given women flexibility to be able to manage their homes and at the same time run a business of their own.

Then third component that women say they really appreciate selling on Jumia it's the training. It's the training. It's training on digital, digital marketing training on how to sell online, training on even how to read your account statements. Just those basic kinds of training, you know, the importance for an SME just cannot be over emphasized. Yeah. - Oh, I love that point. 00:12:22,640 You know, we, in Sanford Seed, we're always trying to get more women CEOs into our program, and we do, commissioned a study to look at what are some of the barriers to entry for women entrepreneurs across the African continent, and you just hit a bunch of them. Access to capital. Like if you wanna open a storefront, it's gonna be super hard to find that 50,000 or a 100,000 dollar loan. The second is access to networks.

- Yeah. 00:12:44,350 - Women traditionally, and not just in Africa, 00:12:47,190 but across the world have trouble accessing networks. And then the third is access to technology and I include training under technology, right? That is the most basic technology. They're not getting the same opportunity. So those are really powerful, powerful elements of the platform and that's exciting. - And there's a fourth element to it actually, 00:13:04,580 and that's access to a, 'cause you talked about some of the FinTech providers of financial services. So through Jumia app, 'cause we have Jumia Lending, we are also able to connect a lot of sellers to loan opportunities, you know, to finance their working capital. So they're multiple. - Say a bit more about that. What is Jumia Lending? 00:13:28,810 - So Jumia Lending connects sellers on our platform, 00:13:31,060 leveraging their transaction data, transaction history to then find working capital loans through all the financial services providers who are partners to Jumia.

So we don't land off our balance sheet, we do the connection through, to financial services providers. - It makes total sense to me 00:13:54,950 because in interviewing a number of FinTech CEOs for my podcast, you know, they're all using algorithms and machine learning as alternative sources of data for assessing credit worthiness. And the number one thing they use for little like working capital loans for trading companies and retailers is, what's your repayment history? - Yeah. 00:14:12,630 - And it's not coming from banks 00:14:14,700 'cause banks aren't doing \$500 loans, right? - Yeah. 00:14:17,190 - So, but the other one would be 00:14:18,510 what's your revenue history, right? So if you can show that from Jumia, "Hey, I'm, you know, this is my monthly revenue." - Exactly. Yeah. 00:14:27,000 - That's hugely valuable to those FinTech algorithms 00:14:29,250 'cause that's the data they need. It's interesting. There's a great question here. I'm gonna just, instead of doing the 45 minutes in my questions, I just wanna jump in on this one because this is actually direction I wanted to go.

The question is, how does Jumia evaluate markets for potential entry? And do you ever decide markets are no longer viable and the person who's asking this question mentions that Jumia have pulled out of Cameroon. - Yeah. 00:14:54,430 - I wanna tack on my own question to that. 00:14:55,980 You mentioned you're in 11 countries, 500 million people and accounting for some enormous percentage of the total GDP on the continent. Can you go to this question and talk a little bit about the barriers to regional expansion and what you look for when you pick a new country to enter? - Yeah, thanks. 00:15:15,830 Yeah. And that the question I was actually right. Yeah. We had to pull out of Cameroon. Remember there was a time when Cameroon, the internet was shut down for almost a whole year.

Okay. So these are very important factors that we look at. We look at the, you know, the state of the economy, we look at beyond GDP, beyond economic factors, we are also looking at readiness for an internet-based business like ours. So those are very important nuances that we consider in terms of looking at expansion. For now we're deepening our footprint within the countries that we are in, maybe in the future, but certainly for this year we're really concentrating on those 11 countries where we are currently in. - Is your phrase readiness, 00:16:07,170 is that code for regulatory environments? - It could be regulatory. 00:16:13,490 So for example, in some cases you find that readiness, of course, internet access, reliability of internet access are very important factors. Cost of data for consumers is also very important. Now, to the extent that those are determined by regulatory factors, then that's where the link is, right? So those are just examples there. - Is there an issue around business licenses for, I mean, 00:16:36,980 I can't tell you, I worked in the development sector, how many projects I saw that, you know, were the title was formalizing the informal sector and I'm always thinking, "That's a terrible idea.

It should means, you know, chasing people around for unpredictable taxes, you know, but what is, is that an issue too? By business registration - No. 00:16:53,190 = I'd like to think though. - To a large extent, no, 00:16:59,100 except for areas that are quite regulatory in any market, which is really when it comes to financial services. - Yeah. 00:17:04,780 - But otherwise it hasn't been 00:17:07,170 from just the business registration perspective, we find that a lot of governments in Africa are actually quite supportive. And bear in mind, post-COVID also, they realized the importance of digital platforms and a lot of governments are, you know, quite supportive and doing as much as they can to make sure that companies like ours are operating well. - Let's talk about COVID for a second. 00:17:35,220 How important was COVID and the lockdowns a

determining factor in the growth of e-commerce? Is it just a blip in an otherwise rapidly-growing bow wave or was it determinative in your growth? - I think it was a blip in Africa, 00:17:52,350 I mean, look at it in the U.S. here, the U.S. government more or less bank-ruled retail during COVID, right? So put money in people's accounts and you're sitting at home, what are you going to do? You have to spend the money online, right? So the fed bank-ruled retail during the pandemic.

You don't have that equivalent in all the areas like Africa and in some cases where we had intermittent lockdowns and movement restrictions. So it wasn't such a big factor in terms of growth of e-commerce, rather e-commerce had been on a trajectory, given the fact that you have, like I said, you have over 500 million internet users. Africa is also a mobile-first environment, right? So it's almost like Africans have been hungry to do more with their mobile phones, and e-commerce just happened to be one of those areas. If there's any area where I think there was a lot more awareness during COVID about the potential of e-commerce, it's in the public policy and public agency environment, where they suddenly realized that this is something that can actually be leveraged in a situation like a pandemic. And it has great potential for jobs and great potentials for economic development as well. - Well, I wanna use that as a segue 00:19:23,550 to learn a little bit more about you. So you were CEO of Jumia Nigeria for four years, coming from a decade as the director for Accenture in Nigeria, that's a big shift. What inspired you to make that move? What was the, what did you see on the horizon? - Several things. 00:19:45,210 I mean, I've been, like you said, I'd been in consumer goods, had been in Accenture. I was partner for consumer goods responsible for all our clients in west Africa region when I joined Jumia, I was a CEO for four years and some months.

So as far as the market environment was concerned, I had enough experience in that area. I understood everything about, you know, distribution, route to market, supply chain, consumers, and so on and so forth. But here was the non-market environment and with great potential to impact the trajectory of any industry. I mean, one policy look at what happened with data protection and how it impacted a lot of big-tech companies and so on. So I realized how important it was that we developed a structured approach in which we could engage with policymakers so that they understood the value and the potential of e-commerce and the digital economy, and could work with us in shaping the policy environment for it, you know, to nurture it to grow. So that's why I decided this was a very important area for me to look. And the more I looked at it that I, of course, I also saw all the opportunities in sustainability and yeah. - I want to, 00:21:13,870 I definitely wanna drill down on the sustainability issues and your new role as chairwoman for Jumia and chief sustainability officer. But I wanna, since you brought up regulation again, I wanna just take one quick detour there. - Yeah.

00:21:27,710 = And in speaking with a lot of, you know, tech enabled companies, FinTech, Medtech, Healthtech, the common complaints is that they're not so much complaint, but the observation is that we recognize that there is a role for regulation to protect consumers. The problem is when the regulatory authorities are not at the cutting edge of what's happening. So the regulations themselves, you know, even if they come from a place of good intention, they may actually be a hindrance or a barrier to growth. - Yeah. 00:21:57,930 - And so what's needed is a dialogue. 00:21:59,280 And so my question to you is, is there a group of companies and people like yourself who are collaborating to work with regulators to say, "Let's get this right together?" - Yeah, definitely. 00:22:15,100 So just on the context, people say that, that, you know, regulators that they're not on the same plane, but it's our responsibility as private sector to educate, right. And a lot of my work in the past year and so has been that education, providing information to say, look, this is what we're doing. And to a large extent, we've actually spent more time just explaining, this is what we're doing, this is what a marketplace model looks like. These are the responsibilities of the platform versus the seller, you know, versus the consumer and all that.

So I think it's our responsibility as private sector to do it. And that's what we've been doing. Okay. In other, in some of our markets also, we've formed coalitions with like-minded private sector companies in Nigeria. We have the e-commerce group within the Legals Chamber of Commerce, I am actually the first chair woman of that council, in Kenya we have a Private Sector Alliance and we have an e-commerce sector within the alliance. So all of those are opportunities to engage with with regulators. And it's always to the interest of private sector to engage early, that way you can provide the necessary information and education and dialogue. 'Cause they wanna do the right thing. They just wanna be, you know, well-informed in taking the right decision. Sometimes you provide parallels from other markets, you can show what's clean on U.S.

or China and you know, how the African environment is different and you make your recommendations and they listen. Yeah. - Yeah. I think in some sense, 00:23:59,120 because you have first-movers advantage, I think in some, for some FinTech operators in some countries, their problem is that the banks are actually in front of them trying to advocate for restrictive policies because the banks are worried about being disrupted. So and they have a lot more leverage, right? And they've been around longer. - Yeah. 00:24:16,040 - So, but I think that's probably less of a problem 00:24:17,079 in e-commerce. I wanna now pivot to sustainability, we've had a couple of questions in the Q and A about sustainability. You are responsible for sustainability for the group. What does that mean for Jumia? What are some of the key initiatives that you're focused on or your organization is focused on in the sustainability space? - The first thing for us is actually very clear validation 00:24:45,280 that our mission itself is sustainable.

Okay. So we don't have to re invent some new projects to go after. I mean, it doesn't mean, of course we would have to operate in a sustainable manner, we'd use in, in terms of our shipments, we'd use in use of packaging materials and all that. So all of those are very important hygiene factors, which we build into our day-to-day operation, but just realizing that our mission, which is about in the end, when you look at it is about reducing inequality, is so critical and it's a big part of how we

create value and how we create sustainable improvement in quality of lives on the continent and asking ourselves what more can we do with that mission? And second part of it is that we have a full ecosystem of many partners that working together can actually, you know, create more value for the communities that we live in than just Jumia itself. We have sellers, we have third-party logistics partners, we have brands who work with us. So that's a full ecosystem that if we deploy can actually do a lot more for sustainability. So that's our focus and that's our area of attention for this first year. I mean, this is the first year that we're actually, you know, putting together our practices, what we're doing, and we would have a report, our first report next year. Yeah. - That mean those are strong and admirable principles, 00:26:26,220 but for our audience, help me make it concrete.

Is this about carbon footprint? Is it about, I mean, what are like, do you have KPIs in the sustainability space? I you're, you know, and you can push back 'cause you just said it's year one so, you know, I get it, - Yeah. 00:26:39,099 - we're just getting started here, 00:26:43,730 but help me make it practical, help me make it real. - Yeah. 00:26:48,550 A very practical example is how many sellers on Jumia classified as SMEs? How many sellers on Jumia have been able to get access to working capital loans to grow their businesses? How many sellers on Jumia are women? How many of them have utilized the training facilities that we provide? How many of them have utilized the, you know, loans to be able to grow their businesses? Those are huge, huge areas of sustainability that we haven't even scratched all of it, right? And I mean, and for us that those, let's utilize what we have first. And then there are all the leavers of which we can also concentrate on. So those are some examples for you there. Yeah. - Thank you. 00:27:35,220 I had another question here about, you know, the complexity of working with so many third parties for logistics and payments. And the question is, you know, and at what point does Jumia decide we should build this in-house versus we should partner and is that conversation ongoing, or maybe that's a trade secret, but I'm just curious to know.

- You have to be comfortable with complexity 00:27:59,790 if you're gonna work in Africa. Okay. We love complexity. And we enjoy taking complexity and making it simple. So like I said earlier, the problem is not assets, right? The problem is not people who have warehouses and hubs. All of that exists. We have people who have warehouses, we have people who have hubs, we have people who have 10 trucks, or some people who have five tricycles. We have all of those assets that exist. So replicating on the assets side is not like- - It makes no sense. 00:28:37,270 - Yeah.

It's not creating value. 00:28:42,270 The real asset that then drives e-commerce is the engine, which is really the technology, okay. So how do you know which day of the week you can make certain deliveries, what is the speed of delivery and how should you do your routing so that you're more fuel efficient, you also reduce distance traveled, all of those are relevant information. You cannot get through just owning the assets, you get that through owning the technology that puts it all together. And the value is the fact that all those players are utilizing your technology, okay. So you have the delivery agents who have your delivery app on their mobile phone, you've got the third party logistics players who are using your hub management system in their businesses. So that's how you create the real value. And that's why we're concentrating there. Yeah. - Yeah.

00:29:38,340 So your data is becoming increasingly valuable and important as well, of course for me is a great segue to another question about Jumia's next steps for scaling and growth. Is it about more regional expansion or broader scope of goods and services for the markets where you already are? - Yeah, it's more the second, because all said and done, 00:30:02,094 we are the largest e-commerce platform on the continent, but we're also in a continent where e-commerce, and I would say all of modern trade is probably still within the ranks of two to 5% of total retail, okay. So you shouldn't have- - A huge, huge upside. 00:30:15,370 - Huge, huge upside, yes. 00:30:16,430 Huge, huge upside. So before it's up tinkering with all the kinds of categories and, you know, new verticals and so on, just even that alone is a significant area to focus on. Yeah. And that's what our focus is. And I think the other thing we are focusing on as well is really the shift that consumers have made from using e-commerce coming to Jumia to buy the electronics, they wanted to buy products of higher value because they could get it at a good price on Jumia and they could get, you know, the quality assurance and all of that to the everyday products. So people wanna buy food, people wanna buy, you know, essential items, home cleaning agents, beauty and perfumes.

- Consumables. 00:31:09,870 - Consumables basically, that's a huge shift, 00:31:13,790 and that's where we are also deepening our presence in. Yeah. - So I wanna go to the competitive landscape in a second, 00:31:20,120 but I wanna pause and talk about consumables because, you know, one of the things that makes consumables possible here in the United States is that you can get it tomorrow, right? You can get your vegetables, they're still fresh, there are may be even cold pack, right? You need a toilet roll, you need cleaning products, whatever it is. Is that a big deal? Is that important to your consumers that they get something really fast or not? Not yet. - Yeah. There's always a trade-off. 00:31:50,870 I think sometimes it's your, what's the right word? It's the consumers living environment that flows into their expectations, okay. So because in the states right next to the corner, there's either Kroger or there's a Target, or there's a Wegmans, or, you know, any other brand, you know, Harry, Harry, sorry, is it Harry Teeters? I'm trying to remember the name, that you can pop into and buy. So that flows into consumer expectations of, you know, when do I want it? I want it, like in 10 minutes, of course you can use Instacart as well and you get the product very quickly.

In our environment it's slightly different. Consumers are making trade offs. And for them it, probably the pricing is more important because consumers want the best pricing, they're fairly happy with convenience, but we're also seeing some of

those expectations of, I want it quick and fast flowing into consumers expectations of how they want it delivered. But to a large extent for consumers, it's the convenience of buying it online and the price point that's very important. And we also invest in what we call, we have a program we call Phoenix program and the Phoenix program basically tracks about almost 50,000 items that are essential that consumers want to buy. So basics essentials or best-sellers on Jumia, so that at any point in time, we want a consumer to buy those items on Jumia and save money. Relative to if they bought it elsewhere. So price is still a big part of the equation for our consumers. - So you think this consumable segment may be growing faster 00:33:41,160 than hard goods. - Oh, we see it already on our platform.

00:33:46,550 Last year, we saw the, that in terms of items sold in some of our markets, we began to see things like some countries, I can't remember which countries it is, but, you know, sugar, peas, became top-selling items for, in those countries relative to what it used to be before, where it might have been an electronic product, a mobile phone or something like that. Yeah. And of course in markets like Nigeria, where, you know, you have issues with power generation and access to power, the power bank to power your phone was a top-selling item in Nigeria last year. We covered all of that in our e-commerce report. E-commerce index report, which we published about two or three weeks ago. - So I got the perfect question here for you 00:34:36,870 that just follows on this. As part of your impact goals, do you have any special role in supporting or facilitating local manufacturing in the countries where you operate? - We work very closely with brands. 00:34:54,180 So we have several brands that are listed on Jumia. And we see an increasing interest from brands to be on Jumia. For many reasons, one being of course, that it gives an opportunity for them to go direct to the consumer, through Jumia as a platform.

Two, it gives them very useful consumer insight and a lot of that consumer insight is in terms of packaging, in terms of product specifications, all of that is useful for a manufacturer in development and product development and production. So yes, I mean, the answer is yes, local manufacturers find being on Jumia extremely useful for their planning and demand-planning and production. Yeah. - Let's pivot a little bit to the competitive landscape. 00:35:47,920 Who are your competitors? Is it cong.com or Takealot, you know, other e-commerce companies that are in the continent or is Amazon a threat from afar? - I think when you look at it at the end of the day, 00:36:05,157 competition is more the informal market, right? Because all of that put together, you've just talked about whether it is Conga or Takealot or any other platform or modern brick and mortar, retail, and so on and so forth. All of that, like I said earlier, it's just two to 5% max. - Yeah. 00:36:26,820 - So the real competition is the informal market 00:36:31,200 and we are everyday working to bring more and more sellers through the, to the platform and bring more brands to the platform, excite more consumers where, we currently have in our Black Friday campaign on, and it's usually is a very exciting period for consumers. - I'd had no idea that existed on your platform. 00:36:52,180 - Oh, we were the first to launch it in Africa in 2014.

00:36:53,900 (Juliet laughs) - Around here, that's like, 00:36:56,910 that's when I try to go for a hike in the woods because it's too mad everywhere else. Let me ask a bit more about, you know, where does Jumia look for its, you know, its vision. Do you look more to the east? You know, Chinese e-commerce like Taobao or JD or Doyen or do you look more to Western models as you think through your growth strategy? - I will say honestly we look more at our consumers 00:37:28,073 than anything else. I mean, it doesn't mean that we don't have parallels with all the markets. Sure, when you look at it from the basic e-commerce model, I will say we are much closer to the Asian Alibaba model because we're more of a marketplace, okay. And, but then there are structural differences between Africa and China. Some of the infrastructural developments, even things like, you know, having a national postal system and driving down the cost of postal services. Some of those things, which Taobao for example, leapfrogged in developing in China, we don't have those in Africa. So we look more at our consumers, I would say in terms of what are their expectations, what are their needs, what's evolving for them in the market, was critical than anything else. But yes, like I said, in terms of parallels of the basic e-commerce model itself, yes.

Pretty similar to the Alibaba kind of model, yeah. - So I mean the other thing, I mean, 00:38:39,250 Alibaba's doing this a bit now, but I'm also thinking about this rise of social commerce. So TikTok, Instagram, and Facebook have become major marketplaces and they connect brands, you know, directly to the consumers. They have so-called influencers as brand ambassadors. - Yeah. 00:38:55,410 - Is this a threat to Jumia's business model? 00:38:57,700 Is this a direction that you're gonna go? How do you view social commerce? - We view social commerce as complimentary to some respects 00:39:06,200 in the sense that, I mean, there's a lot of social comments on WhatsApp and Instagram, like you mentioned, but it's also exposed some of the challenges of social commerce in terms of protection of consumers, sometimes 'cause you order something and it doesn't get delivered and you don't have a system whereby you can trust in the returns process, you can trust in quality assurance and so on. Every time we pool our consumers, they tell us that one of the things they really, really love on Jumia is they don't wanna deal with a seller. They don't care who the seller is. Okay. I mean, and that's, I'm speaking figuratively.

The person they have a relationship with is Jumia. So if something goes wrong, they wanna know that it's Jumia they're dealing with. We always talk about the fact that when you're ordering online, that many things we provide, the items probably been QCed, it's been, you can see the seller score, so you can make decisions between multiple options, which seller to go with, payments and all of that. So there's a whole lot that's riding on just completing a purchase online, that consumers like the option of having someone, you know, the intermediary, the platform that is taking some of those responsibilities for them, yeah. And that, - Let's talk about, 00:40:27,678 sorry, go ahead. - That case is still there. 00:40:29,673 I mean, that case is still a valid value proposition for consumers. - So let's talk about trust. 00:40:36,693 You know, I'm a frequent user of Amazon and eBay and I've been ripped off many times and I, you know, there are recourse, there's recourse, but yeah, but they're, you know, slow and non satisfactory. How is this going on your platform? Is there a lot of problems.

- We have, I mean, for any market place, 00:41:00,150 of course you would have issues sometimes with sellers and so on and so forth. But like you mentioned, we do have recourse mechanisms, we have penalties, we have, we score sellers by many things by speed of delivery, by the quality of the item, by the return rates of the items that they sell on the platform. So many things are built into it. And of course we have certain items which must be QCed, we have manufacturer warranties. We offer everything that you can think of from a recourse perspective. And for some of our consumers also, depending on the type of item and the specific consumer's behavior on our platform, sometimes the consumer wants to return something and we refund immediately even before the item is retrieved. Okay. So there are many things we've built into creating an environment that consumers can trust and feel comfortable to shop online, yeah. - There's a question here from an anonymous attendee. 00:42:04,480 Can you explain why as an Africa-focused Nigerian-led company, Jumia decided to set up its headquarters in Berlin, in IPO and the New York Stock Exchange? Why did you choose those locations instead of, for example, Nigeria? - Oh, well, that's an interesting question.

00:42:23,260 Don't forget that in terms of registration, we had always been historically registered in Berlin just because of course, our first founders and funders rather, was a German company and we retained that over time, okay. So we haven't changed that. Of course people ask, I remember people have asked this question, you know, why New York, because when you're going through an IPO process, when you're trying to establish funding for long-term growth of the company, you're also looking for an environment that will not only provide you with capital, but an environment where the investing public to a large extent, understand the business model, familiar with that business model. Because all the companies of the same business model have gone through that environment to seek capital, right? So that's very important. You would have been very new in an African environment, maybe sometime in the future, we could consider also listing in an African environment. But at that time it was very important that when you considered London, you considered New York and other capital environments that New York investing market had a very deep experience with e-commerce, yeah. - Right. 00:43:53,240 - (mumbling) Yeah, exactly. 00:43:54,073 - Thank you. 00:43:55,113 So another question here, this person is wondering does Jumia plan on creating any in-house products, considering their relative competitive advantage in labor costs in many African countries? - I can only say at the moment 00:44:16,417 it's not one of our key areas of focus.

Our key areas of focus right now is actually, like I said, a deepening presence in the markets that we're currently in. And there's still quite a lot of, I would say potential in terms of assortment in food and basic consumables that consumers want. So, you know, we will be partnering more with sellers and brands, you know, to bring more of that assortment to consumers. - I mean, 00:44:47,731 that makes sense to me because I think you also have, you know, 11 countries, you have 11 sets of consumer preferences and cultural preferences. It's not like Amazon making batteries, you know, cheap batteries, it doesn't quite look like that. Another question here, what is the hardest thing about serving the African market? - I would say the hardest thing was 00:45:13,670 gaining the trust of consumers from the beginning, okay. I still remember that. So that was a hardest thing. And we, as you recall, we offered and we still offer to some extent, cash on delivery as one of the ways to gain consumer trust, yes, we invested a lot in offline engagement, we have a JForce agent network, also to educate consumers and win their trust on the fact that look, if you order it online, it's gonna be safe. Your money isn't going anywhere.

And, you know, Jumia has the systems and policies in place to handle any problem that you have. So that was number one. The second one was also convincing sellers of a marketplace model. I mean, they've been used for decades to retail, retail. So you come to me, you pay for it, I give it to you and that's it, we're done, right? But here's a marketplace model that I say, list the products and I'll pay you as you sell. That's a completely different mindset. So those were, I would say the tougher areas, but over time we built that trust also on the seller side and now we have a very vibrant marketplace, yeah. - I mean, that's a big one, right? 00:46:31,995 - Yeah. 00:46:33,570 - So in talking to FinTech players in Nigeria, 00:46:36,820 the number one problem they're solving is working capital. And somebody might need \$300 to restock their inventory tomorrow and they actually need that money tomorrow and they're gonna sell those goods the day after tomorrow.

And no bank is interested in that business, right? - Yeah. 00:46:51,340 - And so, you know, that has been, 00:46:52,870 I think that's a game-changer, right? Because you can never grow if you can never really finance your inventory. - Yeah. 00:46:59,440 - So there was a question here about, 00:47:01,350 to what extent do you believe Jumia will accelerate development in Africa? I can imagine a couple of pathways for that to happen, but I'd like to hear what you think. - I mean, 00:47:12,401 it's already contributing to development on the continent. There was a BCG report that talks about the fact that look, you know, marketplaces like Jumia by 2025 could be contributing almost 3 million jobs on the continent. So in terms of, you're talking about jobs, that's one, number two, you're talking about formalizing informal retail, like you mentioned, you also recognizes another area, which is the cross-border trade within Africa itself. So those are many pathways and many areas in which e-commerce and companies like Jumia can make significant contribution to the continent, yeah. - So Juliet with our little bit of time left, 00:47:54,450 I wanna make another pivot. And I have some questions I were thinking about for our audience, and one is kind of a general question.

What does the entrepreneurial ecosystem look like in Lagos right now, where you're based? If you were a young entrepreneur from Nigeria, interested in pursuing, you know, scalable technology-driven innovation, what sorts of resources are available when it comes to advice and funding? - There are many hubs I can certainly talk about, 00:48:27,270 and I'm not holding brief for any particular hub, but I know CcHub is one of them in Lagos. There are a couple of other hubs as well and networks where young, particularly young tech entrepreneurs can find resources, information, and networking environment where they can, you know, meet with funders, they can meet with the fellow techpreneurs, as we call them, to exchange ideas

and grow their business. So quite a number of them exist in Lagos. I just remember CcHome, that comes to mind readily. - What about for, 00:49:12,020 do you have some advice for entrepreneurs who are not from Africa, but might be interested in exploring the entrepreneurial ecosystem in Africa? Where would they start? Should they get to know what's going on in a particular city? Are there regional convenings networks that they should tap into? I'm thinking - There are many. 00:49:28,636 - here about, you know, 00:49:29,555 grad students coming out of school. - Oh, yeah. Yeah. 00:49:32,512 - Excited about the opportunities on the continent 00:49:33,540 and don't know how to get, how to dip their toe in the water. - I mean, first things is decide where, 00:49:40,450 where do you wanna pitch your tent? And they've, I mean, I can talk about so many areas.

I mean, there's agriculture's a big one, Agtech is a big one that's evolving, education is another one, and of course, healthcare. So this, one of the big, big areas in my view is healthcare. And it's really about how do we make more efficient use of the healthcare assets we have on the continent? So any use of technology that frees up a doctor's time and uses their time more efficiently connects people to primary health care providers, you know, uses data to help the doctors in making decisions, those things, I think are big areas for development on the continent. - I mean, 00:50:32,600 well, I love all three of those examples because they're essentially they've turned last mile delivery on its head. - Yeah. Yeah. 00:50:39,850 - I'm old enough that I remember when we were, you know, 00:50:41,830 World Bank and African Development Bank we would put all this money into creating physical infrastructure, to get teachers from here to over there, right? And just like nobody, you know, and then I, years ago I lived in Indonesia, and if you wanted a landline for your phone, you waited four years to get the landline installed. Nobody has a landline who cares, right? So, you know, not everything can be done remotely, but I am struck by how much of a disruption it is to do last mile delivery of so many services digitally. So I think, I told them, I'm totally on the same page as you. I have another, this is quite a technical question, but I appreciate this one.

And it's about delivery and geolocation, you know, I guess your delivery systems also rely on third-party technology. And does that limit what you can do with your geolocation data? The user, this person asks, does geo-connectivity feels like a substantial factor for bringing Africa's domestic economy into the modern age? Can you see Jumia monetizing, geolocation data more as a public service, you know, funded by the government? - I mean, geolocation data is great, 00:51:51,170 but this is an environment where we also build solutions around the fact that some consumers just don't have access, they are not covered by postcodes and those kinds of information that makes geolocation easy to track, right? So we have pickup stations and we have delivery agents who are more or less knowledgeable about specific villages and localities where consumers live. You know how it is, you know who lives behind who, even if there's no formal postal code to deliver them. Yeah. So we have a full round customized solution for the African environment. Maybe in the future, like you said, of course, when there's broad coverage across all locations with all the right codes and so on. Yes. We could consider all the other areas of investment. Yeah. - I'm gonna go back to our listeners 00:52:46,840 'cause there's a very interesting question here for you.

I'm just gonna read it verbatim. When do you see an inflection point for your business in terms of consumer adoption? Jumia has spent billions of dollars, but there are only 7 million MAUs on the platform. I don't actually know what an MAU is. So maybe you can tell me what that is. - Yeah. An MAU is Monthly Active Users. 00:53:06,513 - Okay. 00:53:10,010 - So I mean, people think about inflection points, 00:53:12,570 but we just say to ourselves, look, this is a huge, huge opportunity in the market. So I don't predict what an inflection point will be, but all I know is that every day that we are increasing the number of users we have on our platform, we're increasing the assortment that we have, we're increasing the number of sellers, bringing more brands, creating excitement, providing products, and at the right prices for consumers. That is all part of the work that needs to be done and that's what we're, our focus will be for the foreseeable future.

(upbeat music)..