e-Commerce in the context of COVID-19
A new mode of intra-regional trade?

ONE TRADE AFRICA – HARARE FORUM

16 March 2021
Agenda

1. E-commerce and the African context
2. Offer & demand
3. Promotion & online trust
4. Marketing & Branding
5. Logistics
6. Payments
The AfCFTA seeks to create an integrated African market of 1.27 billion people, expected to reach 1.7 billion by 2030. In some African countries, <18% of households have access to the Internet throughout the continent and <5% of the population currently buys online.
12 success factors e-commerce in Africa

- Sufficient size of mobile money market
- Developed logistics and delivery services
- Targeting millennials is a must
- Affordable prices and adapted offer
- Urbanization
- Sufficient size of the stable middle class
- Minimum internet penetration
- Minimum level of retail and wholesale development
- Favourable e-policy and public incentives
- Innovative e-commerce business models
- Online trust
- Sufficient access to financial services

Source: ITC (2019)
Impact of COVID-19 crisis on monthly e-commerce sales (%)
Overview in Africa and Asia-Pacific

Source: COVID-19 and e-commerce (UNCTAD, 2020)
### Top 5 sales categories before and after COVID-19 (%)

#### Third-party marketplaces

<table>
<thead>
<tr>
<th>Category</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro-food &amp; beverages</td>
<td>39</td>
<td>50</td>
</tr>
<tr>
<td>Financial services</td>
<td>8</td>
<td>15</td>
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<tr>
<td>Pharmaceutical, hygiene &amp; health</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Restaurant &amp; food delivery</td>
<td>4</td>
<td>24</td>
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<tr>
<td>Tourism &amp; travel</td>
<td>6</td>
<td>29</td>
</tr>
<tr>
<td>Digital entertainment</td>
<td>7</td>
<td>7</td>
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<tr>
<td>Education &amp; online courses</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Electronics &amp; IT equipment</td>
<td>3</td>
<td>47</td>
</tr>
<tr>
<td>Telemedicine services</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Media &amp; books</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Furniture &amp; household products</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Cosmetics &amp; personal care</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>Fashion &amp; accessories</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: COVID-19 and e-commerce (UNCTAD, 2020)
E-commerce reconfigures the way sectors and markets work with a high potential for job creation, economic growth

COVID-19 has accelerated this trend
Offer & demand

Issues

• Lack of knowledge about buyers preferences
• Lack of knowledge of competition
• Lack of strategy and unique positioning
• Lack of communication resources and efforts
• Lack of online buyers
Cross-border trade requires a better knowledge of markets, what buyers need and want, at what price, at what quality and at what time.

Source: ITC (2018)
Offer & demand
Key demotivators for online purchase
Example in Rwanda

- I don’t know about online shopping: 41%
- Online sites are expensive: 18%
- I doubt the authenticity of the merchandise available online: 16%
- Delivery times are very long: 16%
- Online shopping requires technical skills: 15%
- I cannot check the quality/ authenticity of products online: 15%
- I don’t have a credit/debit card: 14%
- I have no guarantee that what I order is what I will get: 13%
- I do not trust Internet: 11%
- It is difficult to return or exchange a product once you have made a purchase: 11%
- It is not safe to put your personal information online: 8%
- I do not trust the safety of payment transactions: 8%
- It is difficult to get a refund once you have made a purchase: 5%
- I cannot touch/feel the product before I buy it: 5%
- Payment with credit/debit card is difficult: 4%
- I cannot find the product online: 3%
- Customer service is not adequate: 3%
- I am not connected to Internet: 0%

Source: ITC (2018)
Promotion & online trust

Issues

• Perception that promotion is not needed

• Perception of high cost of promoting one’s website, when one’s brand is not well-known

• Difficulty to be found on the Web by buyers

• When found, difficulty to be trusted by buyers?
Promotion

- Selling thru online marketplaces (while keeping your own site)
- Subject to conditions of sales by the marketplace and transaction fee
- Need to develop more African marketplaces and the overall ecosystem

ITC’s solution: Marketplace Africa

- Available at: https://ecomconnect.org
- Features
  - List of marketplaces per country, with product categories
  - Traffic on these marketplaces
  - Marketplace popularity index

In 2019 Africa had at least 631 business-to-consumer online marketplaces for physical goods. Those marketplaces had in total 1,902 websites (urls) in the 58 countries and territories of Africa. Although online marketplaces can be found in every African country, there are only few countries with relatively much marketplace activity.
Promotion
Reaching out to the customers

Economical solutions to reach out to buyers with advanced profiling (demographics, geographics, psychographics and lifestyle)
Online trust
Evidence from research: The elements behind the 4 sources of consumer trust

Source: T. Oliveira et al, Modelling and testing consumer trust dimensions in e-commerce, 2017
Online trust
E-commerce Trustmark – www.safe.shop

Offered by partners worldwide as both national as well as global trust mark
To its core lies the Global Code of Conduct (GCC)
Developed by the e-commerce Foundation
Marketing & Branding

Issues

• Increased competition from African suppliers

• Challenged with being visible among this crowd

• Challenges with being chosen as THE one
Number of times on average profits are multiplied when a company develops a strong brand

McKinsey
"The art of marketing is the art of brand building. If you are not a brand, you are a commodity. Then price is everything and the low-cost producer is the only winner."

--- Philip Kotler ---

Main challenge for a weak brand
- Vulnerability of a product/service considered as an interchangeable commodity
B2B customers across industries recognize that brand influences their decision.

<table>
<thead>
<tr>
<th>Influence on Purchase Decision Percentage</th>
<th>US</th>
<th>Germany</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Information¹</td>
<td>18</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>Sales/Channel</td>
<td>27</td>
<td>27</td>
<td>21</td>
</tr>
<tr>
<td>Product/Services</td>
<td>21</td>
<td>25</td>
<td>22</td>
</tr>
<tr>
<td>Price</td>
<td>18</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Brand</td>
<td>23</td>
<td>20</td>
<td>20</td>
</tr>
</tbody>
</table>

Marketing & Branding
Attitude of suppliers towards branding

1. Ignorant
   - Micro-businesses serving local markets with no ambition for growth

2. Users
   - Businesses of early growth which may not be entirely aware of the potential of branding

3. Low cost producers
   - Phase of the need for a strategic orientation: some formal branding activities, but low price is the most important tool for good sales

4. Differentiation producers
   - Utilize branding to back up their core strategic orientation. Strategically oriented to branding, operating in broader market.

Source: "The role of branding in SMEs: Different perspective on the market", Slovene study, 176 SMEs surveyed
Branding is first a strategic endeavour: knowledge of customers needs and wants, expected outcomes, purchasing habits and occasions; knowledge of competitors; knowledge of the context/environment; defining a positioning that is unique and meeting customers’ needs better than the competition. A logo is just the tip of the branding iceberg.
Logistics

Issues

• High cost of logistics
• Challenges with timely delivery
• Challenges with delivery at the right place
• Lack of addressing system in Africa
• Lack of skilled drivers with a good knowledge of routes and cities
Logistics

Solution 1 – Addressing and accurate delivery (last mile delivery)

• Solutions like What3words
• GPS-based solutions
• Shippers to be equipped with GPS-enabled devices
• Real-time tracking of shipment

Never get lost again

Easily find a what3words address for anywhere in the world

We have divided the world into 3m squares and given each square a unique combination of three words. what3words addresses are easy to say and share, and as accurate as GPS coordinates.

51.520847, -0.19552100 ↔ /// filled.count.soap
Logistics

Solution 2 – E-commerce Service Centre (ECSC) / E-fulfilment centre

- Consignment of suppliers’ goods
- Trained and skilled staff handling logistics and returns
- Minimization of costs of shipping through consolidation
- Stronger negotiation power (due to volumes) to negotiate better prices with logistics partners
- Allows suppliers to focus on core activities
Payments

Issues

• High transaction fee from third parties
• High risk for cash on delivery payment
• Lack of interoperability of systems
Highest growth of payment methods during COVID-19 crisis (%) 
23 countries in Africa and Asia-Pacific

- Cash/cash on delivery: 44% (E-commerce companies), 48% (Third-party marketplaces)
- Credit cards: 33% (E-commerce companies), 36% (Third-party marketplaces)
- E-banking/mobile banking: 46% (E-commerce companies), 43% (Third-party marketplaces)
- Mobile money: 59% (E-commerce companies), 70% (Third-party marketplaces)
- Online payments: 18% (E-commerce companies), 30% (Third-party marketplaces)
- Other: 6% (E-commerce companies), 5% (Third-party marketplaces)

Source: COVID-19 and e-commerce (UNCTAD, 2020)
Mobile money potential

- Mobile money:
  - Works using peer-to-peer based transactions
  - Relies on cash, and is not dependent on bank or card accounts
  - Suitable for the unbanked population

“Almost 75% of mobile money users will come from Asia Pacific and Middle East and Africa regions”

Source: State of the industry report on mobile money (GSMA, 2019)

David Kerr, Vice President, Strategy Analytics
Mobile money offers financial inclusion to women & a strong potential for e-commerce

In e-commerce, the leapfrog effect is a contemporary phenomenon of certain consumer populations suddenly and rapidly adopting e-commerce, primarily by leaping straight from cash payment to online shopping via their mobile devices such as smartphones and tablets.

This model has been successful in many African countries, such as:
- Kenya
- Uganda
- Sub-Saharan countries
ITC’s ecomConnect platform and tools
https://ecomconnect.org

An e-commerce community engagement platform for everyone

ecomConnect Community Management Platform
Connect with your peers across the world, Ask the expert, Share information, e-learning and data on e-commerce

E-commerce Marketplace
Africa

E-commerce Readiness Quiz

E-commerce Cost Calculator
Thank you very much

International Trade Centre (ITC)

Sébastien Ioannitis-McColl
Expert in e-commerce, marketing, branding
Project Manager
joannitis@intracen.org
How to Export with the AfCFTA
**Afreximbank-funded** project to promote intra-African trade for SME Exporters with the AfCFTA

**3 pilot countries:** Nigeria, Rwanda, Cote d'Ivoire

**Objectives:**
- Increase awareness of the opportunities brought by the AfCFTA
- Improve export skills of SME Exporters
- Promote the use of trade support services
How to Export with the AfCFTA curriculum

7 core modules
Applicable across Africa and the AfCFTA
How to Export with the AfCFTA Curriculum

7 core modules
Applicable across Africa and the AfCFTA

National Workshops
Workshops designed to address national priorities in relation to the AfCFTA
Curriculum

Modules

- The Opportunity of Intra-African Trade
- Getting Your Business Ready for Export
- Researching African Markets
- Developing an African Market
- African Market Access Conditions
- Financing Intra-African Trade
- Intra-African Logistics
How will it be delivered?

- **National Workshops**
  - 5 days (face to face)
  - Selected SMEs

- **AFRACAD**
  - Online learning
  - Unlimited enrollees

Partner Institution
Roles and responsibilities

- **Develop contents**
- **Design workshops, train trainers**
- **Set up AFRACAD**
- **Promotional materials**
- **Curriculum**
  - **Partner's trainers**
    - Assign trainers, organize workshops
    - Enroll learners
  - **AFRACAD**
  - **Promotion to SMEs**
  - **Localize contents**
  - **Partner Institutions**
  - **Promote**
AFRACAD

How To Export With the AfCFTA?

Courses in English

- Preparing for Intra-African Trade
  - Rating: ★★★★★ (0)

- Developing your African Markets
  - Rating: ★★★★★ (0)

- Export Operations
  - Rating: ★★★★★ (0)
### Worksheet Methodology

#### Problem based approach

- Action learning
- Case studies

<table>
<thead>
<tr>
<th>Web based</th>
<th>Content Management</th>
<th>Interactive</th>
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</thead>
<tbody>
<tr>
<td>• Multi device</td>
<td>• Editing</td>
<td>• Multi media</td>
</tr>
<tr>
<td>• No download</td>
<td>• Adding</td>
<td>• Range of activities</td>
</tr>
</tbody>
</table>
Module 1: The Opportunity of Intra African Trade

- **Low intra African trade**
  - Why?
  - AfCFTA initiatives

- **Non tariff barriers**
  - Why?
  - AfCFTA initiatives

- **Infrastructure**
  - Why?
  - AfCFTA initiatives

- **Information**
  - Why?
  - AfCFTA initiatives
Module 2: Getting Your Business Ready for Export

Export mindset
- Importance of management commitment
- Challenges

Meeting the need
- Product readiness/comparative advantage
- Product adaptation

Access to finance
- Where are resources needed
- Where to get finance

Skills and knowledge
- Consequences of mistakes
- What skills are needed
Module 3: Researching African Markets

Short listing
- Secondary market research/scanning/compare
- Identify a shortlist using indicators

Market selection
- Market access conditions
- Ease of exporting/highest export potential

Market analysis
- Primary research
- Market report
Module 4: Developing an African Market

Market Entry Strategies
- Unique nature of African markets
- Identify channels of distribution
- Selecting a channel

Contracting a Distributor
- Types of distributors
- Distributor contracting
- Model contract
Module 5: African Market Access Conditions

- **Standards**
  - Mandatory Standards
  - Procedures and documentation

- **Rules of Origin**
  - Requirements
  - Procedures and documentation

- **Customs**
  - Customs requirements
  - Procedures and documentation
Module 6: Financing African Trade

- **Trade Finance**
  - Trade Finance options
  - Procedures and documentation

- **Payment and Risk**
  - Payment methods
  - Managing payment risk
  - Procedures and documentation

- **Services**
  - Service providers (Afreximbank)
  - Meeting requirements
Module 7: Intra-African Logistics

Transport Options
- Transport routes
- Types of transport
- Packing and labelling

Planning
- Hiring a Freight Forwarder
- Procedures and documents
- Cargo insurance

Costing
- Use of Incoterms
- Costing for different modes
National Workshops

Online
- Continental
- Concepts
- Case studies

Workshop
- Local/sectors
- Exercises
- Service providers/Policy
National Workshops

DAY 1
Intra African trade opportunities

DAY 2
Highest Potential Markets

DAY 3
Meeting requirements ROO

DAY 4
Financing African Trade

DAY 5
Delivering product to markets
Expansion of Pilot

Online Course
- All 55 countries
- Local counterpart

National Workshops
- 12 Selected countries
- National Partner
- Four languages

AFRACAD
- Expansion of curriculum
- Community
Thank you.

How to Export with the AfCFTA
Women in Trade - Zimbabwe

Judith Fessehaie
Policy and Data Lead
ITC SheTrades Initiative

ONE TRADE AFRICA   HARARE FORUM
16 March 2021
SheTrades Outlook
SheTrades Outlook

• An **online tool** that allows governments and other stakeholders to assess and improve the policy ecosystem for women in trade

• Has **80% new data** collected through an institutional survey, complemented with existing data

• Comprises **6 policy dimensions and 83 indicators** that are comparable across countries, regions and economic groupings

• The tool **does not provide a ranking** of countries’ performance

• Enables stakeholders to **improve the policy ecosystem for women**

• Available on [www.shetrades.com/outlook](http://www.shetrades.com/outlook)
SheTrades Outlook – Highlights

25 developed and developing countries

500 institutions interviewed

10+ new countries in 2021

50+ good practices identified
SheTrades Outlook – Key Findings

1. Countries tend to score higher in Legal and Regulatory Framework Pillar, and score lower in Trade Policy Pillar

2. Positive correlation between collecting gender-disaggregated data and overall SheTrades Outlook score

3. Countries tend to do better in setting laws than implementing programmes
## SheTrades Outlook – Zimbabwe: Institutions

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confederation of Zimbabwe Industries (CZI)</td>
</tr>
<tr>
<td>2</td>
<td>Cross Border Traders Association of Zimbabwe</td>
</tr>
<tr>
<td>3</td>
<td>Ministry for Primary and Secondary Education</td>
</tr>
<tr>
<td>4</td>
<td>Ministry of Agriculture</td>
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<tr>
<td>5</td>
<td>Ministry of Finance and Economic Development</td>
</tr>
<tr>
<td>6</td>
<td>Ministry of Foreign Affairs and International Trade</td>
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<tr>
<td>7</td>
<td>Ministry of Higher and Tertiary Education, Science and Technology Development</td>
</tr>
<tr>
<td>8</td>
<td>Ministry of ICT Postal &amp; Courier Services</td>
</tr>
<tr>
<td>9</td>
<td>Ministry of Industry and Commerce</td>
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<tr>
<td>10</td>
<td>Ministry of Justice, Legal and Parliamentary Affairs</td>
</tr>
<tr>
<td>11</td>
<td>Ministry of Public, Service, Labour and Social Welfare</td>
</tr>
<tr>
<td>12</td>
<td>Ministry of Women Affairs, Community and Small Medium Enterprises</td>
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<td>13</td>
<td>National Trade Development and Promotion Organization of Zimbabwe</td>
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<td>14</td>
<td>Procurement Regulation Authority of Zimbabwe (PRAZ)</td>
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<td>15</td>
<td>Reserve Bank of Zimbabwe</td>
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<tr>
<td>16</td>
<td>SME Association of Zimbabwe</td>
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<tr>
<td>17</td>
<td>Women’s Alliance of Business Associations in Zimbabwe (WABAZ)</td>
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<tr>
<td>18</td>
<td>Zimbabwe Investment Development Authority</td>
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<tr>
<td>19</td>
<td>Zimbabwe Microfinance Bank</td>
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<tr>
<td>20</td>
<td>Zimbabwe National Chamber of Commerce</td>
</tr>
<tr>
<td>21</td>
<td>Zimbabwe National Statistics Agents (ZimStat)</td>
</tr>
<tr>
<td>22</td>
<td>Zimbabwe Revenue Authority</td>
</tr>
</tbody>
</table>

22 institutions interviewed
SheTrades Outlook – Zimbabwe: Preliminary results

Doing well in:

- Involving women’s business associations in policy consultations
- Establishing a gender desk that handles gender issues related to trade
- Enabling representation of women business associations at the national level and in all key sectors and subsectors
- Providing support services for establishing a company and incubator programme for entrepreneurs
- Establishing help and information desks at government offices to assist companies in complying with national regulations and export/import requirements
- Using gender-sensitive guidelines such as the World Customs Organization’s Customs Integrity Action Plan
- Conducting structure dialogues with the private sector regarding gender equity policies and programmes

- Providing technical support to women’s business associations and establishing policies and programmes to support business innovation
- Adopting a gender budgeting approach
- Implementing a national financial inclusion strategy with a focus on women’s access to finance
- Providing financial support for women-owned businesses and business associations to participate in business generation activities
- Mandating banks and other financial institutions to report gender disaggregated data
- Implementing finance schemes to facilitate trade and offering financial instruments to support entrepreneurial opportunities
- Ensuring equal legal rights to productive resources for women and men (e.g. inheritance rights, property ownership, and financial services) as well as providing women with legal protection from sexual harassment in the workplace
SheTrades Outlook – Zimbabwe: Preliminary results

Areas for improvement:

• Adopting a universal definition of a woman-owned business
• Conducting government staff training on gender mainstreaming
• Adopting a preferential scheme on public procurement for women-owned businesses
• Fully implementing the national single window
• Establishing a law that mandates equal remuneration for females and males for work of equal value
• Providing parental leave for fathers
• Leveraging fiscal schemes for gender equality
• Providing venture capital to support women entrepreneurs
• Collecting data on time-use of men and women on unpaid domestic chores and care work
Good Practice:
Adopting a Formal Definition of “Women-owned business” in Nigeria

At the global level, stakeholders created the ISO International Workshop Agreement 34 on “Women’s entrepreneurship- Key definitions and general criteria” to provide internationally recognized terms and definitions describing enterprises led or owned by women.

Nigeria adopted the IWA 34 definition of “women-owned business” (i.e. business that is more than 50% owned by one or more women, whose management and control lie with one or more women, and where a woman is a signatory of the business’ legal documents and financial accounts and that is operated independently from other non-women-owned businesses)

These definitions can be used to:
- develop and bolster inclusive women’s economic empowerment programmes
- increase the participation of women in public and private procurement
- facilitate compliance issues
- provide capacity-building and incentive schemes with clear target groups
- support the collection of internationally comparable data on women’s participation in the economy and entrepreneurship.
SheTrades: Empowering Women in the AfCFTA
Survey of 70 African Women’s Business Associations

Are most of your members taking advantage of regional trade agreements?

- Yes: 37 (56%)
- No: 29 (44%)

Since our last survey back in November 2019, has your organization been consulted on the negotiation and implementation of the AFCFTA?

- Yes: 46 (75%)
- No: 15 (25%)
SheTrades AfCFTA Project

Empowering WBAs:

• Worked with more than 50 Women’s Business Associations, sectoral experts, and RECs representatives
• Developed and validated 44 recommendations on Phase I issues
• Delivered training for effective policy advocacy for Women’s Business Associations
• Carried out the first survey of African Women’s Business Associations on AfCFTA and COVID-19

Resources:

• Created 9 policy briefs on trade facilitation, non-tariff barriers, standards, trade in services, ICTs and digital trade, strengthening women’s associations, investment, competition, and intellectual property
• Online resources on SheTrades.com
Recommendations for AfCFTA Phase I Issues

1. Ensure equitable representation of WBAs on AfCFTA national committees and on trade facilitation committees – and improve effectiveness of representatives through
   a) Providing accessible and affordable training for WBA representatives
   b) Ensuring that all trade facilitation requirements are listed on the NTB monitoring tool
   c) Providing simple explanations for all trade facilitation policies and requirements in advance of discussions at meetings
   d) Allowing ample time for representatives to consider issues prior to meetings

2. Digitise all cross-border documentary requirements – and provide support to enable WBA to raise awareness amongst women traders

3. Improve the briefing and training provided to customs officials and implement measures to hold customs officials to account

4. Strive for continent-wide agreement on mutual recognition of professional qualifications and priority trade in services market access offers
Looking Ahead

Capacity-building
Covering sustainable business development models, governance of associations, service portfolio development, & risk management

Networking Strategy
Operationalizing a network of almost 1 million women continent-wide

AfCFTA Phase II Issues
Discussing and developing recommendations on investment, competition, and intellectual property

Gender in National AfCFTA Strategies
Supporting countries with gender-mainstreaming into national policies/strategies related to AfCFTA (e.g. Sierra Leone, The Gambia, and others)