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How Small Merchants in Africa are Using Superplatforms

Thursday, 28 February 2019

Anne Gachoka . John Won

Before we start…

1. Our session will be approximately 1 hour:
   25 min for presentation; 25 min for panel; 10 minutes for questions.

2. Questions and comments may be posted at any time during the session by clicking the Q&A tab at the bottom of the webinar screen.

3. Today's webinar is being recorded. A link of the recording will be shared after the event.

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Our Presenters

Anne Gachoka

BFA

Consumer Insights

John Won

BFA

Consumer Insights

About FIBR

FIBR (Financial Inclusion on Business Runways) is an innovative R&D project which seeks to demonstrate how smartphones can accelerate and deepen financial inclusion in developing countries. The project identifies small businesses as vital nodes as their rate of smartphone adoption is already much higher than the population as a whole and they interact and transact with a web of low-income employees, suppliers and customers on a daily or regular basis. By focusing on this indirect channel to financial inclusion, FIBR aims to identify and harness the energies, advantages and experiences of new partners in nonfinancial sectors to the challenge of the next generation of financial inclusion initiatives.

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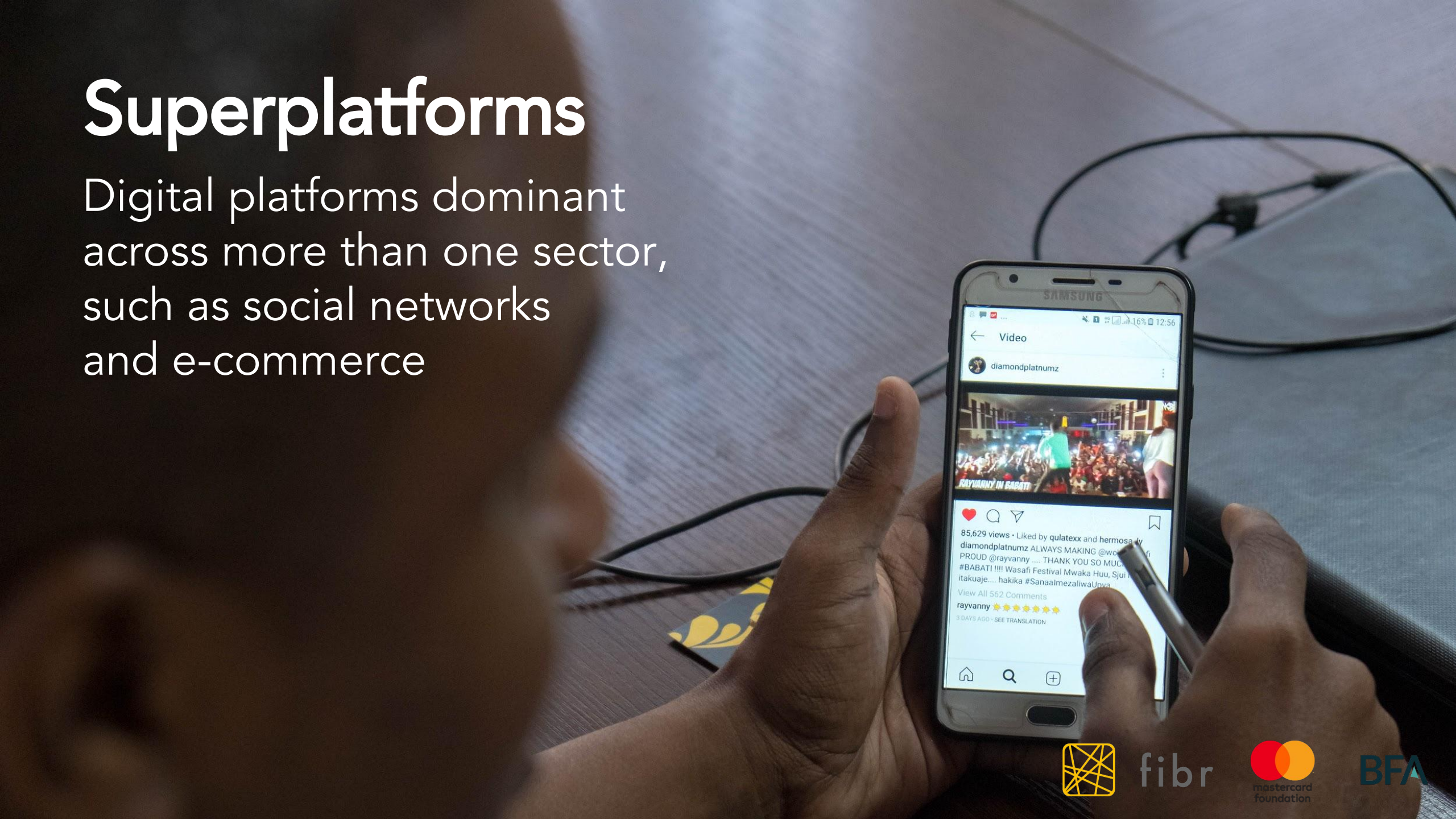
Superplatforms

Digital platforms dominant across more than one sector, such as social networks and e-commerce



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MSMEs in Africa:

90 percent of commerce in informal channels
70 percent of region's total employment
$100 billion MSME credit gap

Project Overview

1.

Understand current merchant behaviors and practices relating to superplatforms

2.

Determine the value proposition of superplatforms to merchants and vice-versa

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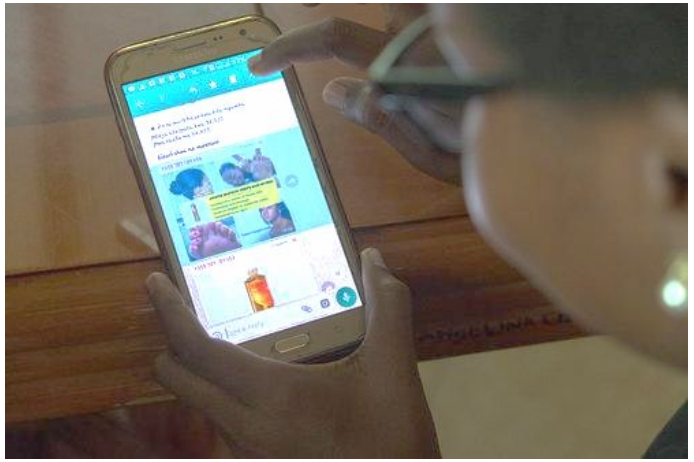
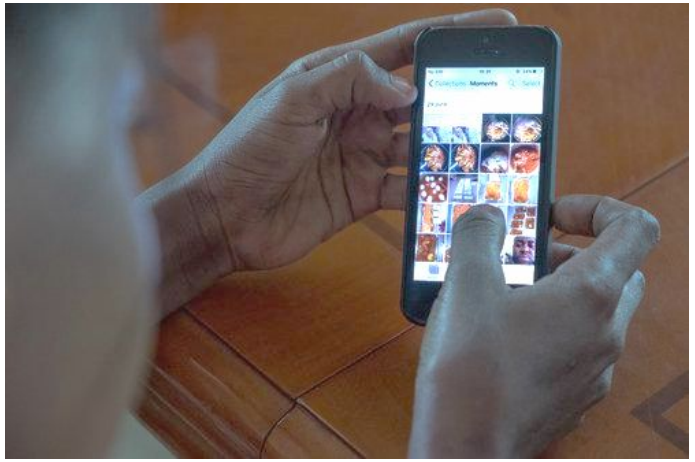
Superplatform Hypotheses



HYPOTHESIS 1

Merchants do not have to be fully digital to sell online.



HYPOTHESIS 2

B2B services by superplatforms are essential for MSMEs to increase their chances of success.

HYPOTHESIS 3

E-commerce strategies can increase the chances for young adults (18-35 years of age) to generate income or find employment.

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How We Conducted Our Research

Qualitative Interviews

13 In Depth Interviews with merchants

- 5- Dealing with Imports (clothes, shoes, cosmetics, watches and electronics)
- 4-Dealing with services- hospitality, entertainment, App promoter
- 3-Dealing with food vending
- 1-Artisan

2 FGD

- End customers-8 Respondents
- Merchants-7 Respondents

Quantitative Interviews

Data from Facebook surveys in TZ, KE and GH

375 responses across three markets. Survey ran about 1.5 months and was targeting small merchants who have sold online.

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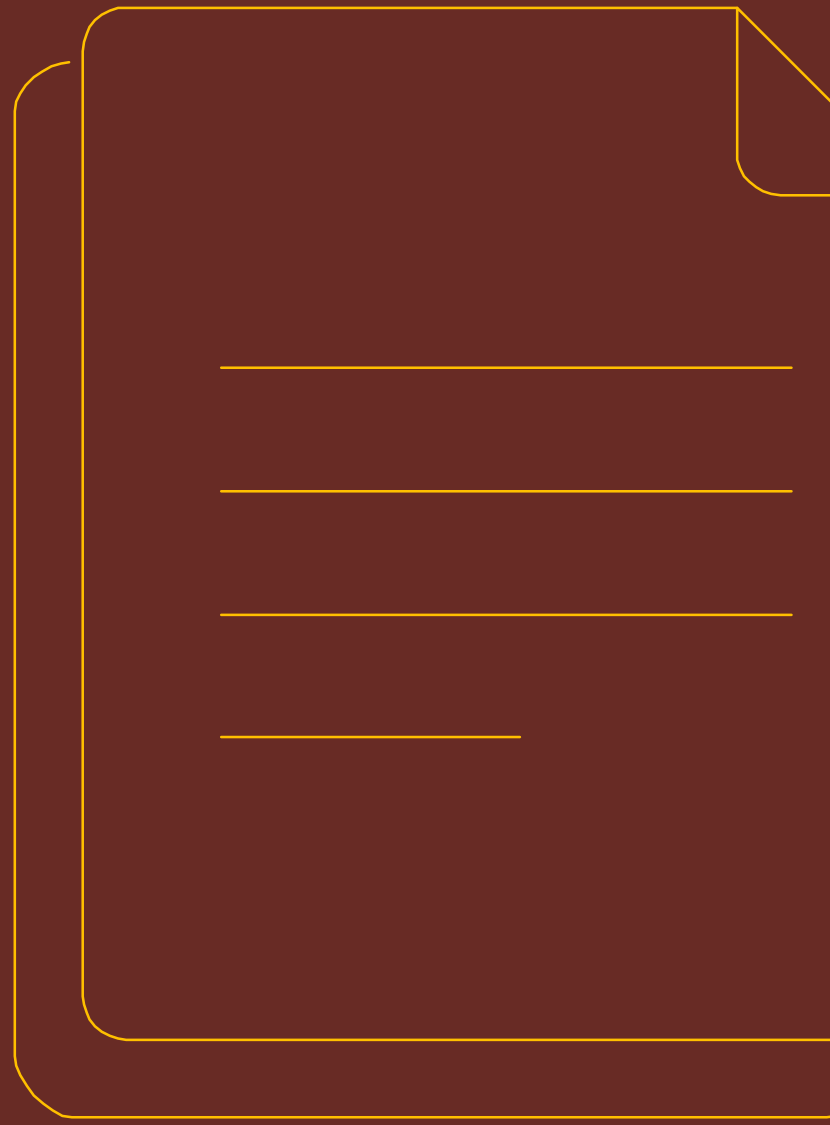
Merchant Stories



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MERCHANT STORY

Agnes

Persona:
Experimental MSME

"You never stop posting WhatsApp status updates because people will think you're not active anymore."

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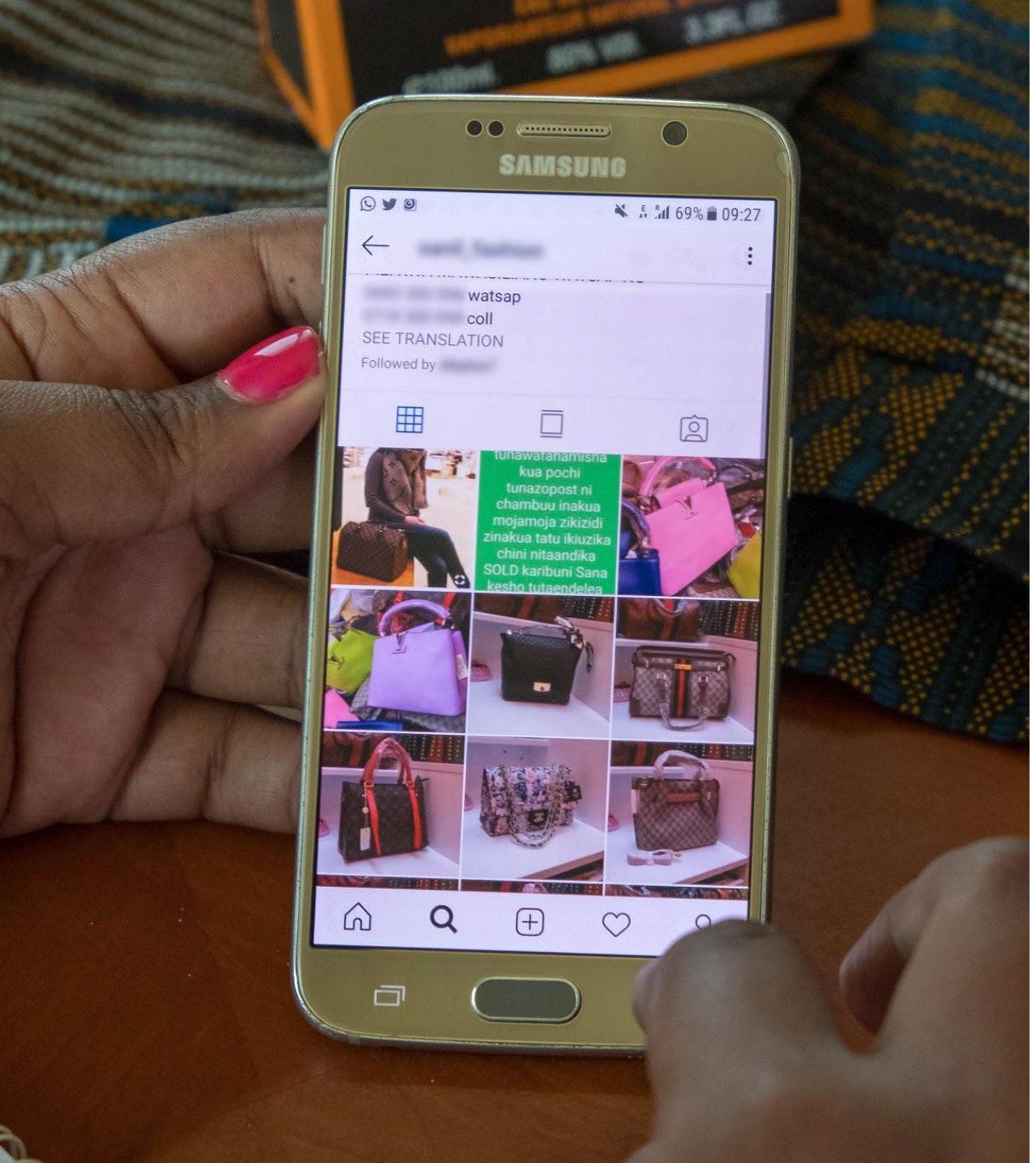

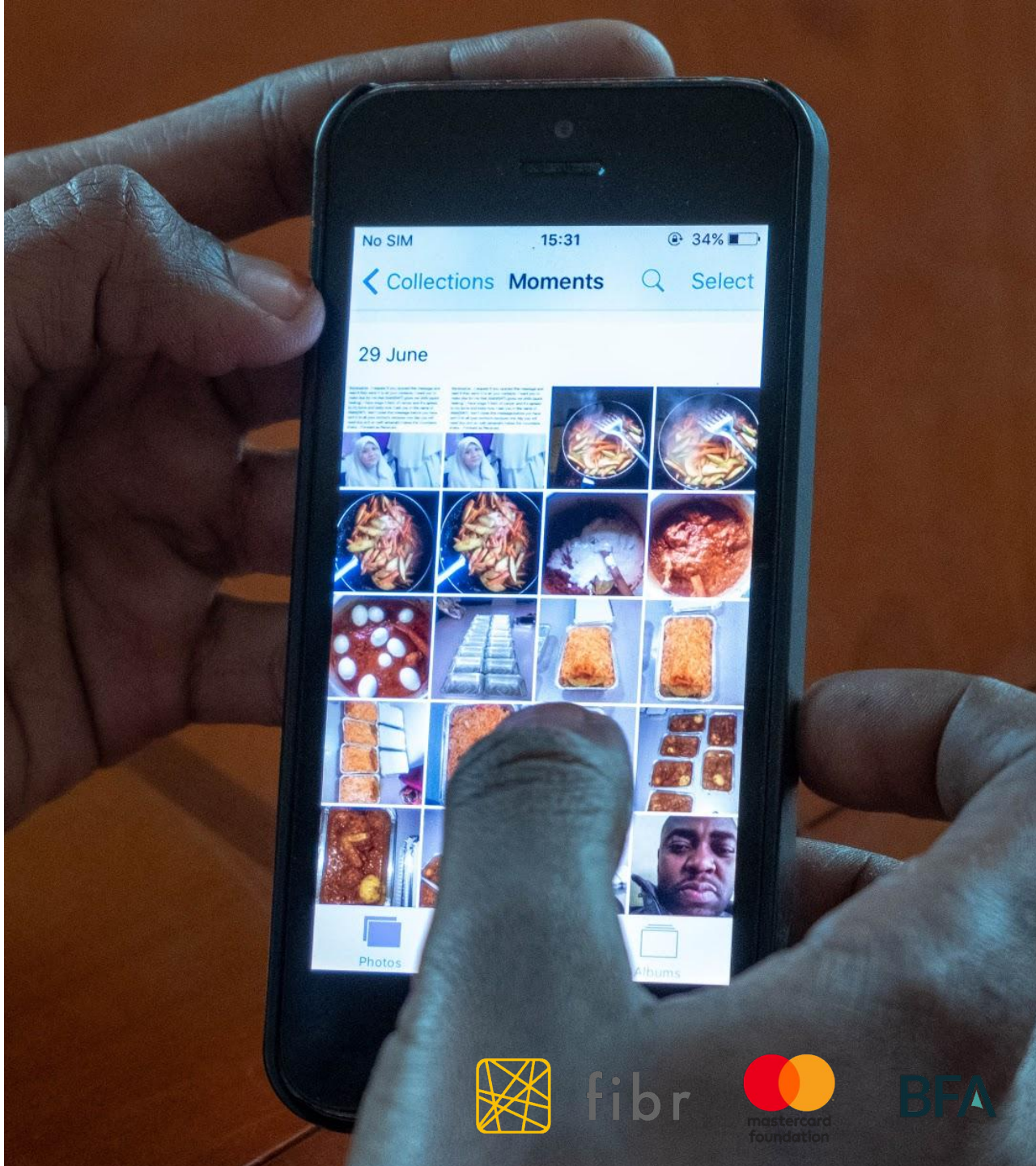

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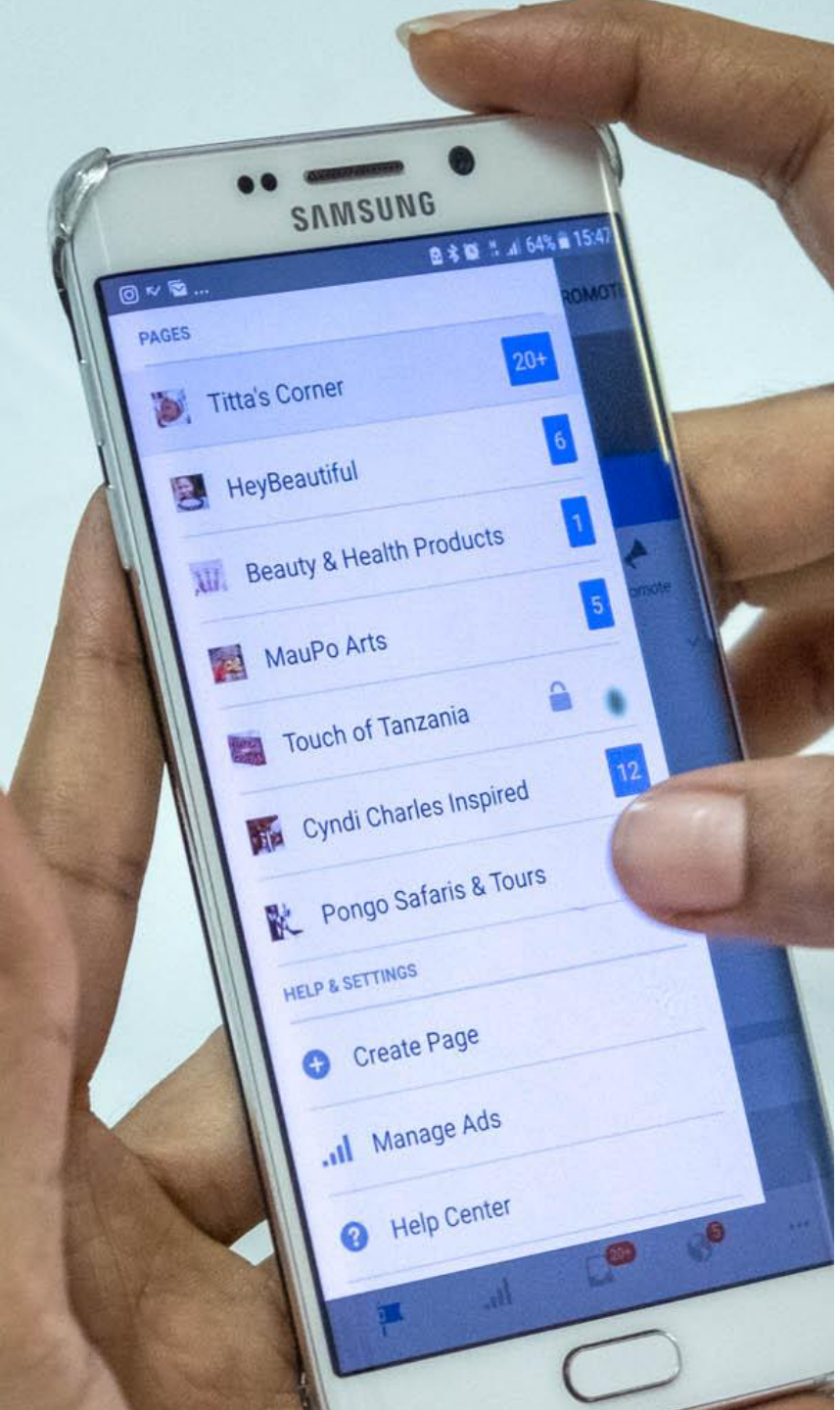
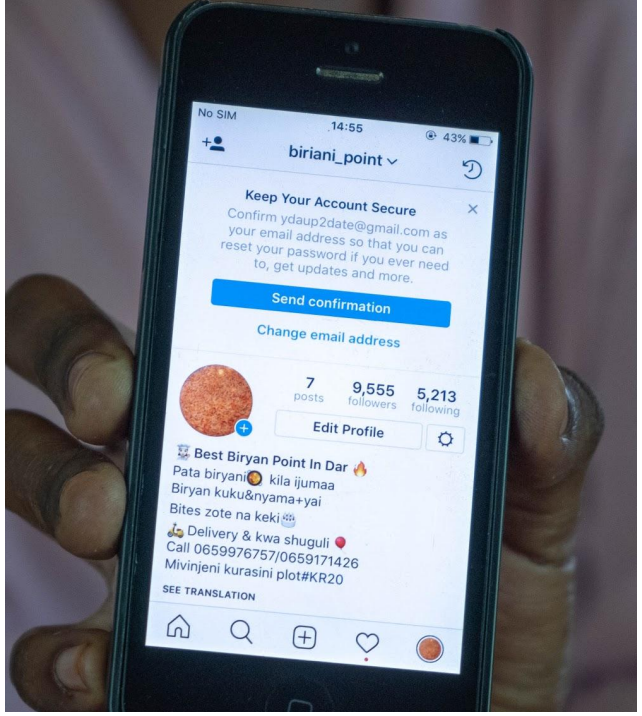
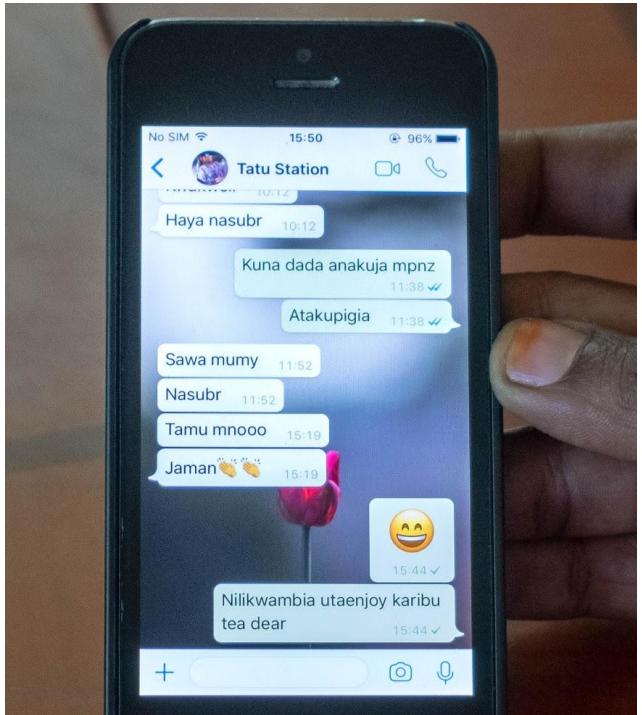
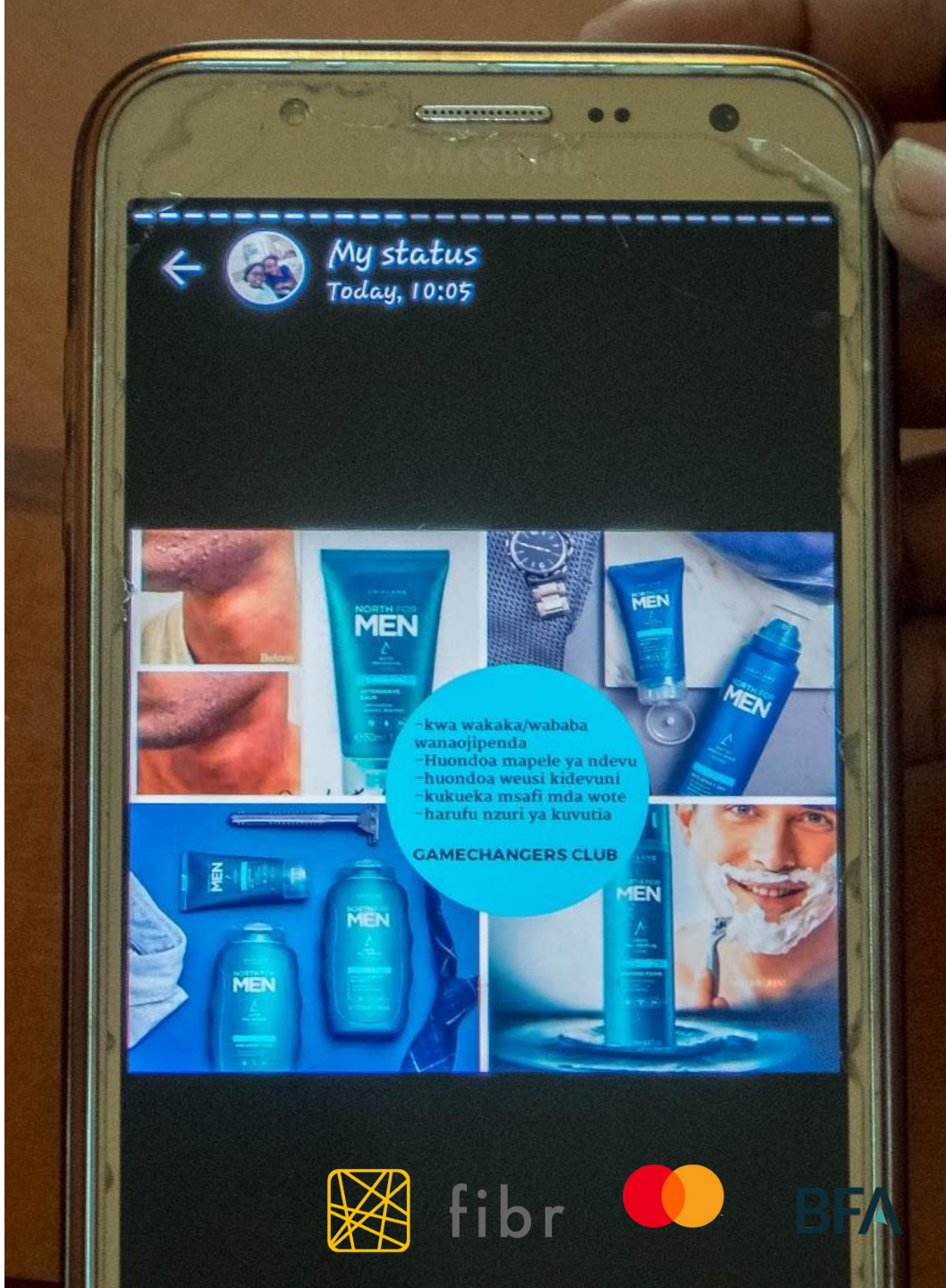

SAMSUNG
PAGES
Titta's Corner
20+
HeyBeautiful
6
Beauty & Health Products
1
MauPo Arts
5
Touch of Tanzania
Cyndi Charles Inspired
12
Pongo Safaris & Tours
HELP & SETTINGS
Create Page
Manage Ads
Help Center


biriani_point
Keep Your Account Secure
Confirm ydaup2date@gmail.com as your email address so that you can reset your password if you ever need to, get updates and more.
Send confirmation
Change email address
7 posts
9,555 followers
5,213 following
Edit Profile
Best Biryan Point In Dar
Pata biryani kila ijumaa
Biryan kuku&nyama+yai
Bites zote na keki
Delivery & kwa shuguli
Call 0659976757/0659171426
Mivinjeni kurasini plot#KR20
SEE TRANSLATION


Tatu Station
Haya nasubr
Kuna dada anakuja mpnz
Atakupigia
Sawa mumy
Nasubr
Tamu mnooo
Jaman
Nilikwambia utaenjoy karibu tea dear


My status
Today, 10:05
-kwa wakaka/wababa wanaojipenda
-Huondoa mapele ya ndevu
-huondoa weusi kidevuni
-kukueka msafi mda wote
-harufu nzuri ya kuvutia
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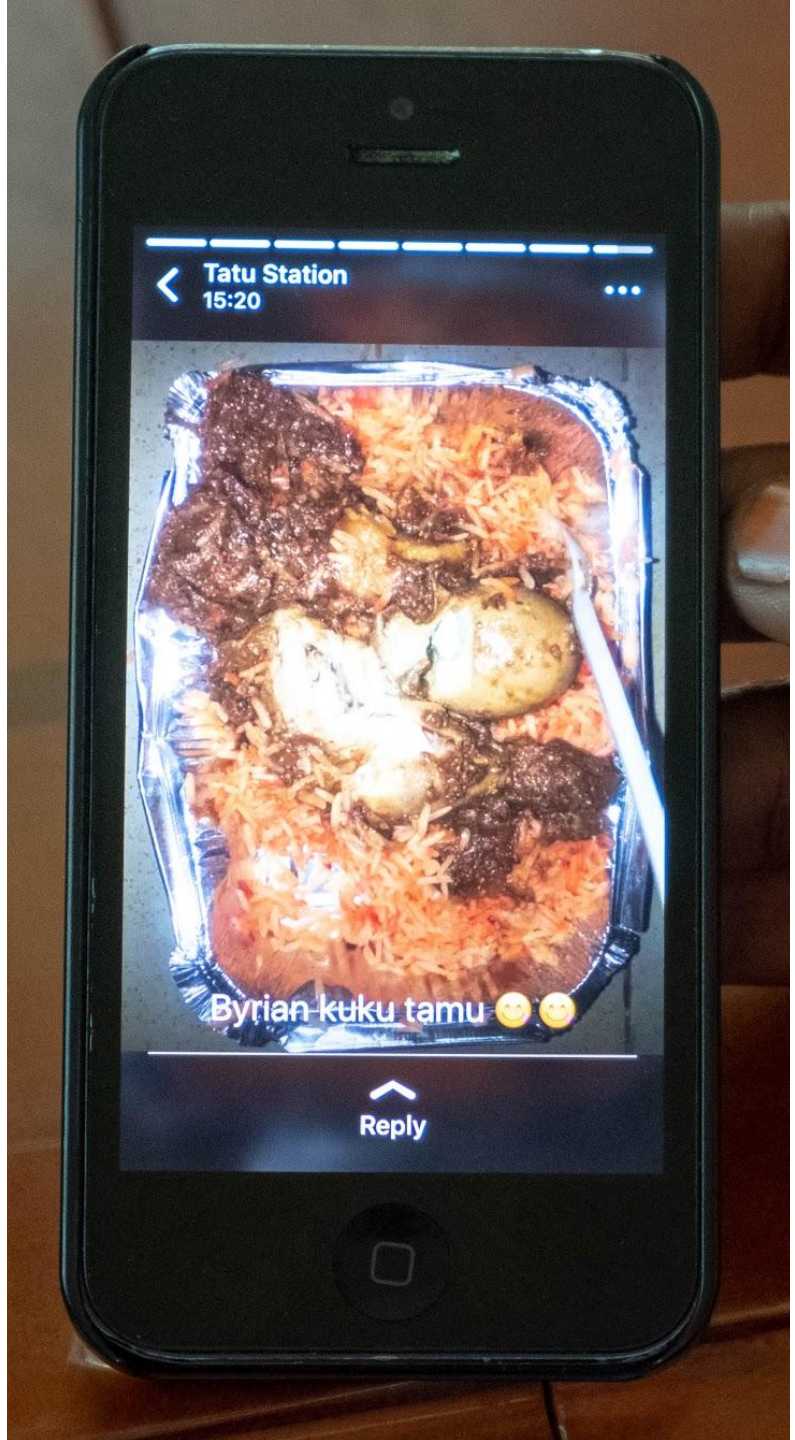
"I upgraded my phone to an iPhone because it has a better camera. It's all about high quality pictures online."



14 likes

biriani_point Ijumaa kesho toa oda yako mapema upate biriani zurii kabisa

Piga [redacted]

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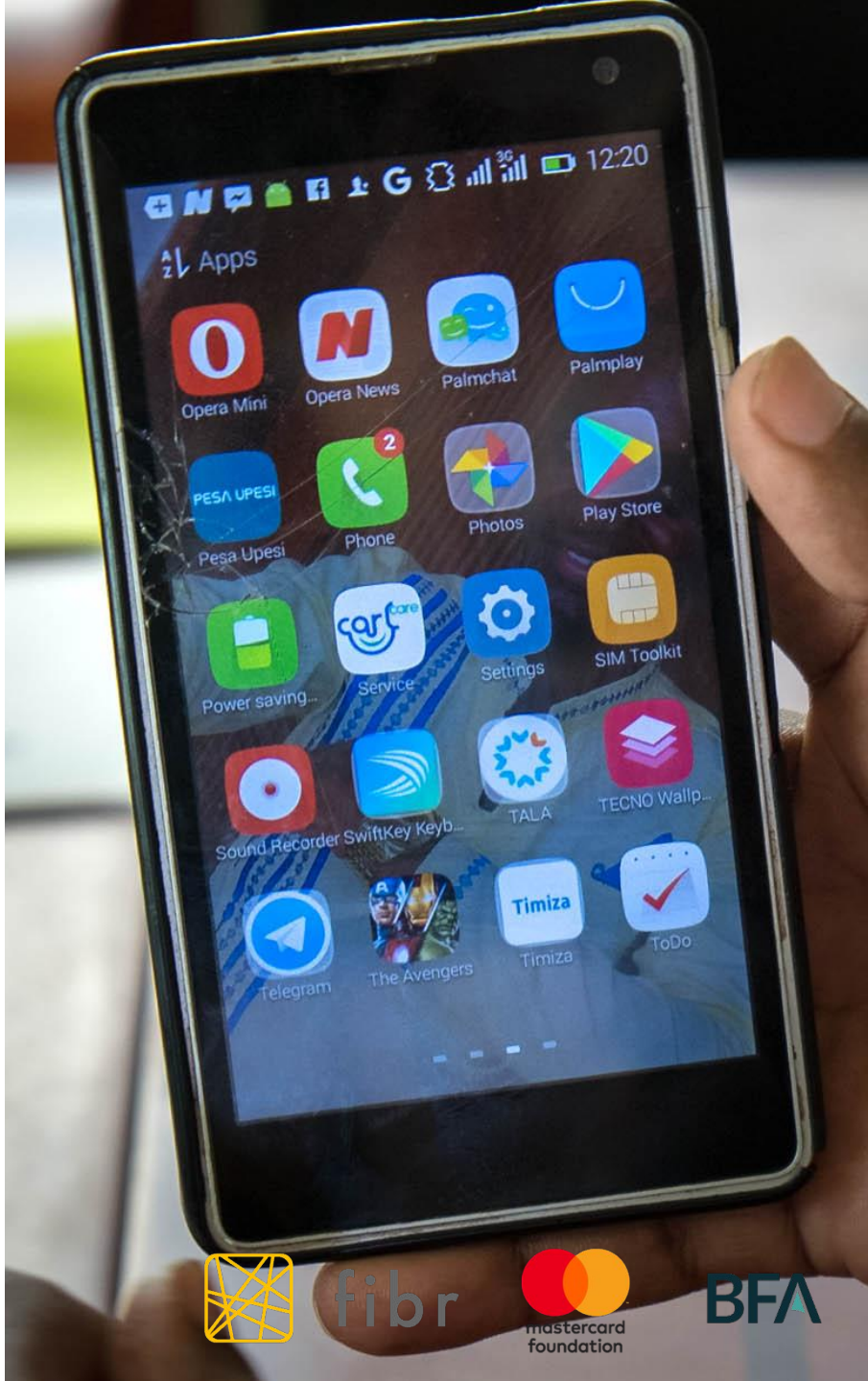
SEPTEMBER 6 · **SEE TRANSLATION**

NOT AWARE
AWARE
PERSONAL
BUSINESS
nimetimiza
loans at your fingertips
Dial *150*60#
Airtel Timiza
L-PESA
TALA
pezesha
Pezesha
m-pawa
Vodacom M-Pawa
tigo
Tigo Nivushe
branch
Branch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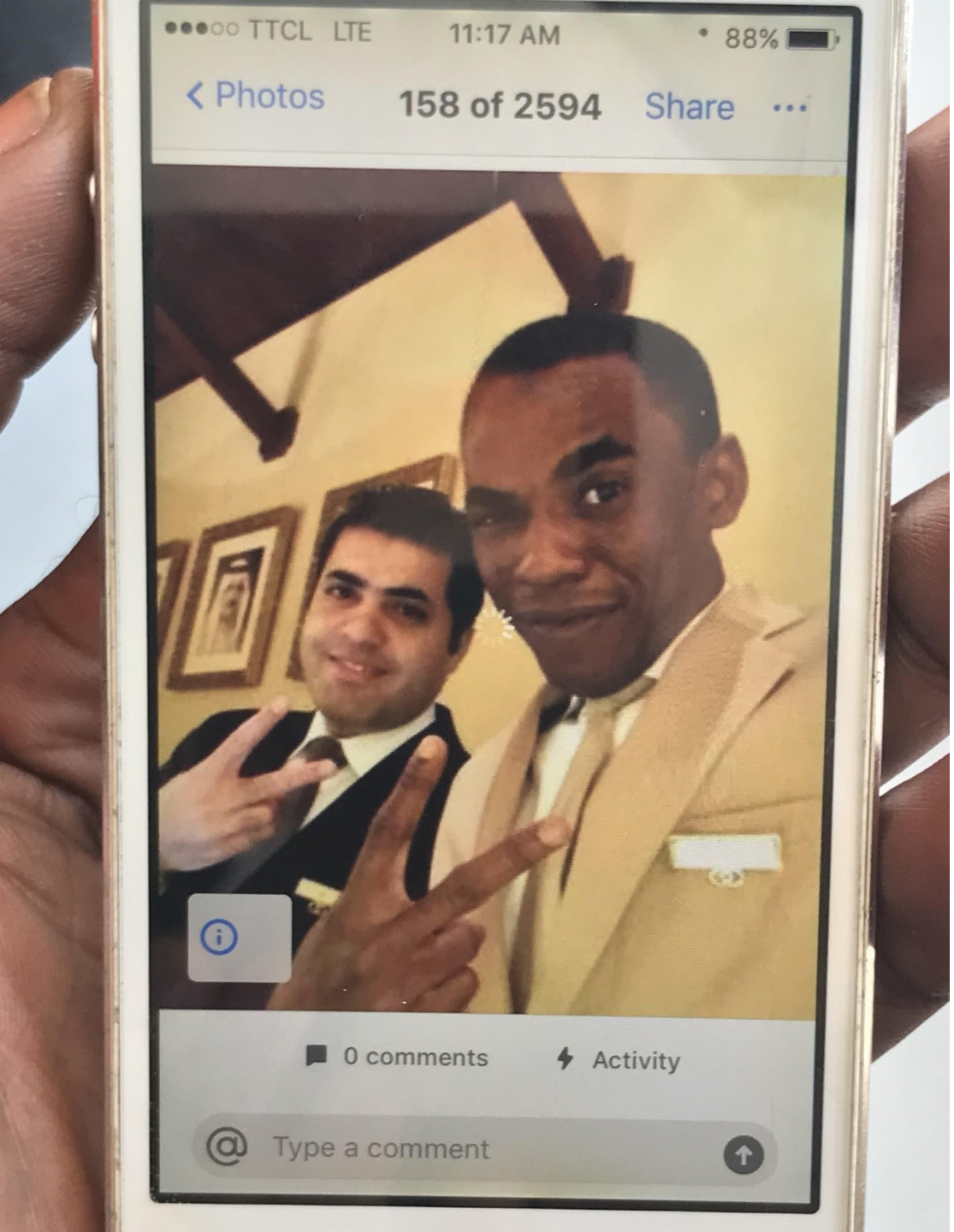
Opera Mini
Opera News
Palmchat
Palmplay
Pesa Upesi
Phone
Photos
Play Store
Power saving...
Service
Settings
SIM Toolkit
Sound Recorder
SwiftKey Keyb...
TALA
TECNO Wallp...
Telegram
The Avengers
Timiza
ToDo

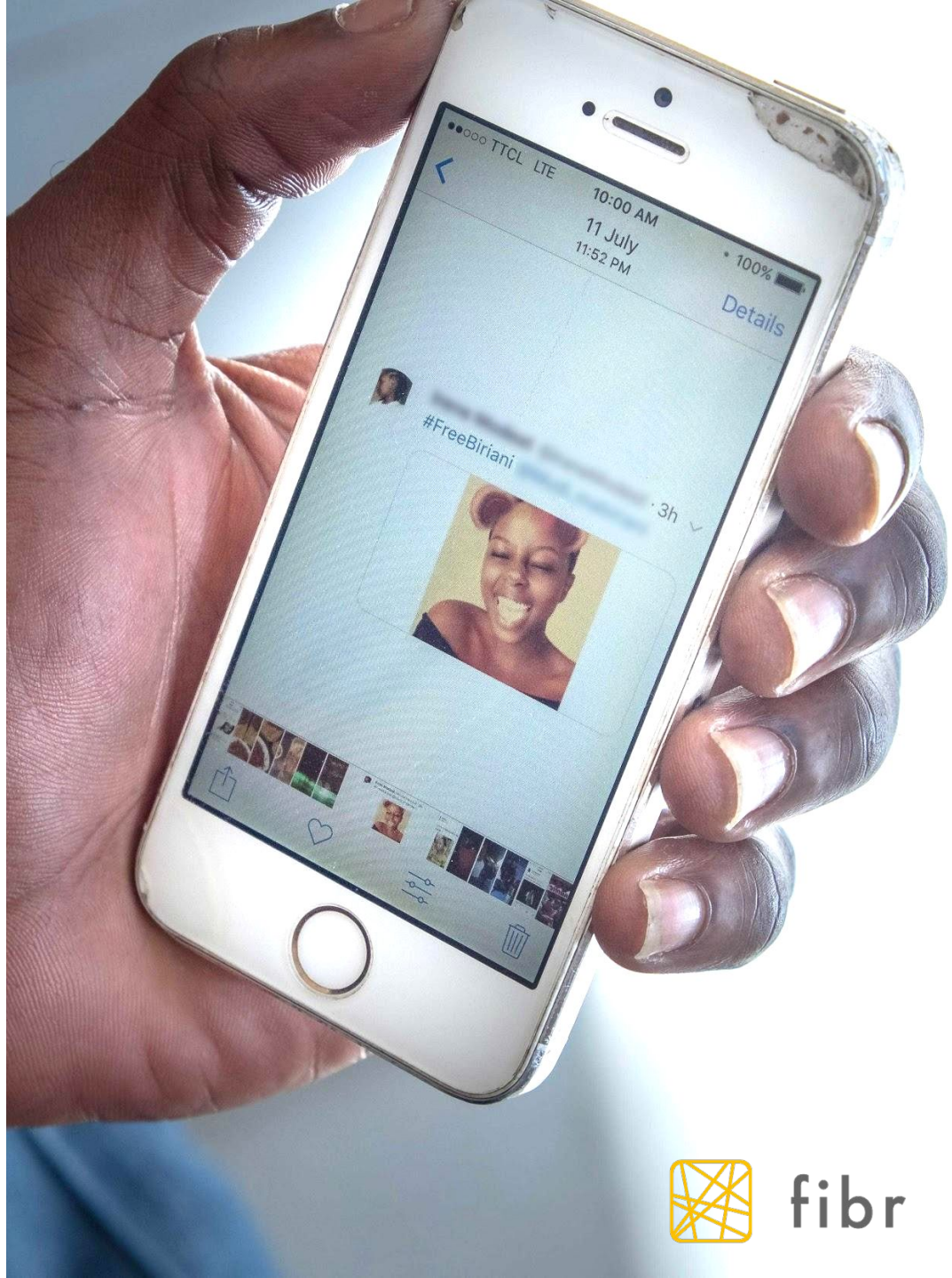
MERCHANT STORY

Moses

Persona:
Unstable MSME

"During the lunch rush hour, I get kind of hyper sending messages to every customer."





"I'm actually famous on Twitter"

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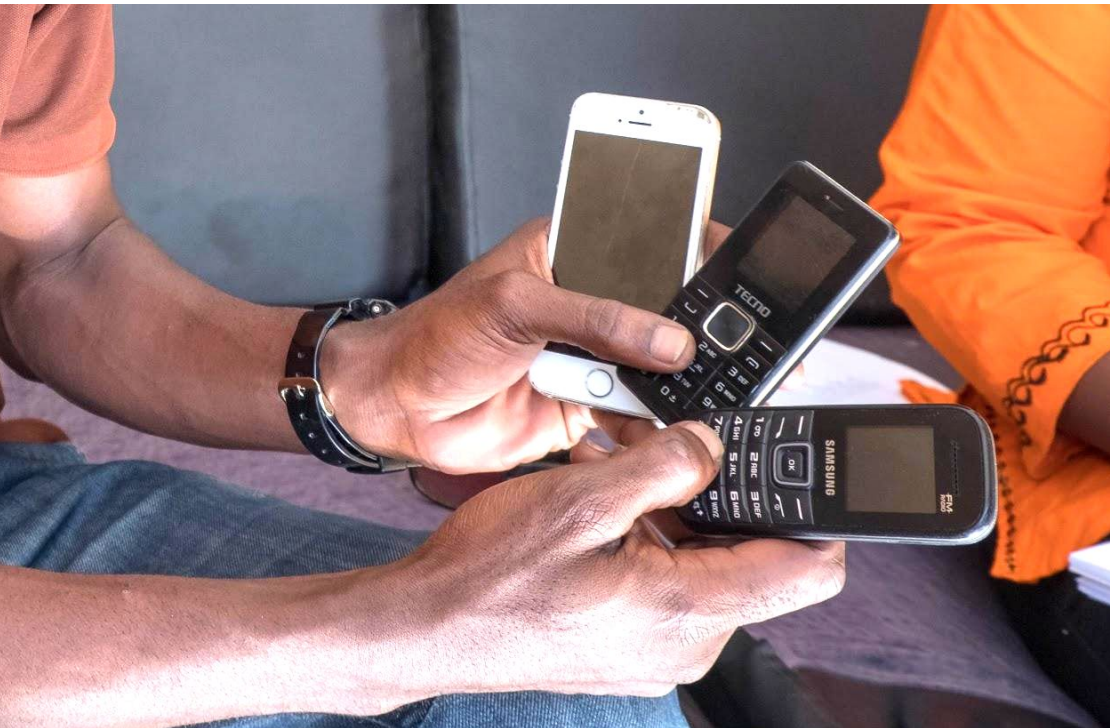
TECNO
SAMSUNG

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MERCHANT STORY

Anita

Persona:
Stable MSME

"Customer care is very important when conducting online business because it enables you get repeat customers and referrals for new customers."

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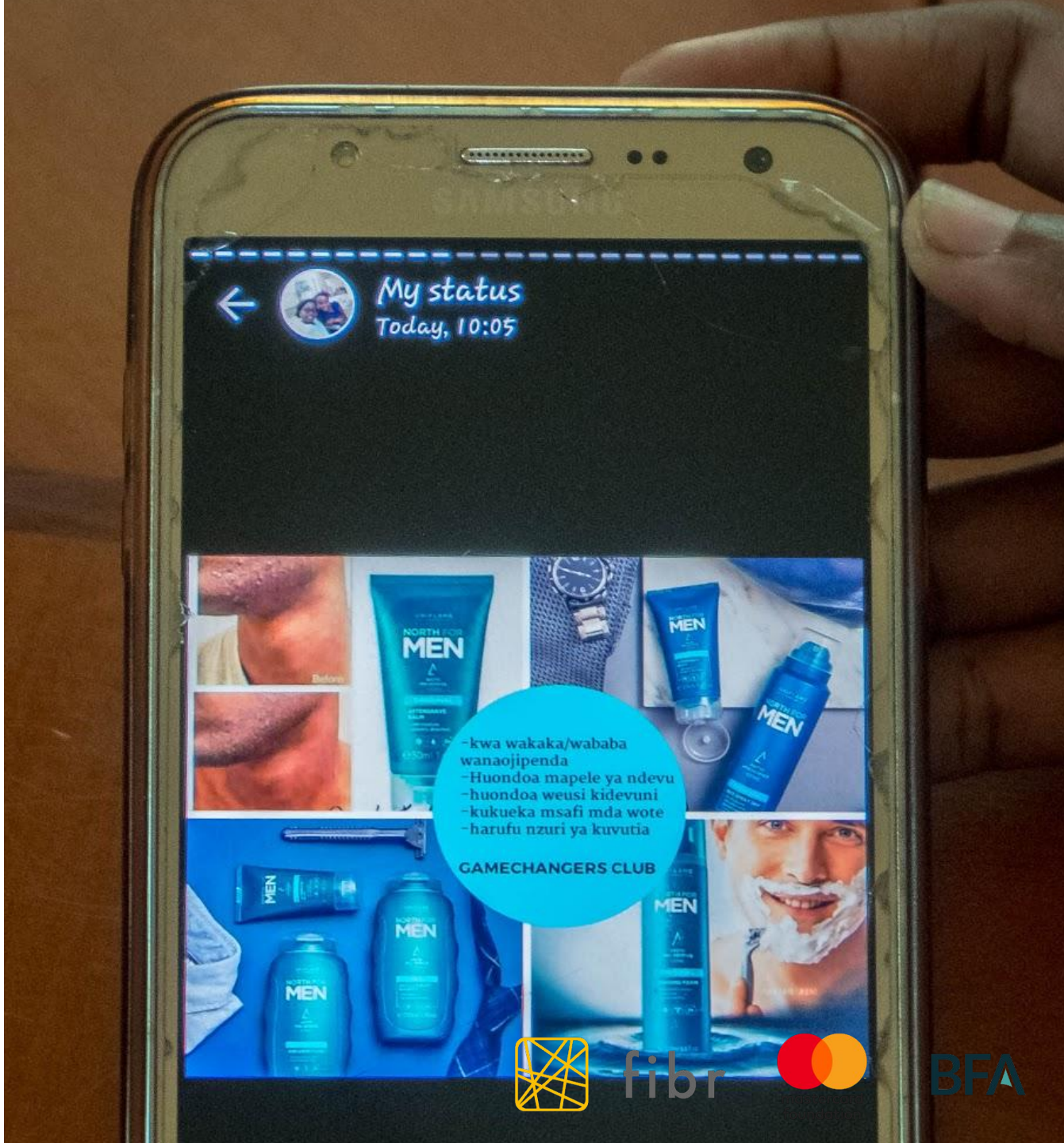
My status
Today, 10:05
-kwa wakaka/wababa wanaojipenda
-Huondoa mapele ya ndevu
-huondoa weusi kidevuni
-kukueka msafi mda wote
-harufu nzuri ya kuvutia
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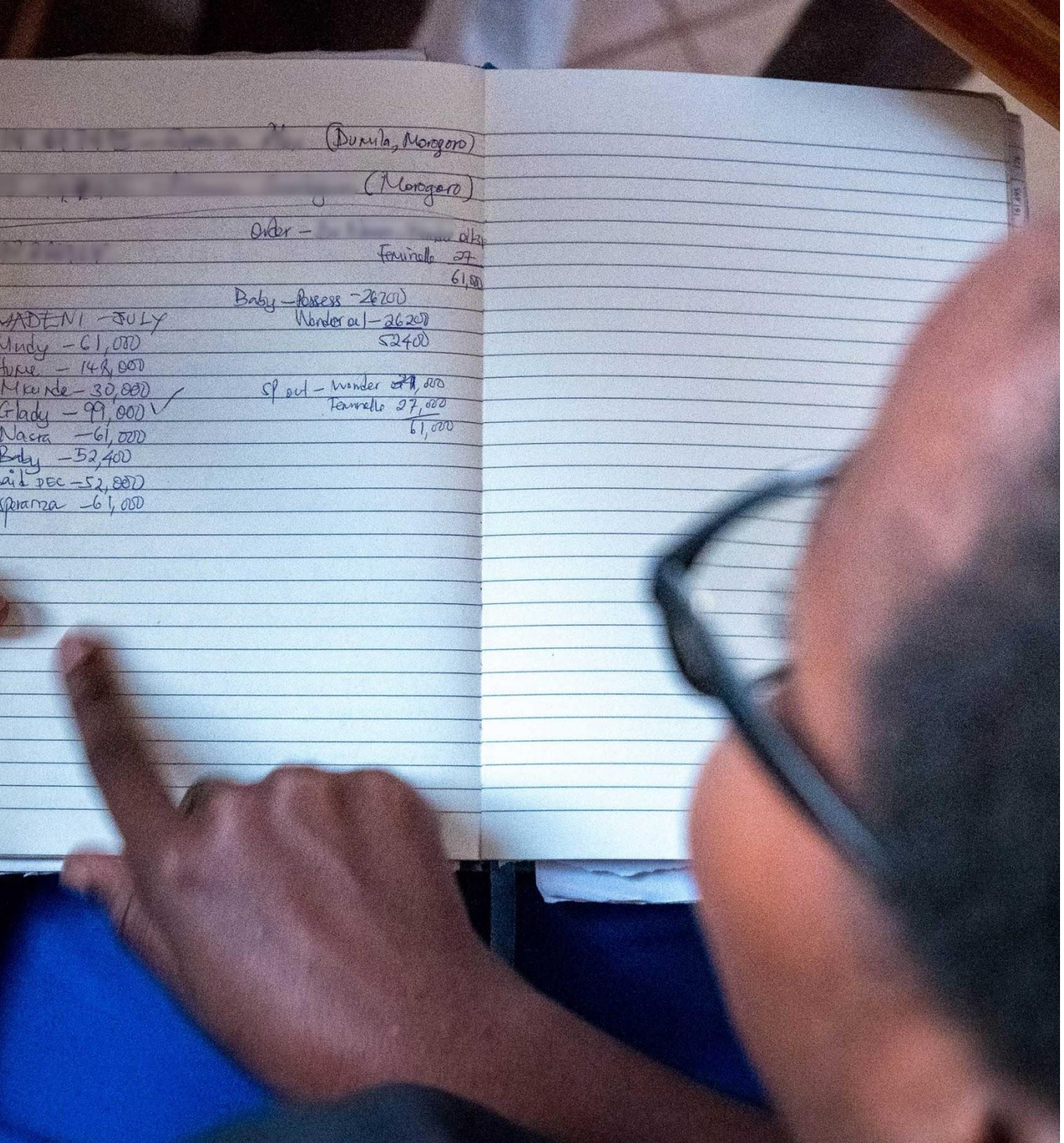
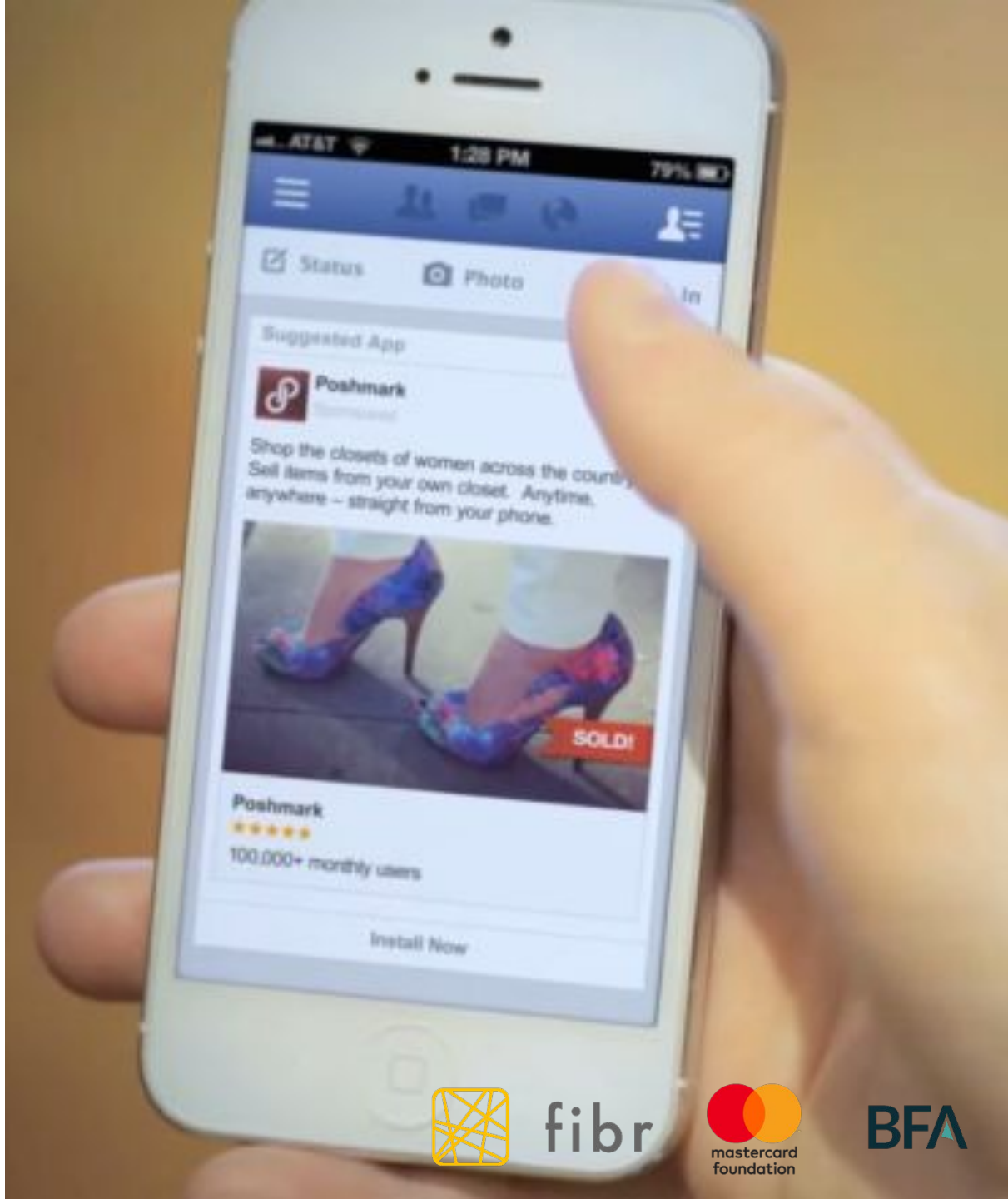
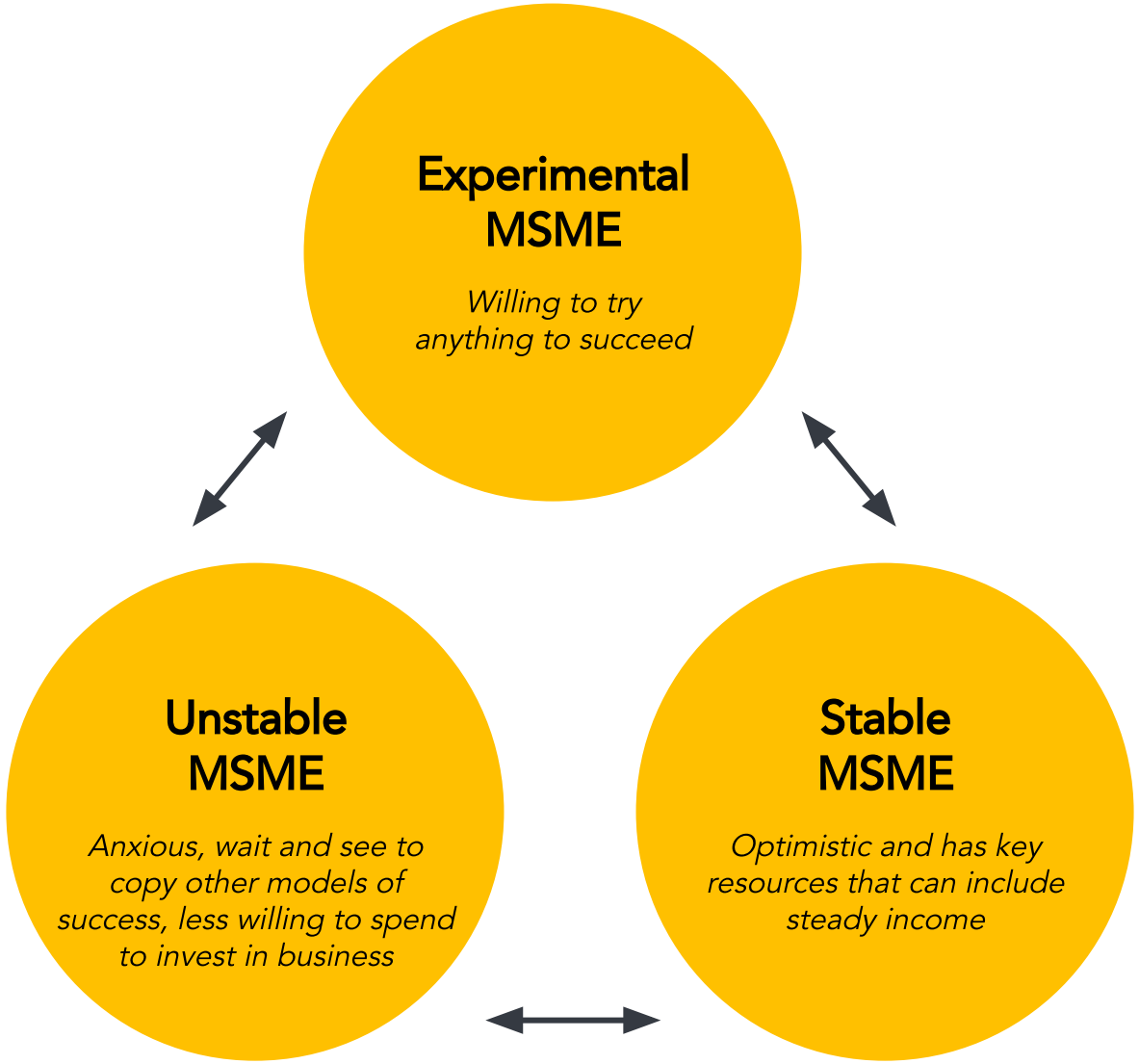

(Dumila, Morogoro)
(Morogoro)
Order –
Fanuelle 27
61,000
Baby – Assess – 26200
Wonderful – 26200
52400
Sp out – Wonder
Fanuelle 27,000
61,000
ADENI – JULY
Judy – 61,000
– 148,000
Mkunde – 30,000
Glady – 99,000
Nasra – 61,000
Baby – 52,400
ait DEC – 52,000
speranza – 61,000


AT&T
1:28 PM
79%
Status
Photo
Suggested App
Poshmark
Shop the closets of women across the coun
Sell items from your own closet. Anytime,
anywhere – straight from your phone.
SOLD!
Poshmark
100,000+ monthly users
Install Now

Merchant Personas

Modes of online MSMEs



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Experimental MSME

Willing to try anything to succeed

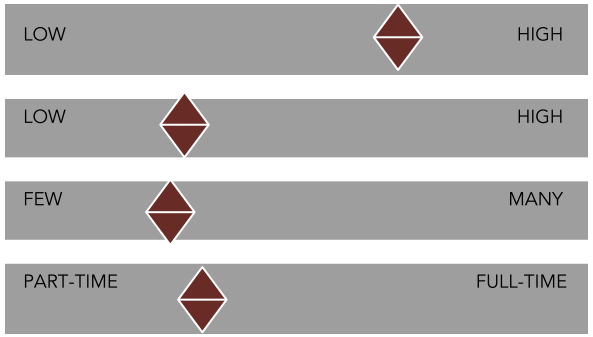
Growth Mindset

Ability to grow

Resources

Time Spent

Persona Traits



Unstable MSME

Anxious, wait and see to copy other models of success, less willing to spend to invest in business

Stable MSME

Optimistic and has key resources that can include steady income

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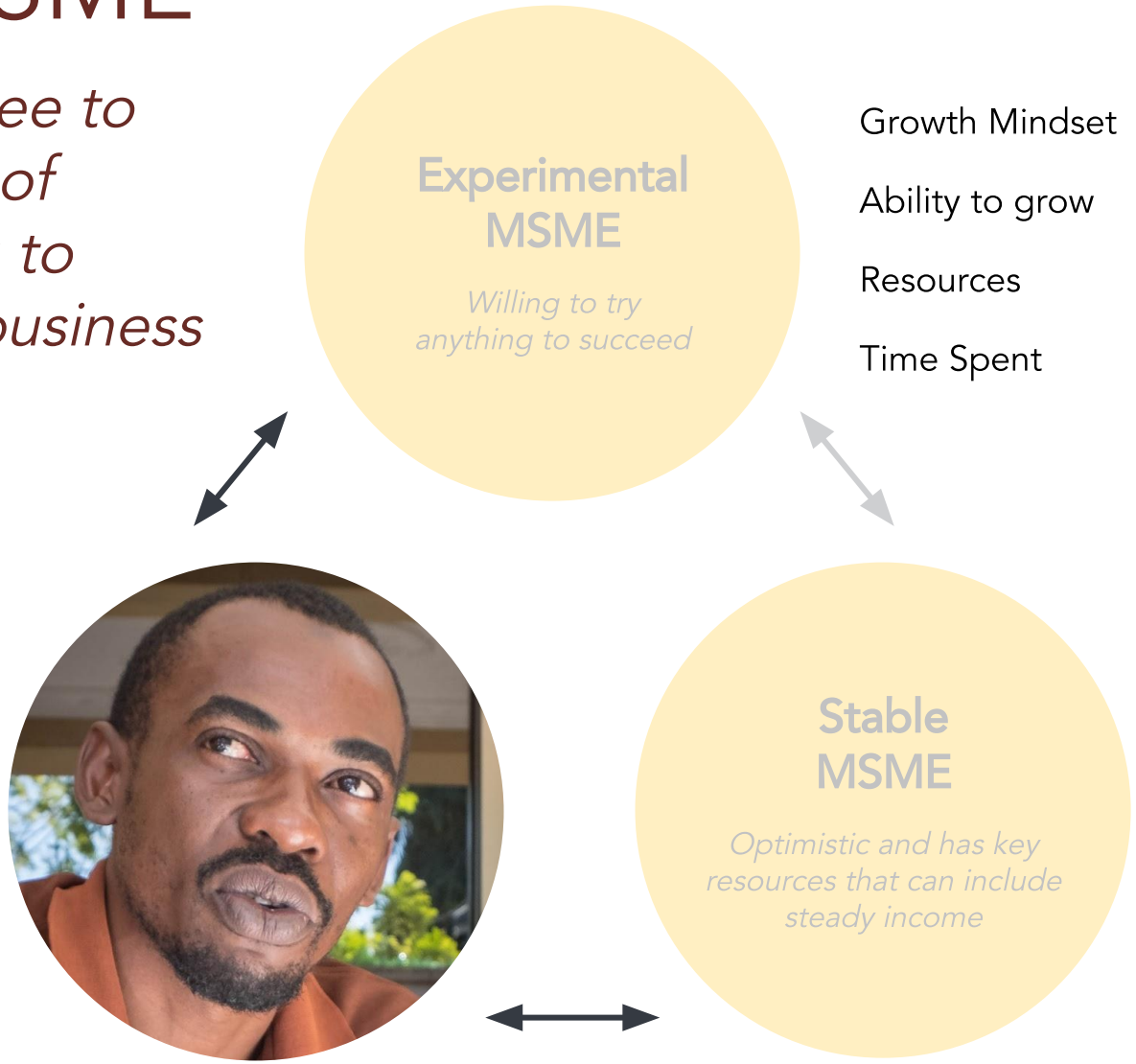
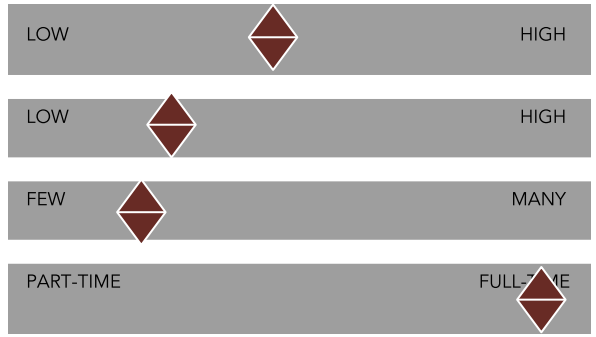
Unstable MSME

Anxious, wait and see to copy other models of success, less willing to spend to invest in business



Persona Traits



Stable MSME

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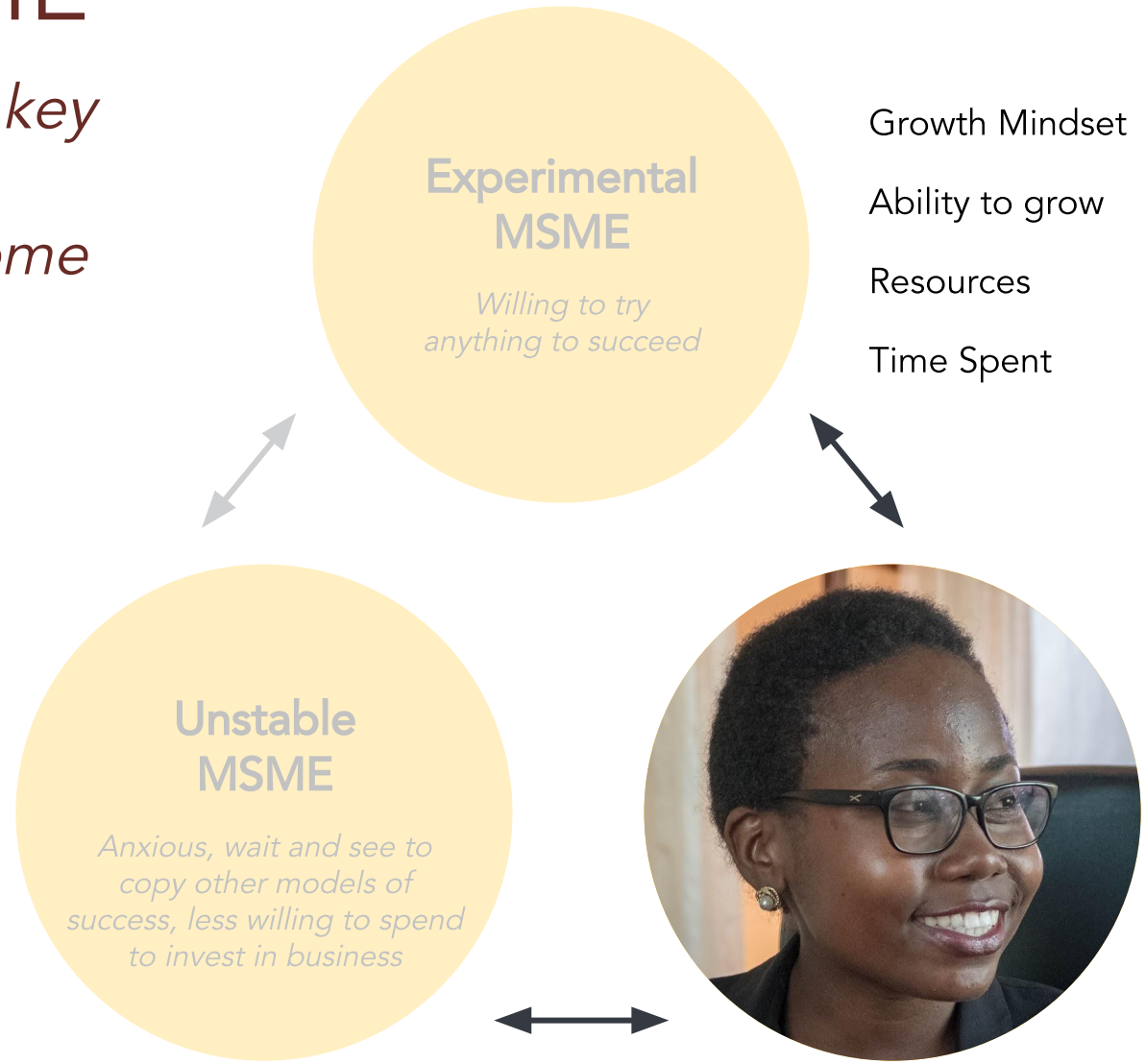
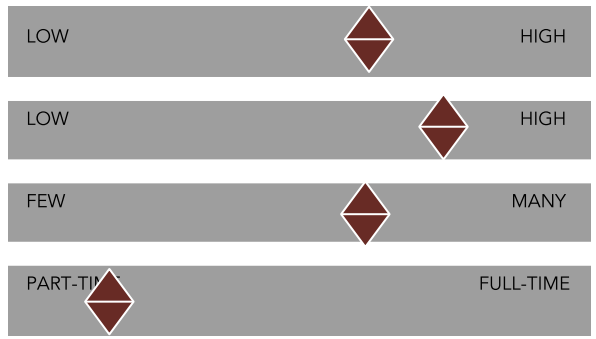
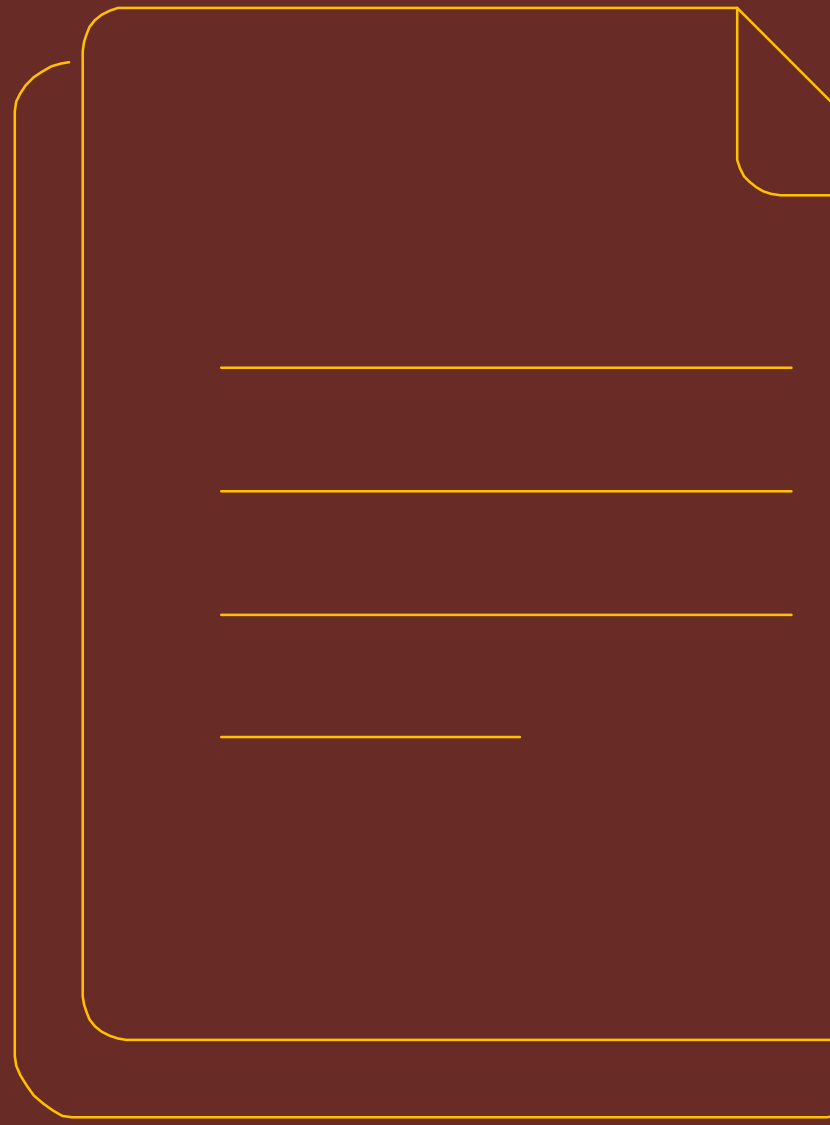


Persona Traits



What We Learned

About Merchant Needs



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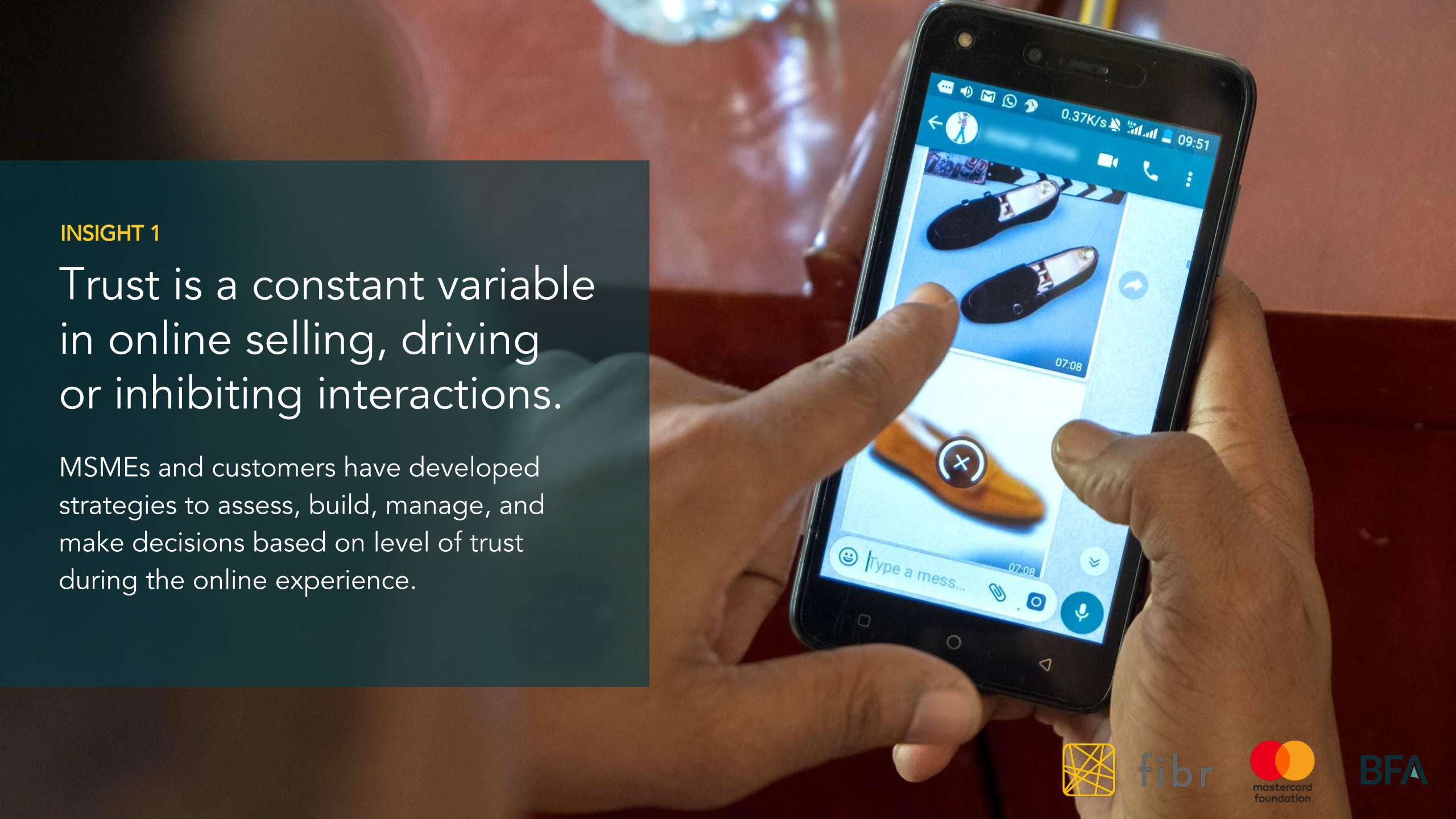
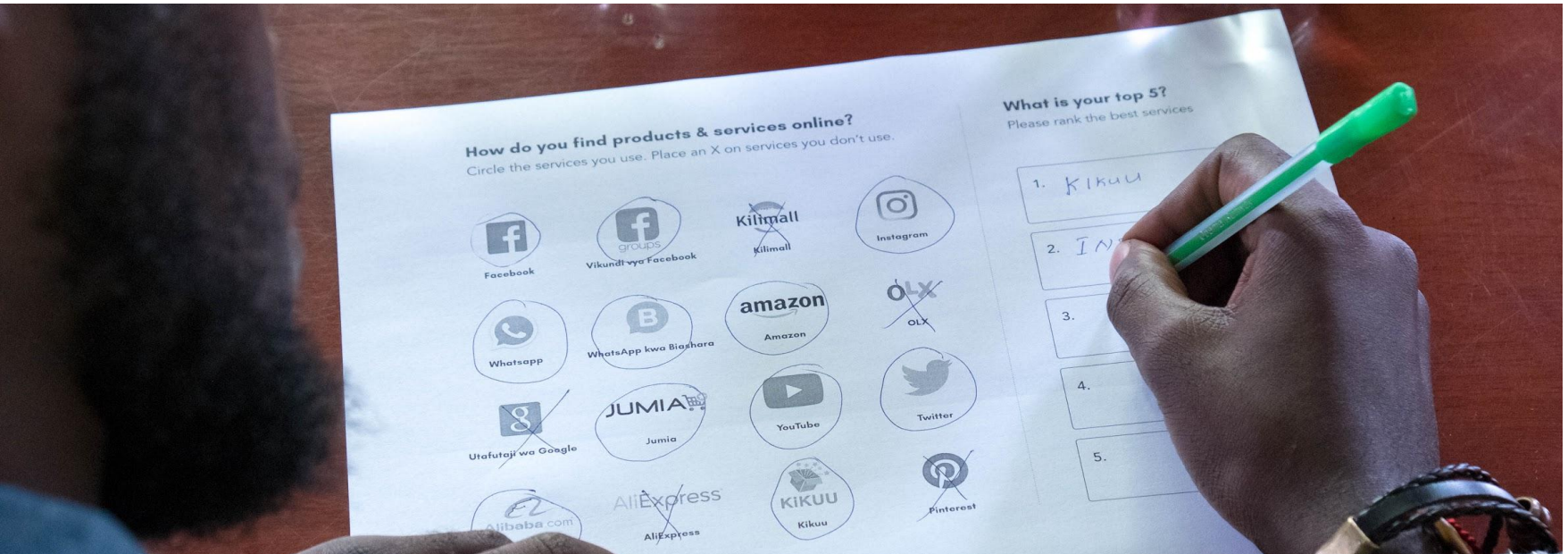
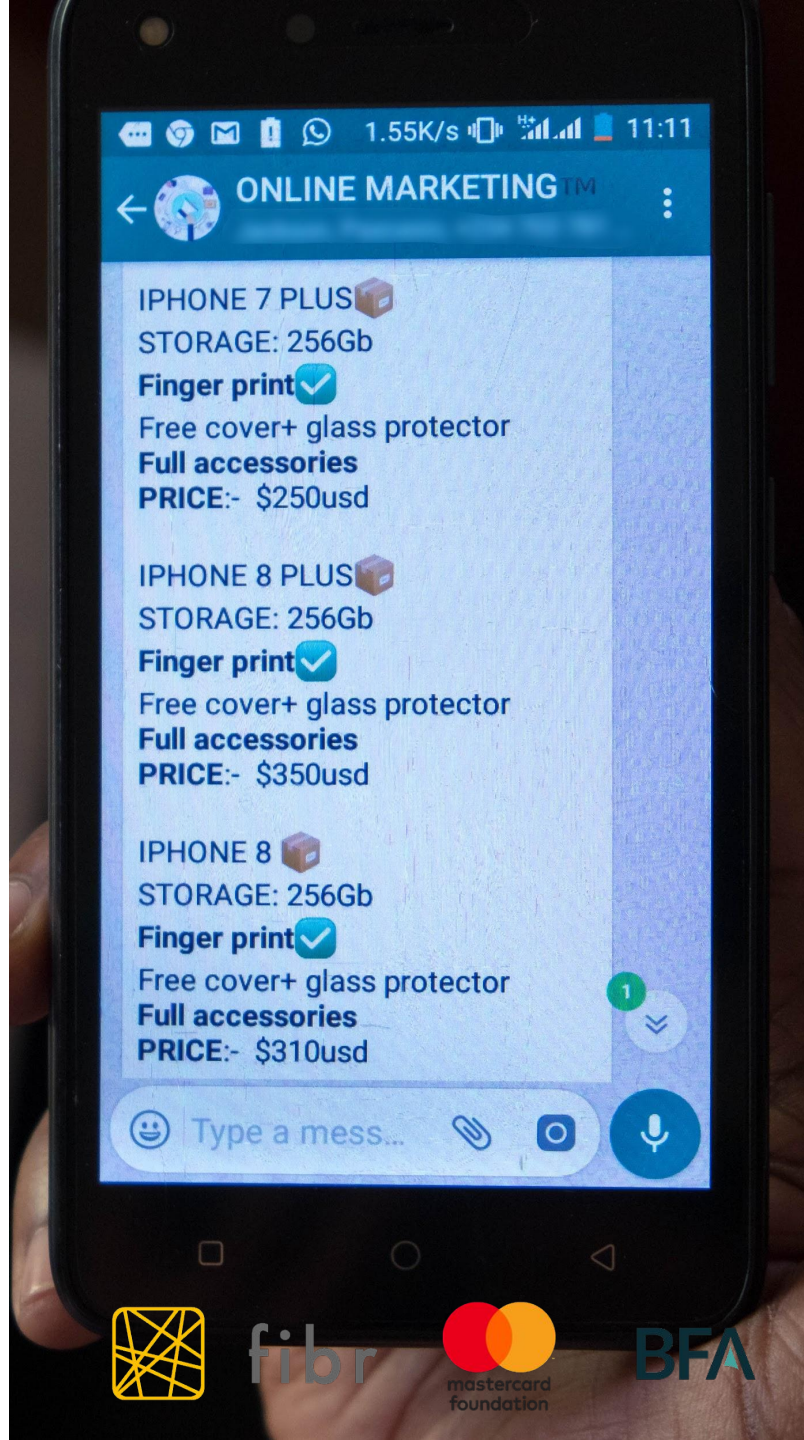
INSIGHT 1

Trust is a constant variable in online selling, driving or inhibiting interactions.

MSMEs and customers have developed strategies to assess, build, manage, and make decisions based on level of trust during the online experience.




How do you find products & services online?
Circle the services you use. Place an X on services you don't use.
Facebook
Vikundi vya Facebook
Kilimall
Instagram
Whatsapp
WhatsApp kwa Biashara
amazon
Amazon
OLX
Utafutaji wa Google
JUMIA
Jumia
YouTube
Twitter
AliExpress
KiKUU
Kikuu
Pinterest
What is your top 5?
Please rank the best services
1. Kikuu
2.
3.
4.
5.


1.55K/s 11:11
ONLINE MARKETING
IPHONE 7 PLUS
STORAGE: 256Gb
Finger print
Free cover+ glass protector
Full accessories
PRICE:- $250usd
IPHONE 8 PLUS
STORAGE: 256Gb
Finger print
Free cover+ glass protector
Full accessories
PRICE:- $350usd
IPHONE 8
STORAGE: 256Gb
Finger print
Free cover+ glass protector
Full accessories
PRICE:- $310usd
Type a mess...

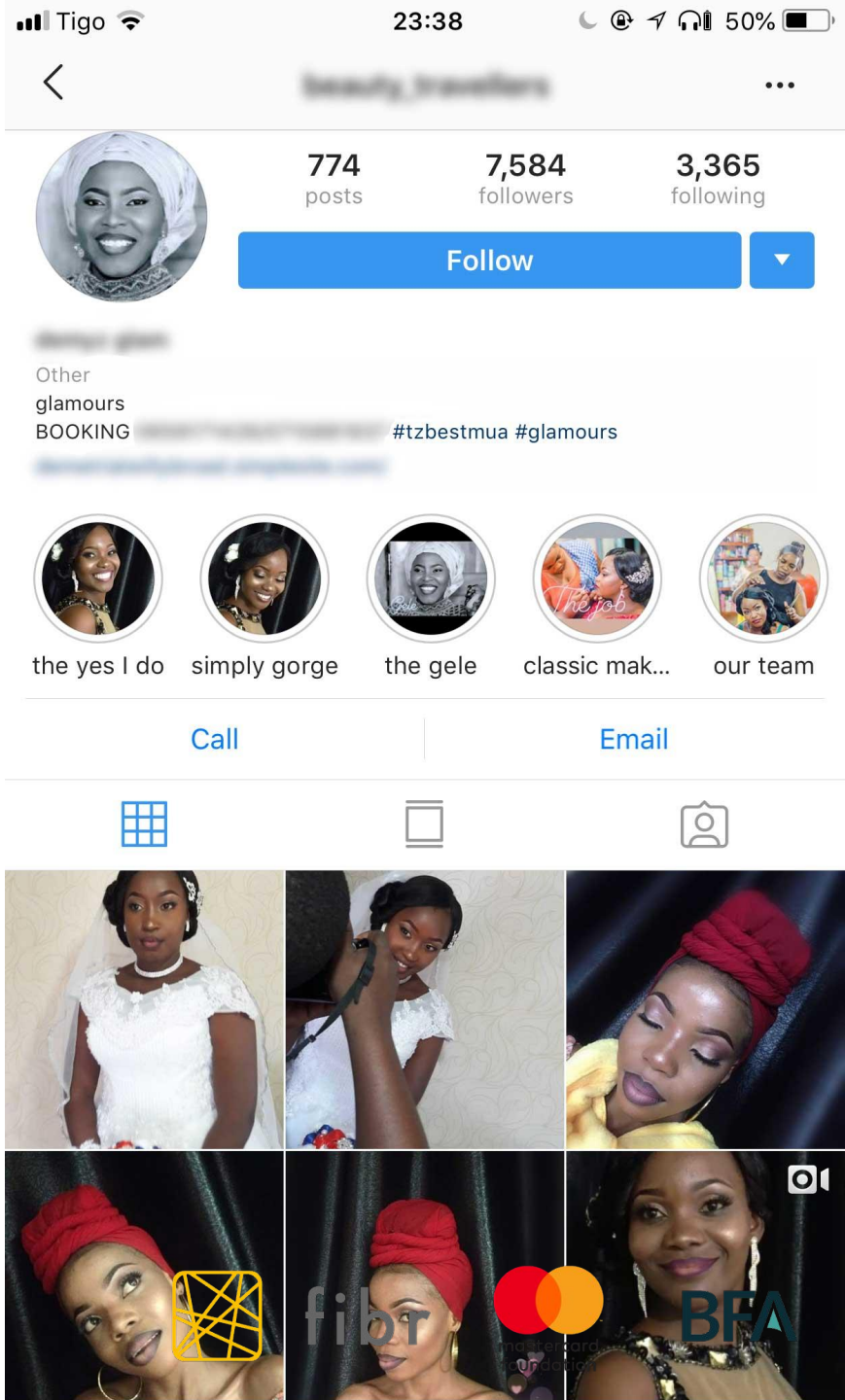
"Instagram is like another office, Whatsapp is where you talk to customers, Youtube is the class [where you learn]..."

56 likes

[redacted] Mom doing the hair magic ... My teacher my boss my inspiration

View all 6 comments

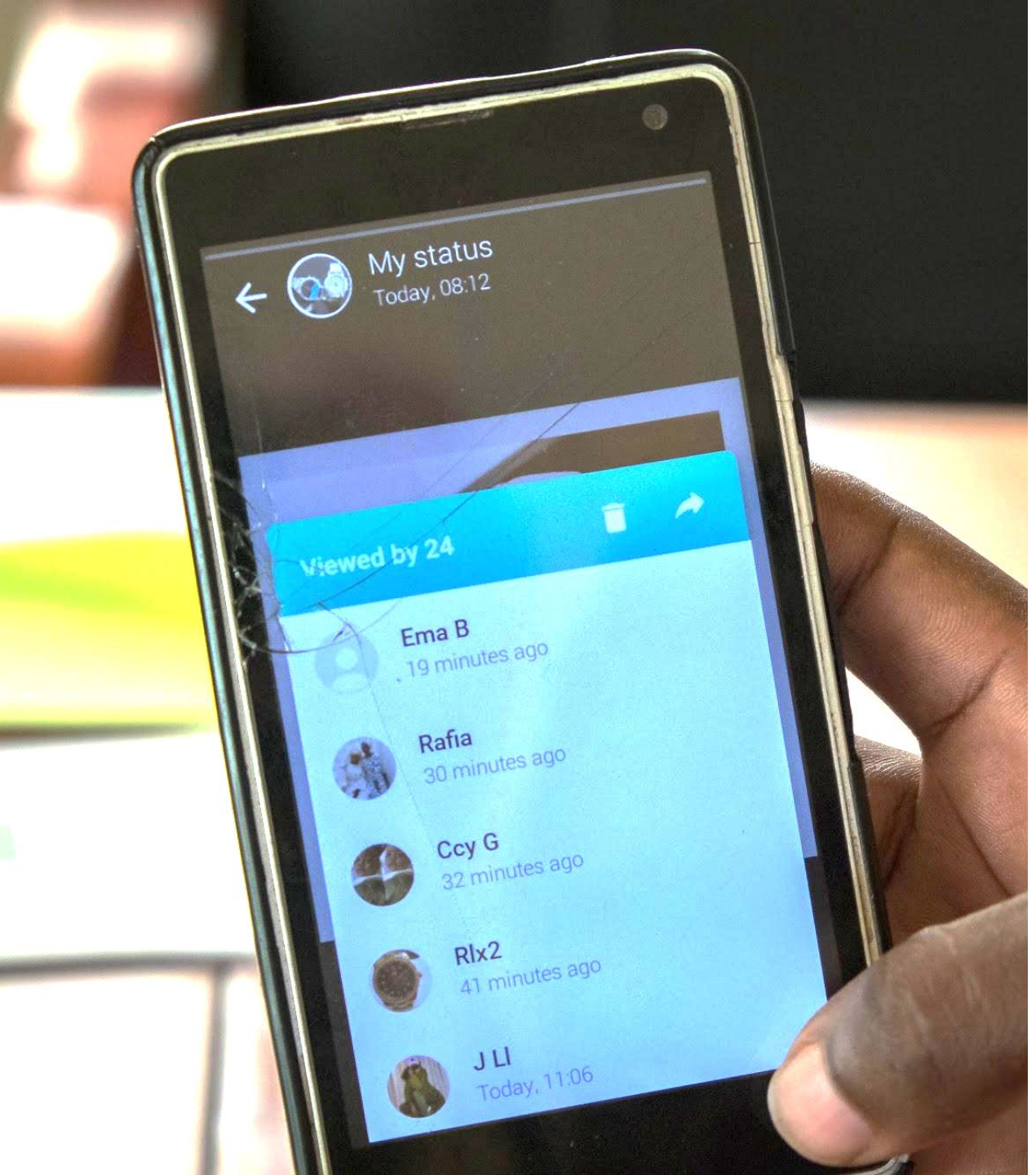
JUNE 5

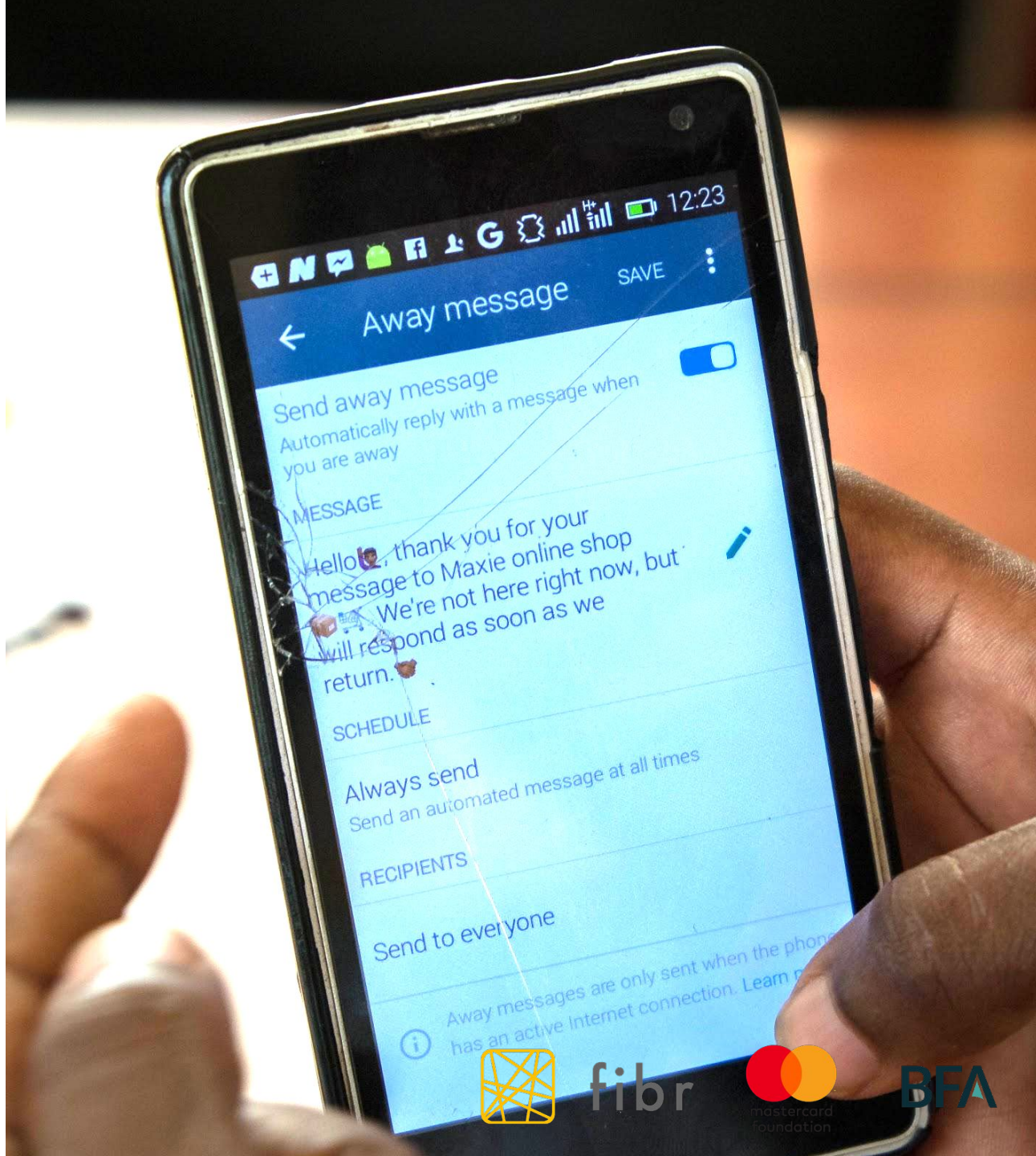


INSIGHT 2

Few MSMEs use advanced business tools, especially paid services

It’s hard for online MSMEs to break the bottleneck by using advanced tools or sharing labor.

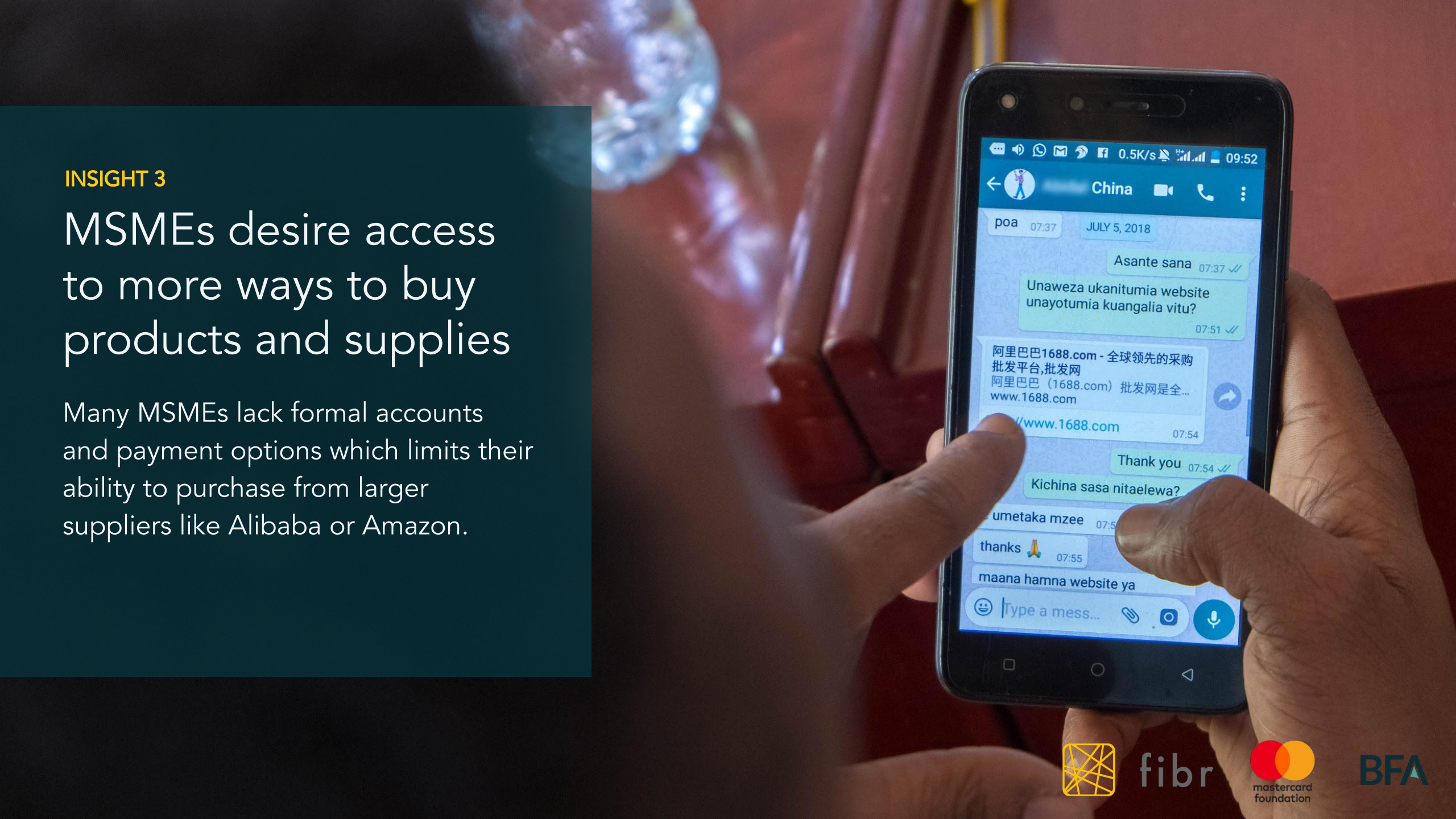

My status
Today, 08:12
Viewed by 24
Ema B
19 minutes ago
Rafia
30 minutes ago
Ccy G
32 minutes ago
Rlx2
41 minutes ago
J LI
Today, 11:06


12:23
Away message
SAVE
Send away message
Automatically reply with a message when you are away
MESSAGE
Hello, thank you for your message to Maxie online shop. We're not here right now, but will respond as soon as we return.
SCHEDULE
Always send
Send an automated message at all times
RECIPIENTS
Send to everyone
Away messages are only sent when the phone has an active Internet connection. Learn

INSIGHT 3

MSMEs desire access to more ways to buy products and supplies

Many MSMEs lack formal accounts and payment options which limits their ability to purchase from larger suppliers like Alibaba or Amazon.



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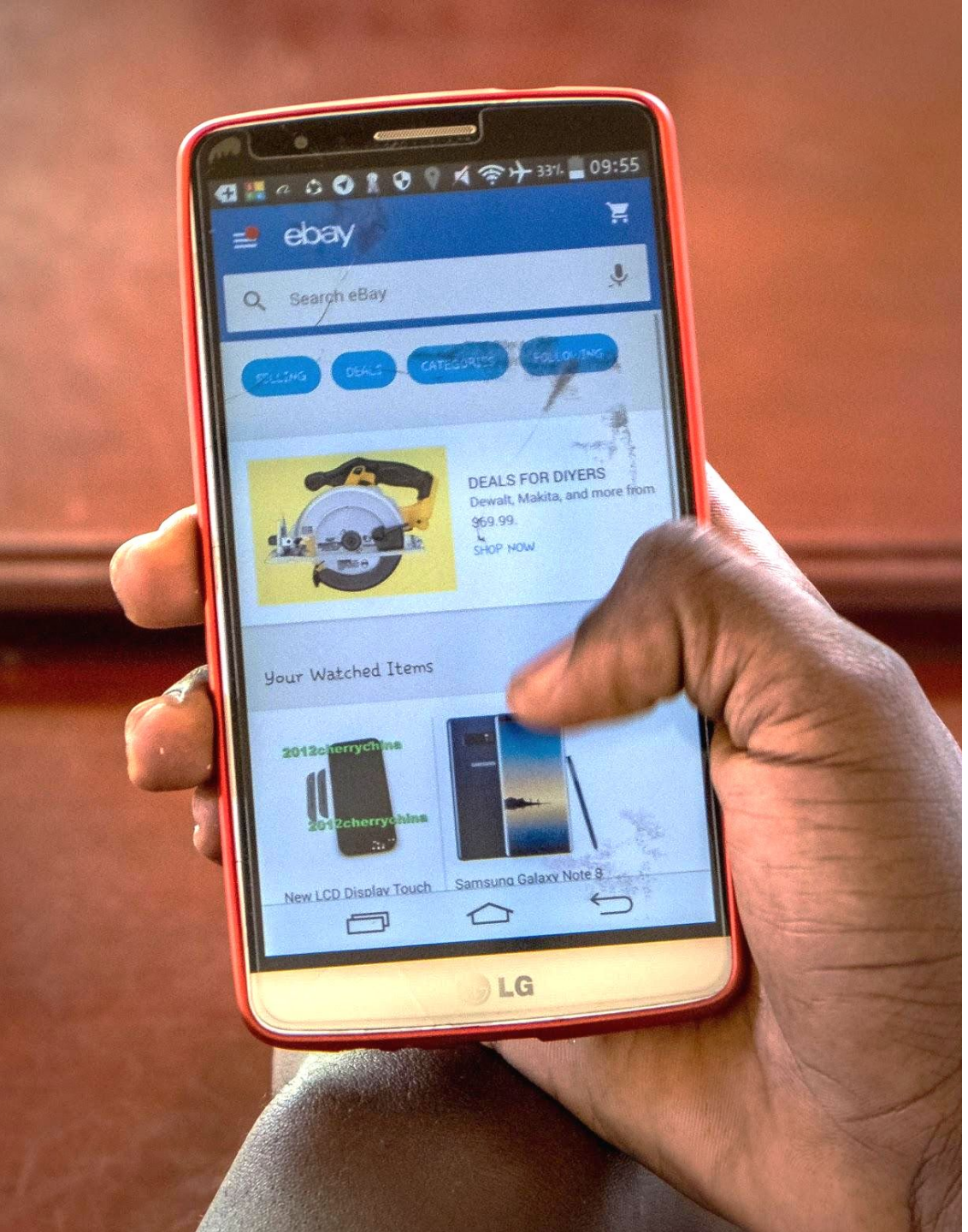
09:55
ebay
Search eBay
DEALS FOR DIYERS
Dewalt, Makita, and more from
$69.99.
SHOP NOW
Your Watched Items
New LCD Display Touch
Samsung Galaxy Note 8
LG

How do you find products & services online?
Circle the services you use. Place an X on services you don't use.
Facebook
Vikundi vya Facebook
Kilimall
Instagram
Whatsapp
WhatsApp kwa Biashara
amazon
Amazon
OLX
Utafutaji wa Google
JUMIA
Jumia
YouTube
Twitter
AliExpress
KiKUU
Kikuu
Pinterest
What is your top 5?
Please rank the best services
1. Kikuu
2.
3.
4.
5.
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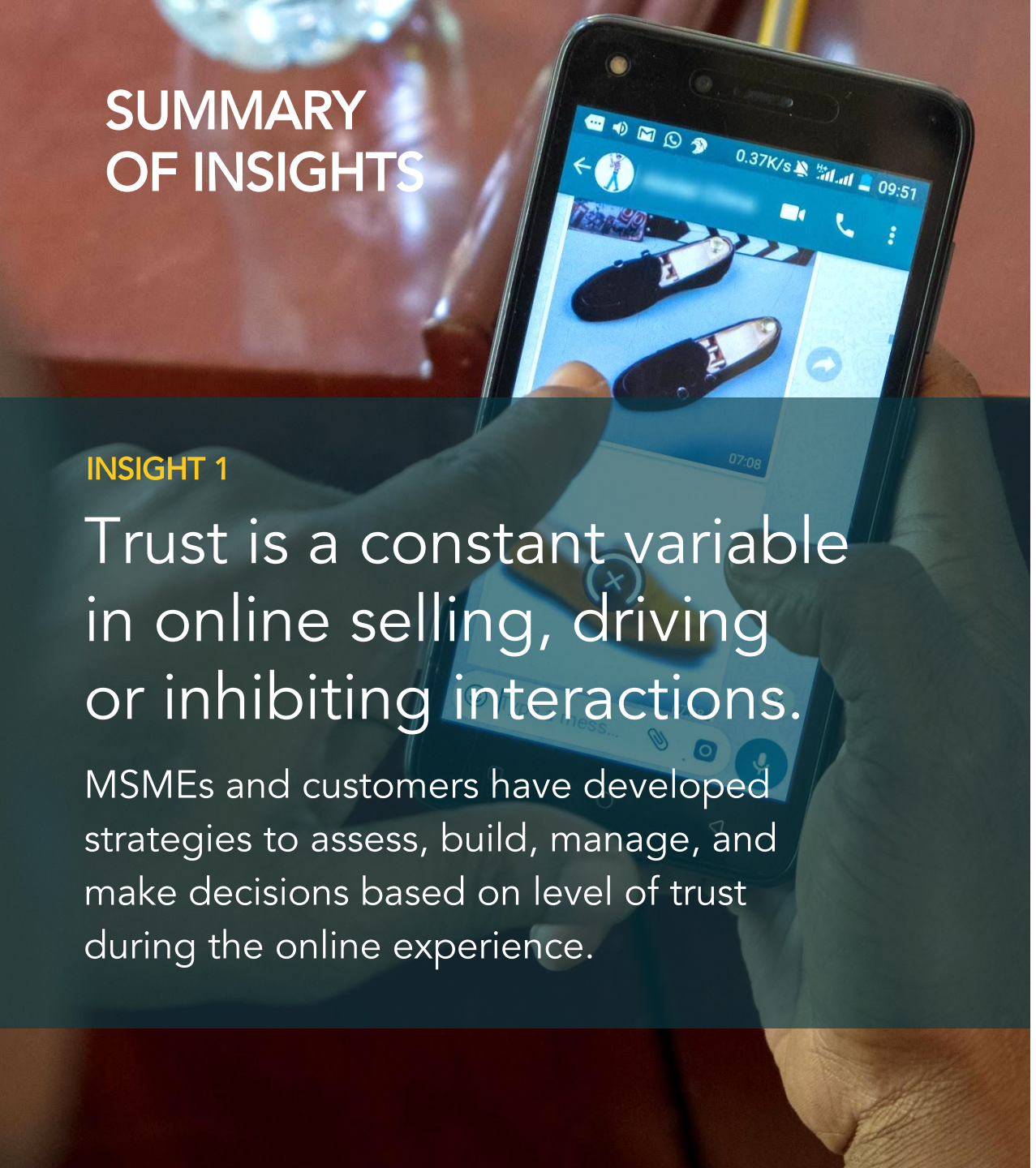
INSIGHT 4

Online MSMEs don't have access to or use traditional financial services.

As MSMEs develop active businesses, they continue to struggle with working capital and access to credit.

SUMMARY OF INSIGHTS



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INSIGHT 2

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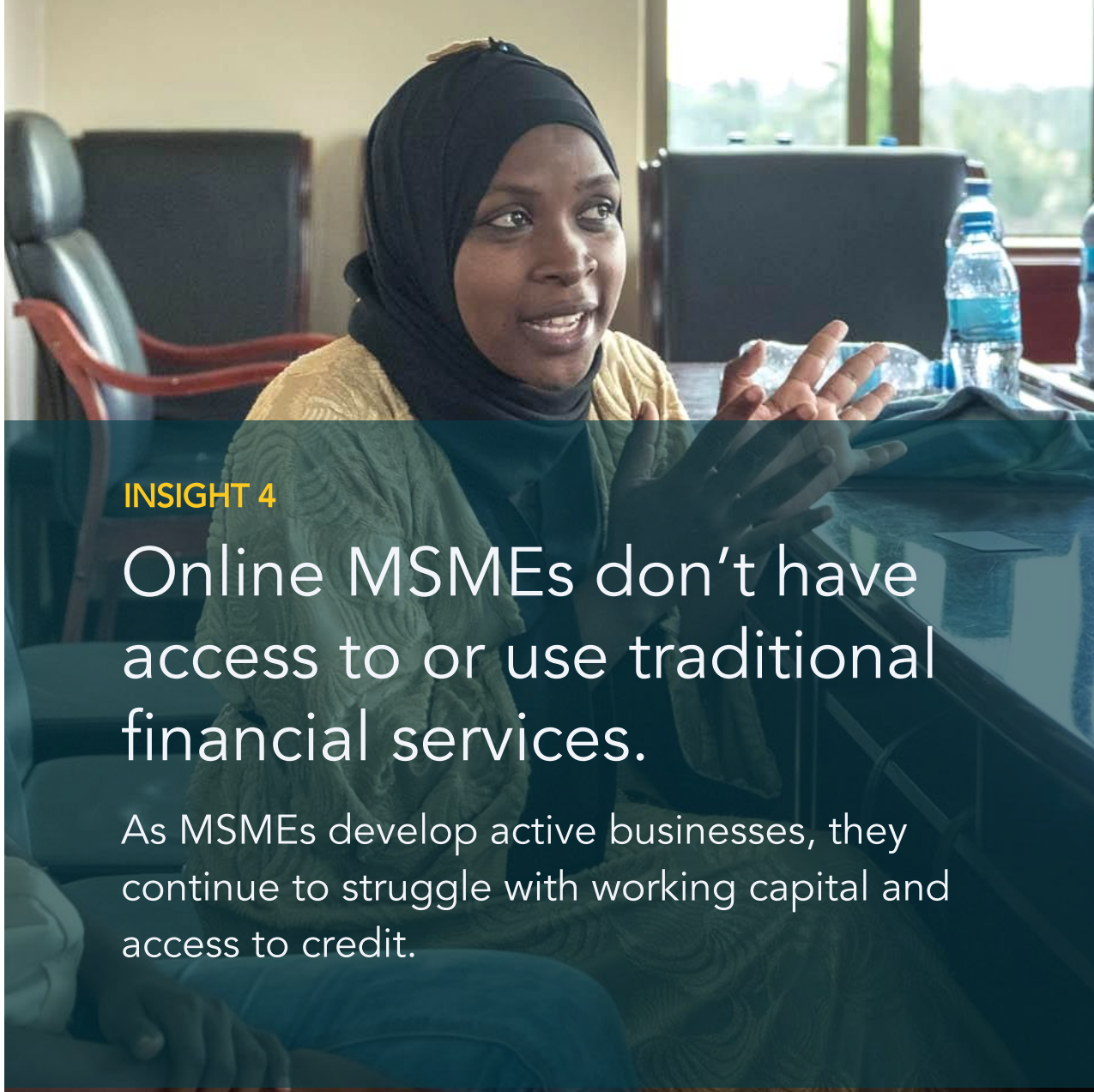
SUMMARY OF INSIGHTS

INSIGHT 3

MSMEs desire access to more ways to buy products and supplies

Many MSMEs lack formal accounts and payment options which limits their ability to purchase from larger suppliers like Alibaba or Amazon.



INSIGHT 4

Online MSMEs don't have access to or use traditional financial services.

As MSMEs develop active businesses, they continue to struggle with working capital and access to credit.

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Online MSME Journey & Opportunities for Design

Buyer-Seller Trust Barriers and Four Solution Areas

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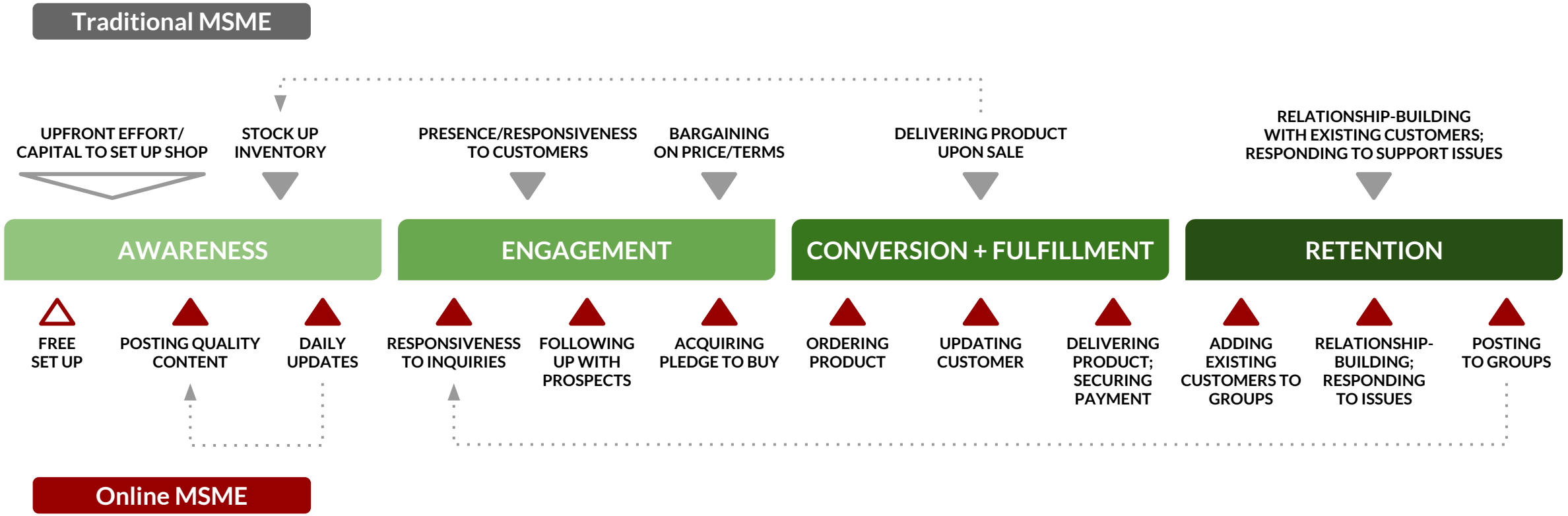
Trust-Related Activities Traditional vs Online MSMEs

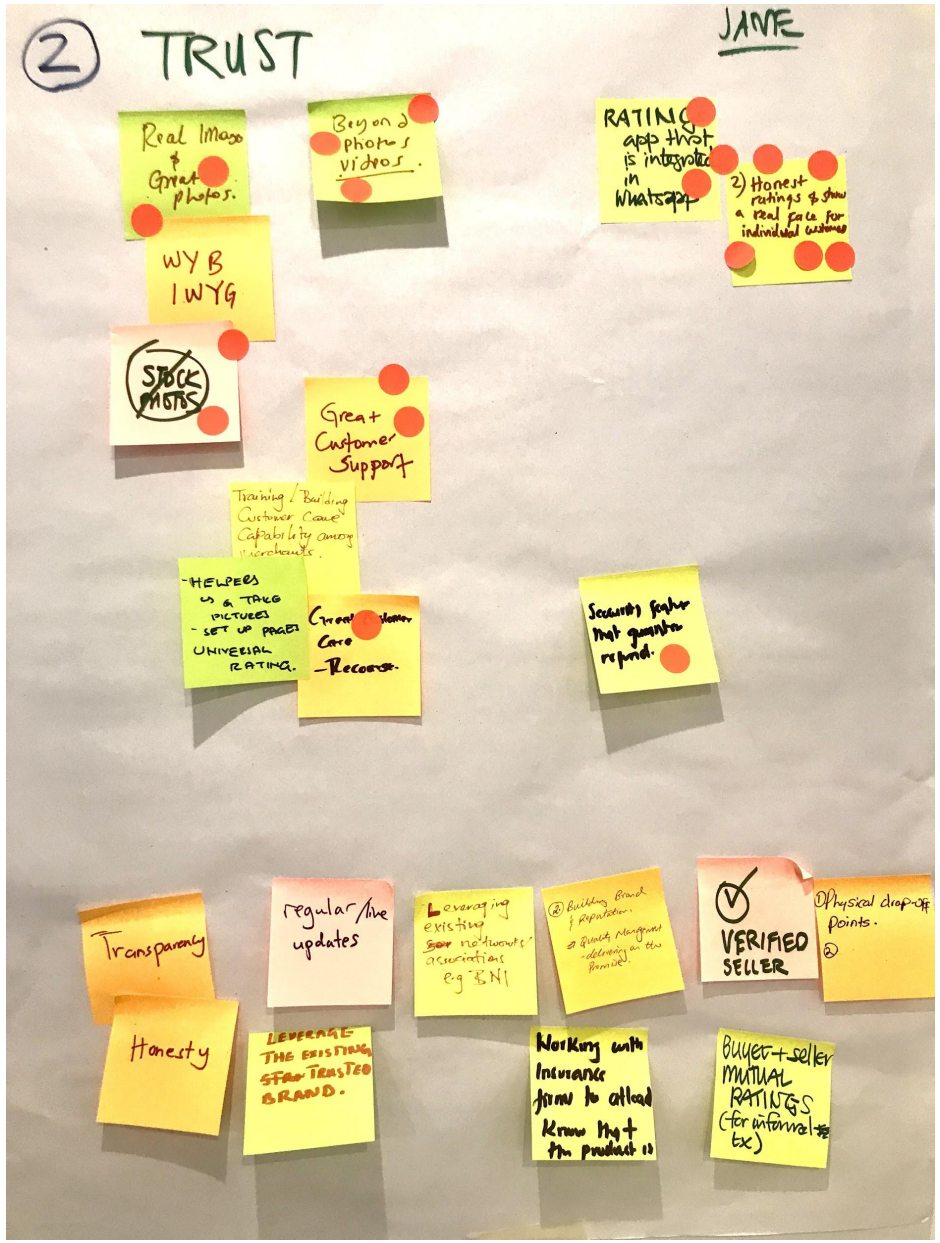


Concepts we tested with MSMEs

Concepts we tested with MSMEs

Concepts we brainstormed with regional market players along the MSME Journey

Workshop attendees included:
Aladdin Express, Alba One, Azam Pay, GoBEBA (formerly of OLX), Interpay Africa, Kuwazo Capital, Lynk, M-Pesa, Masoko by Safaricom, Oriflame, and Sendy



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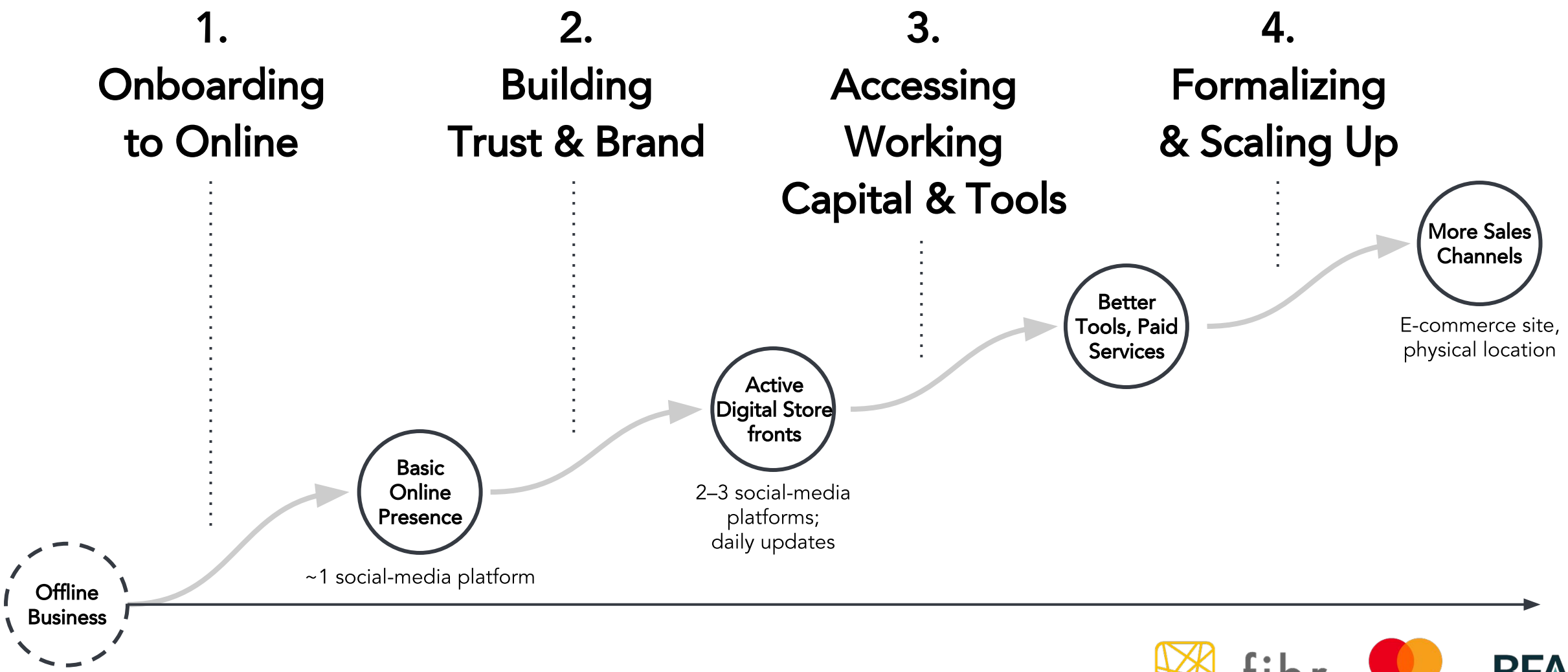
Online MSME Journey



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Online MSME Journey

Onboarding to Online

Enable traditional MSMEs to learn, try out, and see benefits of digitally augmenting their business

Enable digital-native MSMEs to explore potential new livelihoods and revenue-generating activities online

How might we make selling online accessible to more MSMEs?

How might we make onboarding process more guided and supported?

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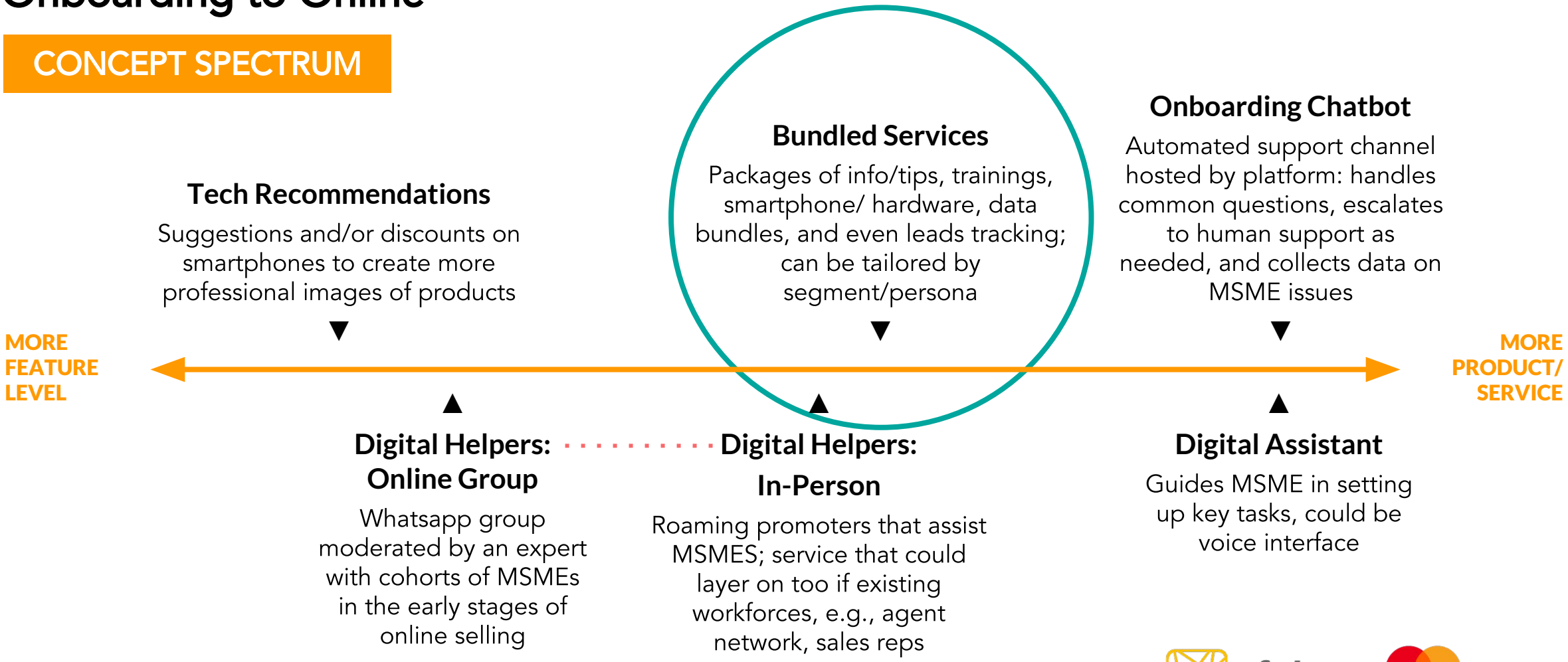
Online MSME Journey

Onboarding to Online

CONCEPT SPECTRUM



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Online MSME Journey

A FIBR Project

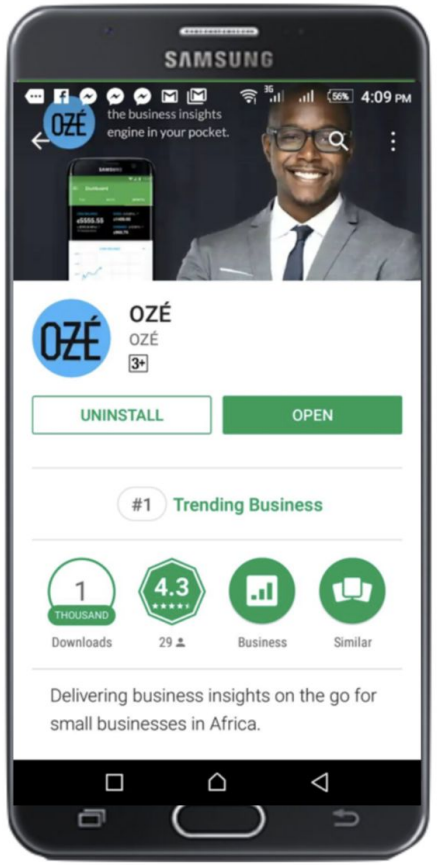
Onboarding to Online

CONCEPT SPOTLIGHT

Bundled Services

Packages of info/tips, trainings, smartphone/ hardware, data bundles, and even leads tracking; can be tailored by segment/persona

Oze *helps MSMEs by providing business insights and "just-in-time education," through app-based training as well as in-person sessions, and sharing business data with financial service providers.*



We go to market through three distinct channels

Digital Marketing

Young, tech savvy entrepreneurs

Financial Institutions

Older, more established SMEs

Community Education

Less savvy, more excluded

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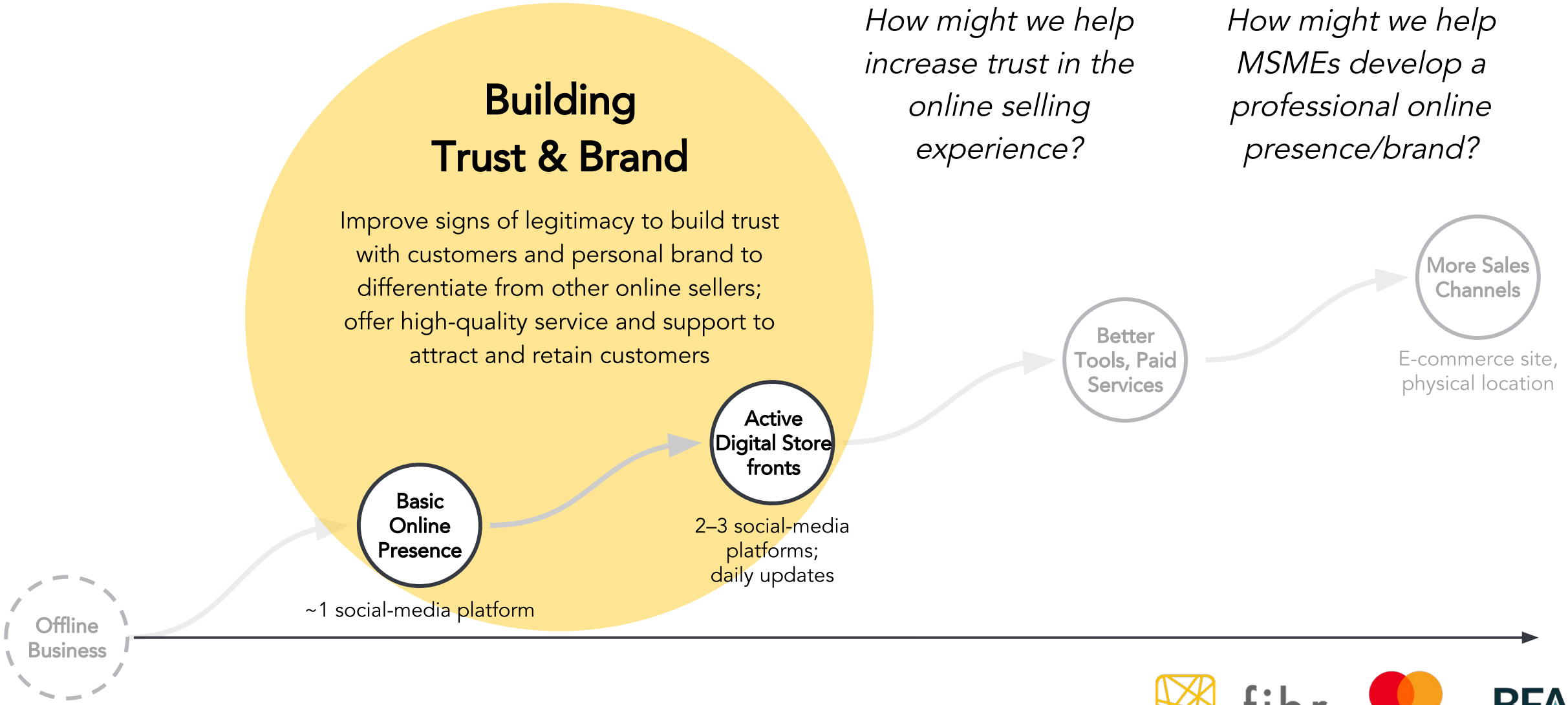
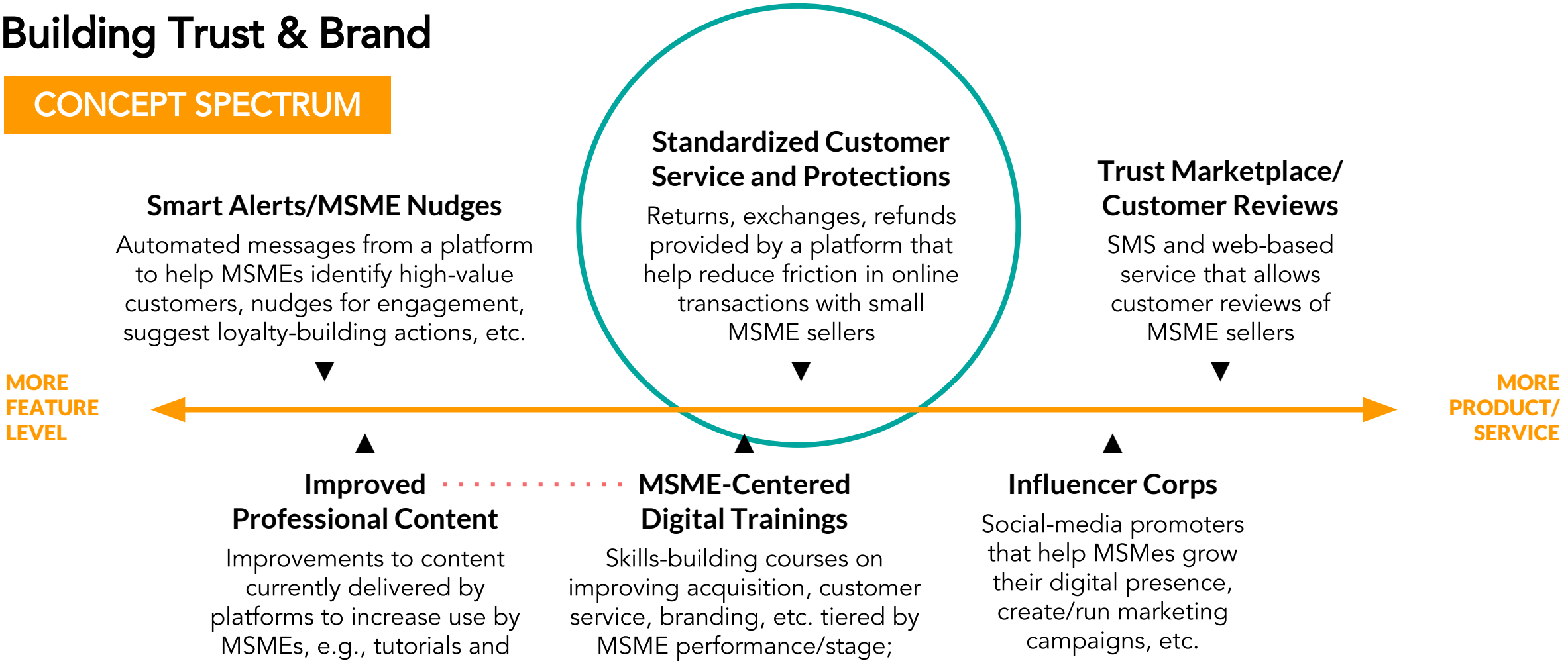
Online MSME Journey



Online MSME Journey

Building Trust & Brand

CONCEPT SPECTRUM



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Online MSME Journey

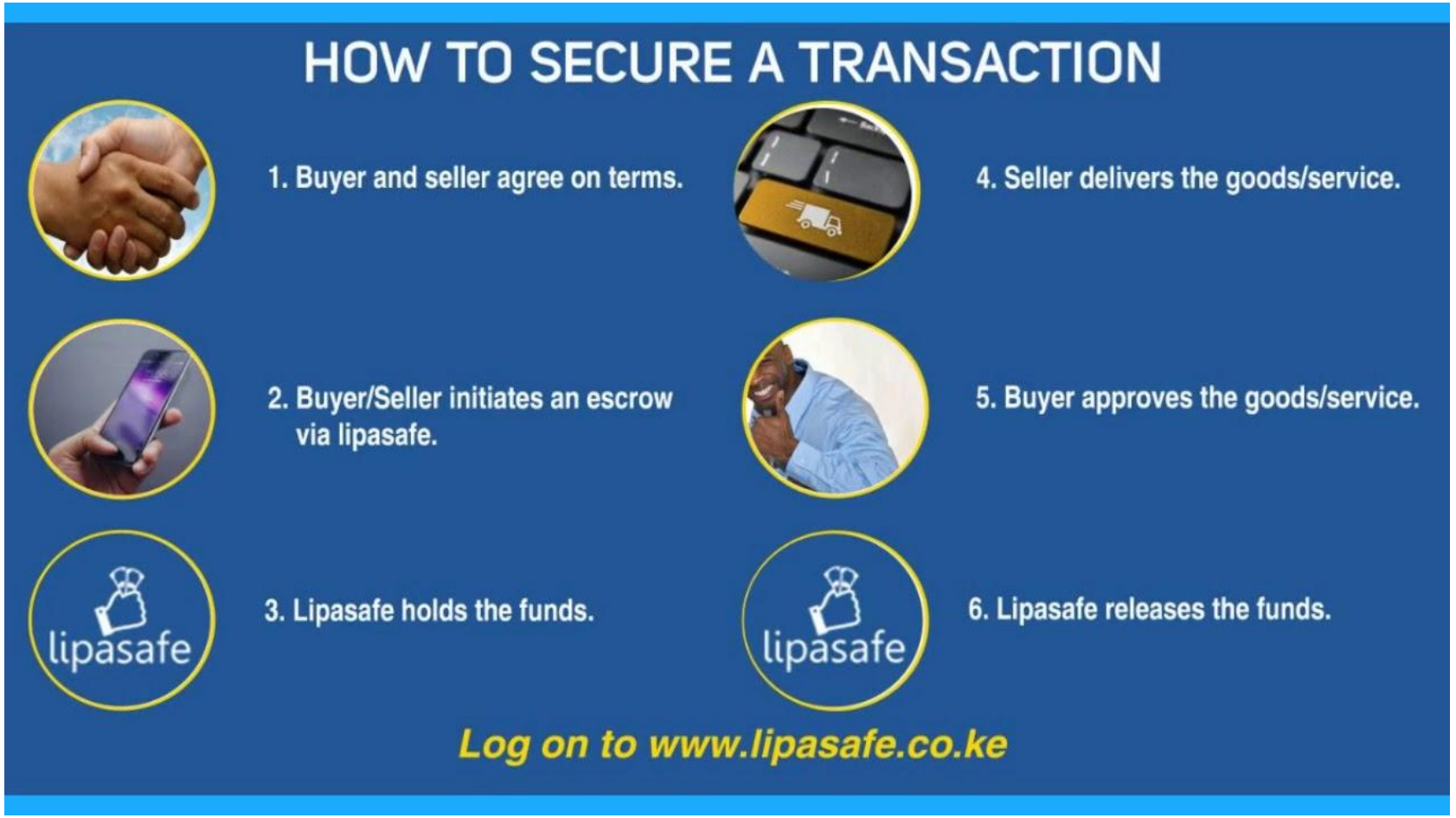
Building Trust & Brand

CONCEPT SPOTLIGHT

Standardized Customer Service and Protections

Returns, exchanges, refunds provided by a platform that help reduce friction in online transactions with small MSME sellers

Lipasafe *is an escrow service for small transactions that recently launched in Kenya and is integrated with M-Pesa*



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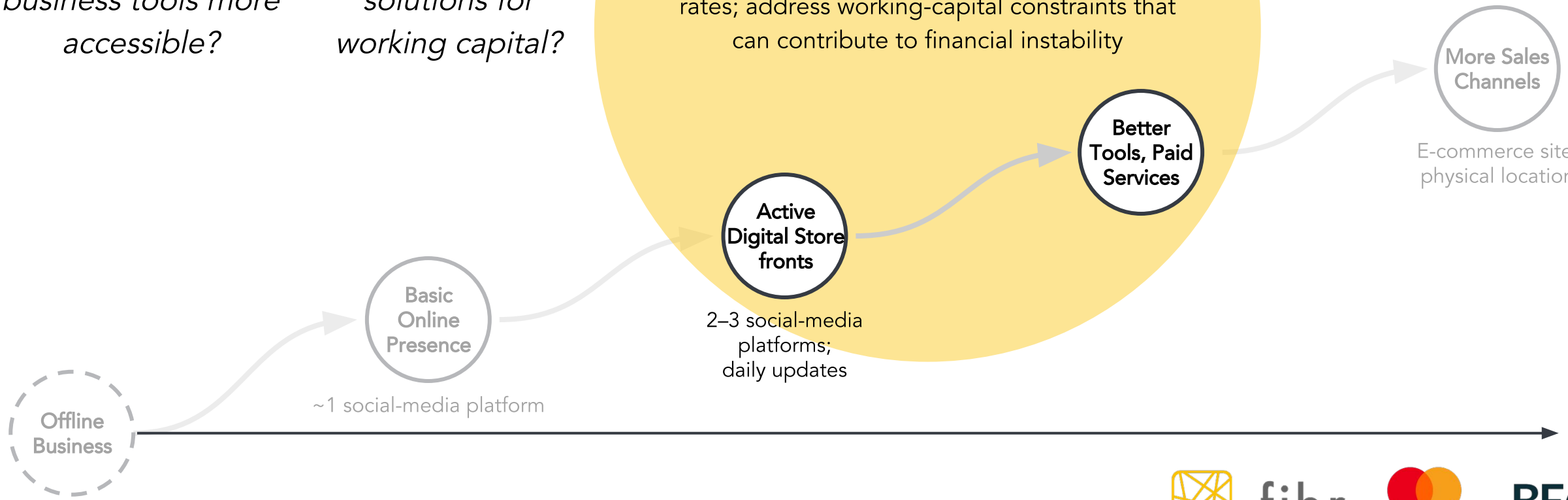
Online MSME Journey

How might we make advanced business tools more accessible?

How might we increase access to solutions for working capital?

Accessing Working Capital & Tools

Reduce MSME's operating workload through intermediation services and increase conversion rates; address working-capital constraints that can contribute to financial instability



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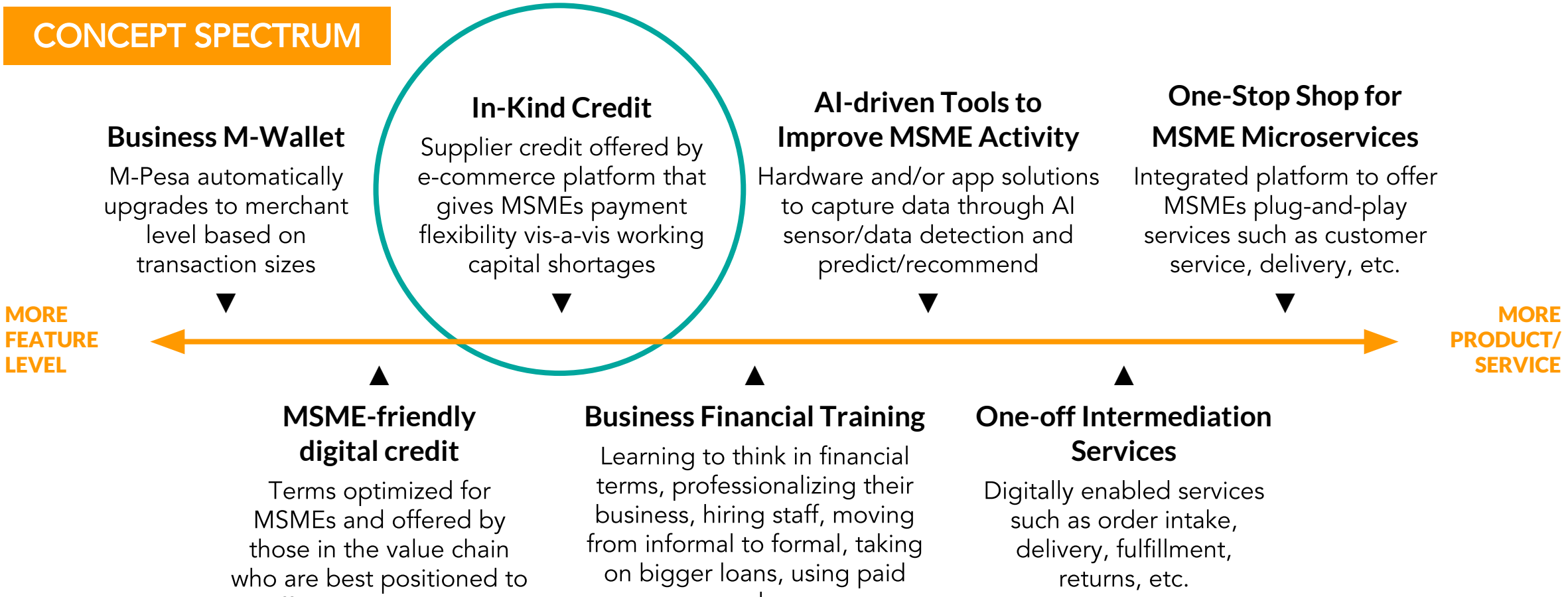
Online MSME Journey

Accessing Working Capital & Tools

CONCEPT SPECTRUM



Business M-Wallet

M-Pesa automatically upgrades to merchant level based on transaction sizes

In-Kind Credit

Supplier credit offered by e-commerce platform that gives MSMEs payment flexibility vis-a-vis working capital shortages

AI-driven Tools to Improve MSME Activity

Hardware and/or app solutions to capture data through AI sensor/data detection and predict/recommend

One-Stop Shop for MSME Microservices

Integrated platform to offer MSMEs plug-and-play services such as customer service, delivery, etc.

MSME-friendly digital credit

Terms optimized for MSMEs and offered by those in the value chain who are best positioned to offer merchant credit

Business Financial Training

Learning to think in financial terms, professionalizing their business, hiring staff, moving from informal to formal, taking on bigger loans, using paid ads

One-off Intermediation Services

Digitally enabled services such as order intake, delivery, fulfillment, returns, etc.

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Online MSME Journey

FIBR Projects

Accessing Working Capital & Tools

CONCEPT SPOTLIGHT

In-Kind Credit

Supplier credit offered by e-commerce platforms give MSMEs payment flexibility to offset working capital shortages

Sokowatch *is an e-commerce platform that supplies informal merchants in Africa. Merchant can order products at anytime via SMS or mobile app, and receive free same-day delivery to their store. Based on historic purchasing data, Sokowatch evaluates retailers to provide them with access to in-kind credit.*

Sarafu (Azam Pay) *is a mobile-payment system that enables merchants to order stock and receive priority delivery. Sarafu allows merchants to pay on delivery, as well as digital-credit options that are similar to the informal in-kind credit that many merchants receive from suppliers.*

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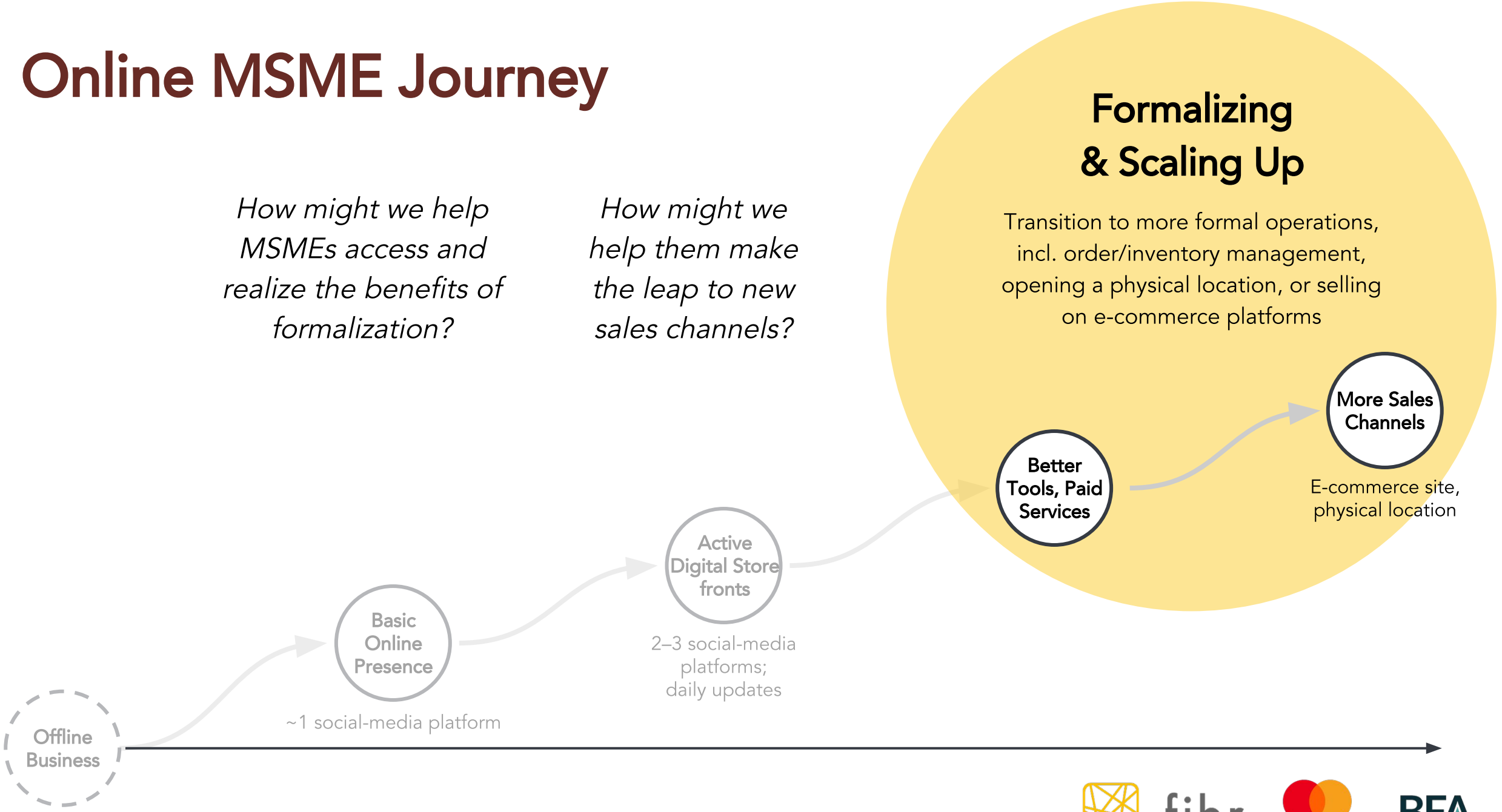
Online MSME Journey

How might we help MSMEs access and realize the benefits of formalization?

How might we help them make the leap to new sales channels?



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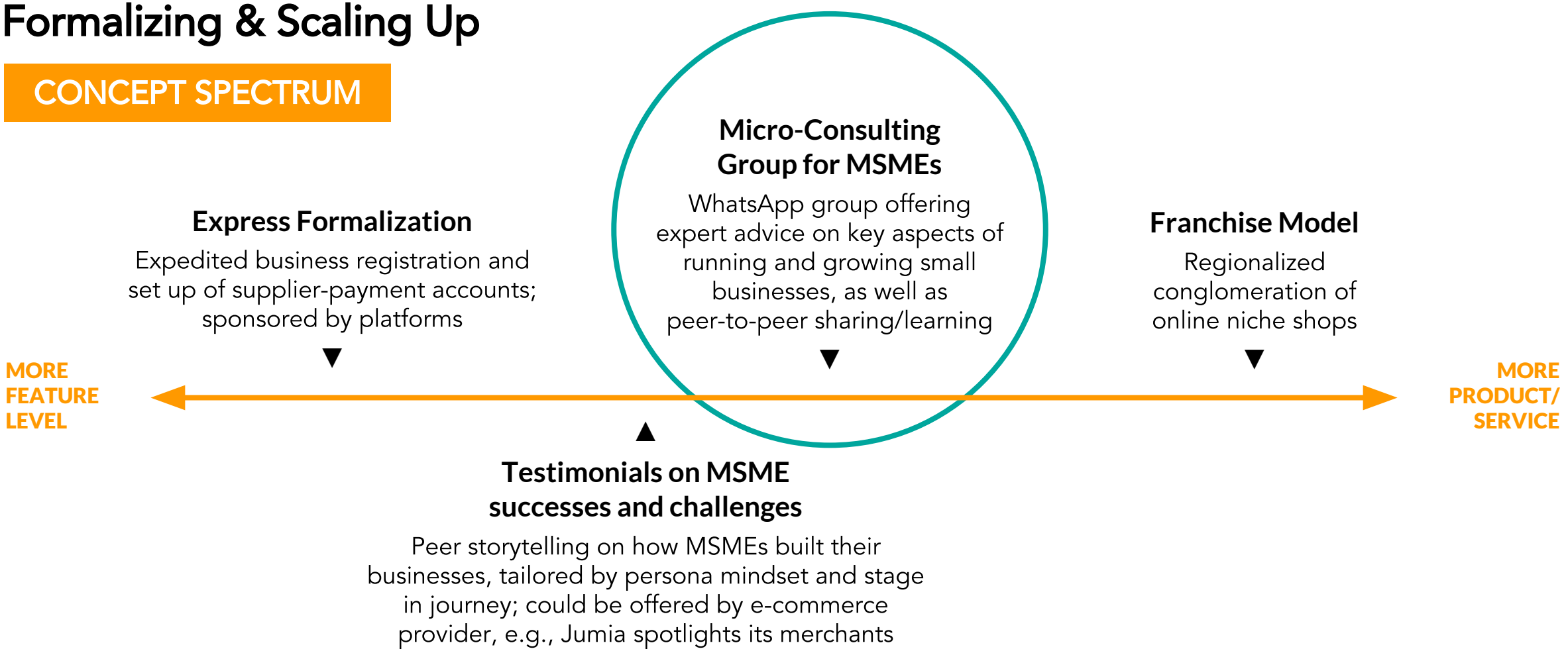
Online MSME Journey

Formalizing & Scaling Up

CONCEPT SPECTRUM



Online MSME Journey

A FIBR Project

Formalizing & Scaling Up

CONCEPT SPOTLIGHT

Micro-consulting WhatsApp Group for MSMEs

A FIBR-led WhatsApp group pilot to test value-add services MNOs and FSPs could offer agents. Over 6 weeks, mobile money expert offered 20 mobile money agents advice on key aspects of running and growing their agent business: specific knowhow about commission structure, managing customers, technology usage, fraud, access to credit, as well as peer-to-peer sharing/learning.

Image credit: TechnoServe Smart Duka program trains shopkeepers how to manage their business better

Micro-consulting Pilot Highlights

- High potential for enabling linkages with MNOs and FSPs
- A game changer for young business owners
- Active engagement across the board

- 100% Net Promoter Score
- 0% Attrition
- 80%+ Agents actively incorporated advice in business
- 90% Agents wanted this service to continue (n=20)

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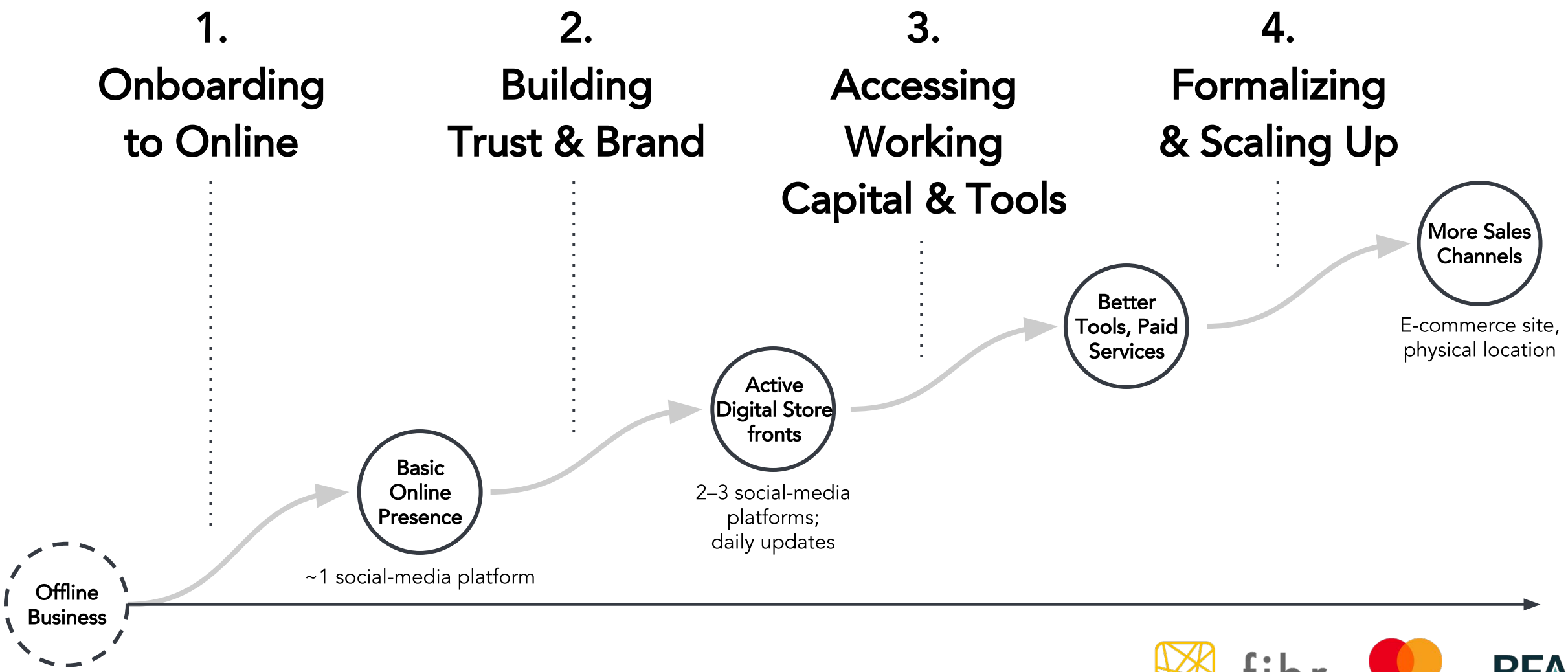
Online MSME Journey



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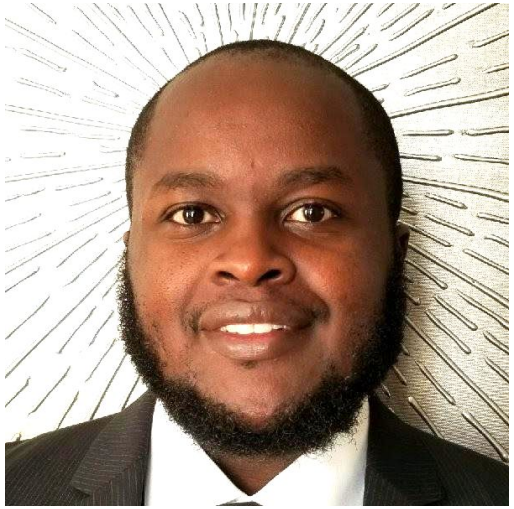
Panel Discussion



David Kago

Masoko

By Safaricom

Firas Ahmad

Sarafu

Powered By AzamPay

Anne Gachoka

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Consumer Insights

MODERATOR

John Won

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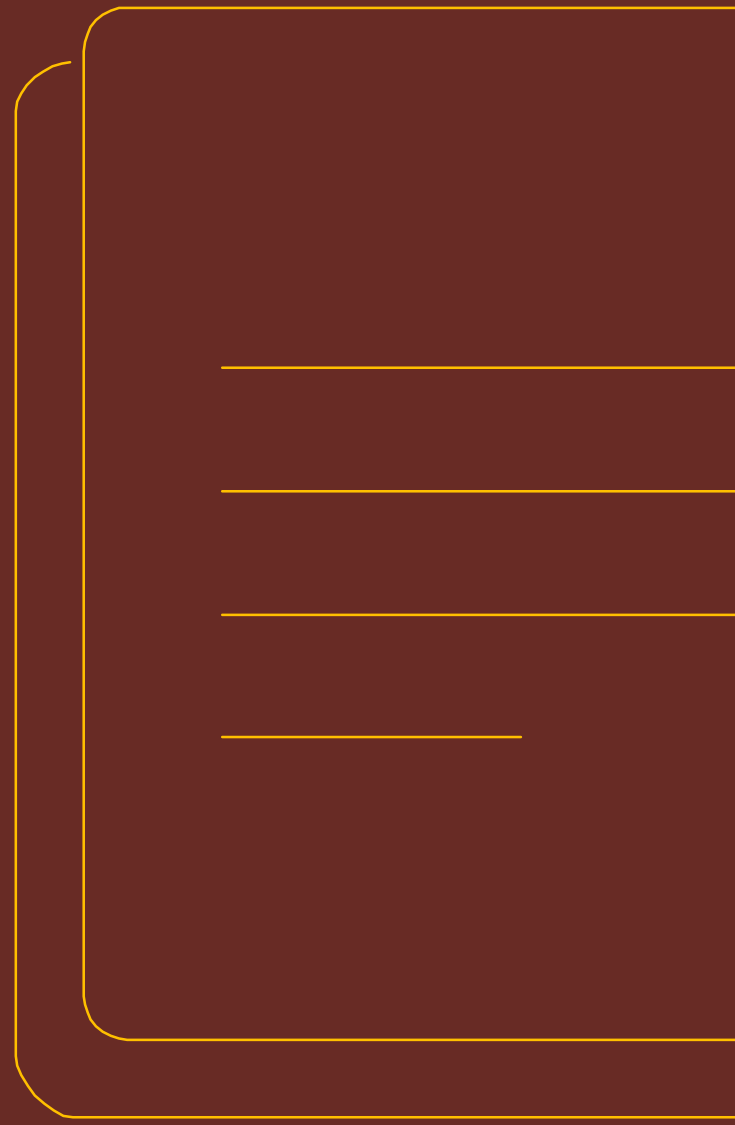
Please click on the Q&A tab at the bottom of the webinar screen.

If we select your question, we may ask you to turn on your video.

Learn more about our MSME Research



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FIBR Publications about Merchants

Financial Ecosystems of Merchants

Making Business Work for Dukas

Getting the Timing Right: The Life Cycle of a Small Shop in Africa

Who are the Small Merchants Who Make a Real Living Instead of Just Making Some Extra Money?

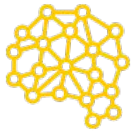
Visiting a Merchant Shop in Kibera in VR

Linkages to Credit

Value Proposition and Design of a Supplier App for Merchants (unpublished)

Case Study: Designing Credit Solutions For Small Merchants

LYNK TVET loans for professionals on platform (unpublished)



Artificial Intelligence / Machine Learning

Finbots for Shopkeepers Series

Computer Vision for Small Shopkeepers (unpublished)

Predicting entrepreneurial success - sentiment analysis (unpublished)

Report: Artificial Intelligence: Practical Superpowers Report

FIBR AI Gallery

Superplatforms

Beyond Marketing: Generating Trust to Sell Online #1

How Small Merchants Use Social Media to Sell Online in Africa #2

The Merchants Journey Online #3 (unpublished)

Digital Payments Ecosystem for Merchants #4 (unpublished)

Micro-consulting: Using WhatsApp Groups to Support Agents

What if We Offered Business Support to Small Merchants Over WhatsApp?

Report: Inclusive Digital Ecosystems of the Future

Work & Employment

What Happens on Uber Should Stay on Uber

Let's Be Real: The Informal Sector and the Gig Economy are the Future, and the Present, of Work in Africa

Can Africa Show How Gig Workers Get a Fair Share in the Digital Economy?

Making Digital Commerce a Positive Force for Good Work in Africa

White Paper: Digital Commerce and Youth Employment in Africa

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Using Business Relationships to Drive Inclusive Financial Services

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