

# There's a need for more disruption in Africa's tech scene

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For most people living outside Africa, they imagine the continent as the home of poverty, corruption, internet fraud, infrastructure deficit, and everything that describes under-development, marginalisation, oppression, bad leadership, insecurity, diseases, and many more. Although the continent is truly beset with some perennial development issues, some of these notions are preposterous and not entirely peculiar to Africa.



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No doubt, for a continent that is richly blessed with numerous natural resources, the economies of the countries within it should be envied and have the capacity to truly compete with the First World countries.

Home to 54 countries, with Nigeria and South Africa having the biggest economies, the continent has a population of 1.2 billion people, projected to rise to 2.5 billion by 2050. It is the second most populated after Asia and second growing economy in the world after East Asia, with a 3.5% annual growth rate. Average age is about 20 years, and 30% of its population make up the middle class which is expected to grow by 80% between 2020 and 2030. An estimated 473 million people are connected to the internet in Africa, which represents 36% of its population, while 1 billion people who have access to mobile phones, represents 80% of its population.

There are a number of laudable achievements the continent has earned for itself. These achievements, although rarely spoken of, have positioned the continent on a global map, earned it positive recognition from First World countries, changed its narrative to something better and more appealing, and made it a sought-after destination for business

investment, leisure and entertainment.

This article will dwell on the business investment opportunities that have changed the fortunes of the continent, and how these businesses are impacting and transforming the quality of lives in Africa.

eCommerce is one of the business sectors powering the engines of commerce and trade in the continent. It has brought many untold opportunities for both the consumers and the micro, small, medium enterprises. In Nigeria for instance, [Jumia](#) paved the way for e-commerce in 2012, provided consumers access to hundreds of thousands of products, and expanded access for discerning entrepreneurs who quickly took advantage of the many unique opportunities presented by these platforms, to reach more consumers and sell more products.

The convenience of e-commerce made a compelling case for early adoption of online shopping by customers who until then only shopped from brick and mortar stores.

It was not too long after Jumia launched in Nigeria that it expanded its operations to 14 other African countries, in which it has operations today, covering 75% of the entire continent's GDP, and about 75% of internet users.

## Growth

Yet, the continent is still perceived to be growing slowly compared to other developed continents such as Europe, Asia, South & North America when it comes to online commerce. For instance, online retail penetration accounts for less than 1% of all the transactions in Africa, compared to 12% in the US and 20% in China. There is a ratio of one shop to 67,000 Africans versus one shop to 1,000 Americans. The shift from physical stores to online stores is happening gradually as a result of ecommerce platforms becoming increasingly relevant to both the consumers and sellers in Africa.

On the Jumia platform, as at March 31, 2019, there were over 81,000 active sellers across Africa selling over 30 million products to about 4.3 million active customers.

Where are the products they sell sourced from? The sellers and consumers are not the only beneficiaries of e-commerce. The economy of the various countries with ecommerce presence benefits the most through the promotion of locally made products i.e. Made in Nigeria. The majority of the sellers on the Jumia marketplace sell locally made products, especially fashion items. These local producers enjoy unprecedented exposure and access to millions of customers across Africa. This therefore makes for a strong case because 75% of most African economies derive their revenue from micro, small and medium enterprises. It thus means that the more exposure these local businesses enjoy on the Jumia platform, the more revenue will be generated for the countries.

As a result of the precedence set by the Pan African ecommerce platforms, investment opportunities started knocking. Established ecommerce platforms in other regions, such as Amazon, started eyeing the many opportunities to establish its presence in Africa. For instance, Souq, a Middle East player was bought by Amazon in 2017 to establish a presence in Egypt; Naspers owns Takealot in South Africa, competing with Jumia's fashion retail platform, Zando. Others are local

competitors such as Mall for Africa, Afrimarket in West Africa, and KiliMall in Kenya. Over 4 million Africans today enjoy the convenience of ecommerce, especially due to the provision of Cash on Delivery as a mode of payment, and return policies put in place by most platforms.

But, the pie needs to grow. Less than 1% of all retail transactions in the entire continent is still a very small pie. There's a viable opportunity for ecommerce to help sellers grow their businesses exponentially by giving them access to millions of consumers; to help consumers find any product they desire from a large pool of product assortment, and to help individual and large logistics companies who grow their businesses and make more deliveries. In fact, in 2018 alone, with logistic partners, Jumia made 14.6 million deliveries across Africa.

## Progress

According to the [African Tech Startup Report](#) published by Disrupt Africa, 210 African tech startups raised a total of US\$334.52 million in funding in 2018 from foreign investors. The number of startups that raised funds grew by 32.1%, and total funding jumped by an impressive 71.5%. In terms of sectors, the fintech space continued to dominate, remaining a clear favourite among investors and, at US\$132.75 million, accounting for 39.7% of total funds raised. This was an increase on previous years, but nonetheless, there are strong signs of progress in other sectors, with multiple ed-tech, e-commerce, e-health, transport, logistics and agri-tech startups raising funding as investors saw opportunities in a large number of areas (Source: [CNBC Africa](#)).

To conclude, Africa has more to offer than the stereotype image that has been created over the years. It is our responsibility first as Africans, as stakeholders and even governments to believe and build on the achievements the continent has made and to focus on the innumerable opportunities it possesses. This way, Africa will not only continue to attract both domestic and foreign investments, but will also further encourage budding entrepreneurs to trust in a system that aims to stimulate economic and job growth.

## ABOUT THE AUTHOR

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