

How we hurdle the final obstacle to explosive online commerce in Africa

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Couriers have been trying hard to be the successful link in the chain that helps one of Africa's online retailers become the continent's own Amazon.com success story.



Charl Fouche, COO of AfriGIS.

One of the major stumbling blocks has been the difficulties around first-time delivery successes. Failure to achieve it limits potential revenues and pushes costs up, making the entire process economically challenging.

"Digitally based commerce on the continent is already huge and growing," says Charl Fouche, COO of AfriGIS.

Takealot.com reportedly did \$602m in revenues in 2021. They had 10,5 million unique website visitors per month during a 2021 review by market data portal Statista. Jumia reportedly did more than double that at 23,3 million monthly visits.

"But, as large as these numbers appear, there is still significant room for growth," says Fouche.

Room for growth

A rising online retail star in the South African market is decathlon.co.za, growing 266% in 2021 over the previous year, for a total of \$5,1m, according to ecommerceDB.

Bear in mind that the GSMA reports 495 million people in sub-Saharan Africa used mobile services by the end of 2020. They expect that number to top 615 million by 2025. The market potential is huge and only getting bigger. In 2020 people in sub-Saharan Africa did \$490bn in mobile money transactions alone. By 2025 they will contribute \$155bn in economic value. Which online retailer takes the lion's share of that enormous market remains to be seen, but the fact remains that

none of them will if they cannot crack the delivery nut.

What success requires

“They need accurate, verified and validated address data if they want to succeed,” says Fouche. “But none has existed in Africa, for all countries, until now. While the developed world, in which Amazon.com became the world’s biggest online retailer, has highly developed addresses and the physical infrastructure at ground level to support it, Africa typically does not.”

“It has taken two years of hard work by some of the best people in the global geospatial industry to get accurate, verified and validated addresses right for Africa. Experts from South Africa and as far as Ireland and even Bangladesh have collaborated to create the continent’s first and only database of quality addresses. It means couriers can now reliably get their deliveries to the right place, at the right time, the first time.”

He says it’s easy to assume that all countries use the same address formats but that’s not the case. Some countries only have up to level two boundary definitions, meaning some sort of regional demarcation such as province, county, or state, then down to city, town or village level, but no more. In many parts of Africa there are no street names and no house numbers. The challenge then is not so much about trying to get a parcel to one person, but actually trying to have the computer system accurately interpret the different formats and levels of data for the different parts of Africa.

Overcoming the challenge

“You can imagine an online retailer who wants to send two parcels. One goes to a person in Nairobi where they have five levels of address data that are verified and validated. But another goes to a person in Umoja Uaso, a rural village in Kenya. It has a population of less than a hundred people, who are almost exclusively women, so it is not difficult to find one person. The challenge is for the system to know there should be no additional data after the second boundary level and how to deal with that to support all the processes from the warehouse to the point of drop-off.”

“It took our team two years to develop our polygon dataset for 21,000 towns and 490,000 suburbs. We are now enriching the data so that we know more of what happens at a place and what points of interest exist there. That helps businesses in more industries. By overlaying data such as deeds data, income, demographic, traffic, weather patterns and more, you can build a rich picture of human activity there. And that drives business decisions that help the people there and the organisations that serve them. Retailers can perform sophisticated modelling, distribution can be optimised, infrastructure planned and delivered, and much, much more.”

A key differentiator besides being verified and validated is that the process behind capturing and cleaning the data is that it’s sustainable, consistent and updated quarterly.

“This is not a new problem and we are not the first to tackle it,” says Fouche. “But we are the first to get it right at scale and maintain it through regular updates. That’s the only way to drive sustainable business that can scale to serve the online retail and banking opportunity in Africa.”

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