

Insight

Impact Study: 027

Published: April 2022

Report authors:

Amy Bendel and Lucie Klarsfeld (Hystra), Marine Buisson and Emile Schmitz (BopInc)

BII lead:

Alex Kucharski
akucharski@bii.co.uk



Expanding online marketplaces across secondary cities – lessons from Côte d'Ivoire

Practical thinking on investing for development

Insight is a series of practical and digestible lessons on the issues of private sector investment and development. They're based on our experiences, knowledge and research and are aimed at investors, businesses, development professionals, and anyone with an interest in private sector development.

To view the rest of our Insight series visit:

► bii.co.uk/insight



Introduction

Increasing internet connectivity and mobile phone use across Africa is paving the way for the growth of e-commerce across the continent. Between 2014 to 2018, the number of online shoppers in Africa increased on average by 18 per cent every year, compared to a global average of 12 per cent. This surge is driven by Africa's growing young, urban and digitised population.

However, e-commerce businesses tend to serve the largest cities and capital cities. In smaller cities – known as 'secondary cities' and defined here as cities with populations of less than 100,000 people – access to quality products at affordable prices is more limited. In secondary cities, populations are typically lower income, less comfortable with digital platforms and less well-connected to established logistics infrastructure than in capital or primary cities.

One business seeking to change this is Jumia, the leading online marketplace in Africa. Jumia has 7.3 million annual active customers, more than 110,000 active sellers and an order placed every two seconds across its 11 locations on the continent. In 2016, we invested \$55 million in Jumia. We sold our shares following Jumia's initial public offering (IPO) in 2019.

Through our technical assistance facility BII Plus, we've continued working with Jumia to roll-out its services to secondary cities in Côte d'Ivoire. This research aimed to gain a high-level understanding of the impact of Jumia's business model in secondary cities, by measuring the impact of three pilot initiatives on both consumers and sales agents. It is based on a quantitative study conducted at the end of the pilots (including follow-up with consumers and non-consumers interviewed in the baseline study), company data from Jumia, operational KPI tracking during the pilot, and some additional qualitative insights.

We look forward to seeing how the roll-out to secondary cities evolves for Jumia Ivory Coast and beyond, and we hope the learnings captured in this report will help equip other organisations to follow in its footsteps.

Contents

Introduction	2
Executive summary	3
01 Context and objectives	6
02 Overall impact and business case for the roll-out of Jumia to secondary cities	8
03 Pilot schemes	11
3.1 Agriculture and farmers	11
3.2 Introducing the 'JWomen' concept	13
3.3 Training and incentives for sales agents	16
04 What's next?	19
References and sources	20

Acknowledgements

We thank Francis Dufay, Eloi Le Rudulier and the rest of the Jumia Ivory Coast team for their input on this report.

For questions, please contact Alex Kucharski (akucharski@bii.co.uk)

For more information on this initiative, or to discuss anything mentioned in this report, please contact Lucie Klarsfeld, Partner at Hystra (lklarsfeld@hystra.com) Emile Schmitz, Managing Director at BopInc (schmitz@bopinc.org)



Executive summary

Often referred to as 'Africa's amazon.com', Jumia is the leading online marketplace in Africa. In 2019, Jumia Ivory Coast (JIC) began to roll-out its business model to secondary cities, where access to quality products at affordable prices is more limited than in capital or primary cities. In secondary cities, populations are typically lower income, less comfortable with digital platforms and less well-connected to established logistics infrastructure. For these reasons, JIC pioneered a model that involves physical 'pick-up stations' alongside its standard online marketplace e-commerce platform. The pick-up stations were supported by 'JForce agents': sales agents who order for customers who aren't comfortable ordering online.

In 2021, JIC ran a series of pilots to explore business and social impact opportunities in secondary cities. This report summarises the key findings from these activities, covering both the general impact and business opportunity of the JIC model in secondary cities, as well as lessons from the pilots.

A. Overall impact and business case for the roll-out of Jumia to secondary cities

Jumia's value proposition (price, quality, time savings) is attractive to customers in secondary cities, particularly to those in the low-income bracket (SEC D¹). All the surveyed customers confirmed they would re-order on Jumia, of which 87 per cent report being wholly satisfied with the offering. This is likely due to the following attributes:

- **Cost savings:** Price was the key reason for respondents buying on Jumia, cited by 74 per cent of customers. Overall, 90 per cent of customers reported saving money thanks to their purchases.
- **Access to quality products:** the second most important reason for buying on Jumia, mentioned by 47 per cent of customers, was access to better quality products.
- **Products that generate additional revenue:** One quarter of respondents reported that purchases on Jumia help them earn additional income
- **Time savings:** 95 per cent of customers declared saving time buying products on Jumia. Among them, 20 per cent save up to several hours per day and half save a few hours per month.

90%

of customers reported saving money thanks to Jumia.

25%

of customers reported earning additional income thanks to their purchases on Jumia.

¹ Socio-economic class (SEC) is a classification typically representing the level of income within a country. It divides the population into five categories, with category A being high level of income, and E being low level of income.

This is already translating into sales and impact for Jumia agents in secondary cities.

- Secondary city pick-up station sales showed the potential for scale, continued growth, and high-value sales. In 2020, sales in secondary cities reached 8 per cent of JIC sales.
- The hub-and-spoke model enables JIC to overcome key barriers to online sales. Pick-up sales agents are a key portal in secondary cities. According to JIC, sales via sales agents represented 42 per cent of sales in secondary cities in January 2021.

B. Pilots

In 2021 the JIC team ran three pilots to optimise sales and impact in secondary cities: (1) Agriculture and farmers, (2) JWomens, (3) Training and non-monetary incentives.

1. Agriculture and farmers

- **Opportunity:** Farmers represent about 40 per cent of the total employed population yet made up only 2 per cent of Jumia secondary city customers. Sales agents also mentioned agricultural products as the main product category missing on Jumia.
- **Piloted activities:** JIC launched an 'agricultural portfolio of products' and promoted the new catalogue in secondary cities via several below-the-line activities, including a roadshow and dedicated promotional flyers.
- **Key results:** JIC offered cost savings of up to 55 per cent compared to local, offline competitors on top-selling agricultural products. Customers of agricultural products save more than the average customer and are more likely to use their purchase to earn income. Within 9 months of the pilot's launch, JIC added over 3,500 agricultural products to their catalogue, generating an additional €120,000 in revenue.

2. JWomens

- **Opportunity:** Women represented just 9 per cent of JIC's online customers. This was due to women's low awareness of the platform and lower familiarity with e-commerce platforms. Female sales agents - who typically sell slightly more to female customers than male agents - were also under-represented.
- **Piloted activities:** JIC recruited and trained female sales agents to specifically help drive awareness amongst potential female customers. JIC targeted loyal customers who were likely to be natural promoters for Jumia and equipped them with JWomens marketing materials and peer-to-peer support channels.
- **Key results:** Although 65 women were recruited, 44 per cent of roles never became active. Active JWomens also performed worse on both sales and commission than other female agents in the same cities. We identified two likely explanations for the disappointing results, which will help inform future pilots: (1) The targeted profile for JWomens was likely ill-suited - top customers targeted for recruitment typically already have other revenue-generating activities that they prioritise over working on the Jumia platform - and (2) pilot support and monitoring was too short-term.

42%

Sales via dedicated, hub-and-spoke sales agents represented 42 per cent of sales in secondary cities in January 2021.

3. Training and incentives for sales agents

- **Opportunity:** three key issues limited the impact of the sales agent network: the agent incentive structure created dissatisfaction; Jumia was over-investing in inactive agents; and effective support activities such as training or sharing of best practice were not conducted systematically.
- **Piloted activities:** JIC amended their monetary and non-monetary incentive scheme, optimised the onboarding approach to be more hands-on, developed initiatives to focus on best-performing agents – including creating ‘prizes’ for top-performers – and upskilled agents by encouraging the sharing of best practice, such as sharing tips from best-selling agents on online platforms and WhatsApp groups.
- **Key results:** Agents recruited via the optimised onboarding approach performed better on both sales and commissions than those who were recruited via the standard model. The new incentive initiatives were well received - 93 per cent of agents who knew of one promotional event said it motivated them to sell more on the platform.

The roll-out of Jumia’s model to secondary cities has now begun in several other countries, inspired by the model pioneered in Ivory Coast. For JIC - beyond improving the pilots driving recruitment of female agents - there are still a number of business and impact opportunities in secondary cities to explore.



01

Context and objectives

The rise in internet connectivity – and an ever-growing, young population primed for digital platforms – makes Africa a breeding ground for the growth of e-commerce platforms. Indeed, from 2014 to 2018, the number of online shoppers in the continent increased on average by 18 per cent annually, against a global average of 12 per cent.² According to analysts, the value of e-commerce in Africa is expected to reach \$29 billion in 2022.³

Often referred to as 'Africa's amazon.com', Jumia is the leading online marketplace in Africa⁴ with 7.3 million annual active customers, more than 110,000 active sellers and an order placed every two seconds across its 11 locations on the continent.⁵ Jumia enables sellers across multiple product categories – from electronics to beauty products – to connect with customers via their online platform, while also offering logistics and payment services to ensure products reach customers.

In the first quarter of 2019, Jumia Ivory Coast (JIC) spearheaded efforts to roll-out the Jumia model to secondary cities (defined here as having fewer than 100,000 inhabitants). In these cities, consumers typically have limited access to good quality and affordable products compared to consumers located in capital or primary cities. However, reaching these populations also presents additional challenges, as they typically earn lower incomes⁶, are less comfortable with digital platforms and less well-connected to established logistics infrastructure.⁷ For these reasons, alongside its standard online marketplace e-commerce platform, JIC pioneered a model of setting up physical 'pick-up stations', where orders can be placed and delivered in areas where existing logistics infrastructure could not make direct-to-home deliveries. These stations are supported by 'JForce agents': Jumia sales agents who order for customers who might not be comfortable ordering online.

² UNCTAD (2018).

³ Tech Crunch (2021).

⁴ Statista (2022).

⁵ Jumia Group (2021).

⁶ UNICEF and UN Habitat (2020).

⁷ ITU Development (2018).

\$29 billion

The expected value of e-commerce in Africa in 2022.

» *Jumia is the leading online marketplace in Africa.*

In the first quarter of 2020, British International Investment and Jumia commissioned Hystra (a global consulting firm that specialises in inclusive business) and BopInc (a Dutch non-profit foundation) to support Jumia's expansion in secondary cities with both business and social impact lenses. In-depth analyses of Jumia's existing sales in secondary cities, combined with an impact assessment across 88 customers, 171 non-customers and 78 JForce and pick-up station agents, helped uncover new opportunities on both the social and business fronts. Based on a co-design workshop to develop marketing and sales approaches, JIC went on to run a suite of pilot schemes in 2021 to pursue these opportunities (see description of the pilot schemes on page 11).

This insight report synthesises the key findings from these activities, covering both:

1. the general impact and business opportunity of the JIC model in secondary cities; and
2. lessons learned from the pilot schemes conducted.

It leverages company data, field visits and qualitative interviews with JIC agents and customers, as well as two quantitative surveys of Jumia customers, non-customers, JForce and pick-up station agents, and local retailers, which were conducted before and after the pilot schemes.⁸

In sharing these findings, we hope to help inform the broader sector's efforts in capturing the business and impact opportunity in rolling-out innovative sales models in secondary cities.

⁸ Please refer to page 20 for a full overview of data sources used.



02

Overall impact and business case for the roll-out of Jumia to secondary cities

Jumia's value proposition (price, quality, time savings) is attractive to customers in secondary cities, particularly to those in the low-income bracket.⁹

All of the customers surveyed confirmed they would re-order on Jumia, of which 87 per cent reported being wholly satisfied with the offering. Similarly, in terms of their Net Promoter Score (NPS), 98 per cent of surveyed customers in secondary cities were classed either as 'promoters' or 'neutral'¹⁰ with up to 59 per cent of customers in the 'D' bracket of the socio-economic class (SEC) were active promoters of the Jumia offer versus 51 per cent on average across all socio-economic classes.¹¹ Customers particularly valued the following Jumia attributes:

- **Cost savings:** As Figure 1 on the following page shows, survey respondents considered price the first and foremost reason for buying on Jumia, cited by 74 per cent of surveyed customers. Overall, 90 per cent of customers reported saving money thanks to their purchases (95 per cent for SEC D), while more than 50 per cent reported saving more than 5,000 West African CFA Francs (FCFAs), or roughly €7.60, on their last Jumia purchase.¹² Customers confirmed benefiting from a significant price difference when they bought via Jumia, which reached up to 67 per cent of local prices on the top five stock-keeping units (SKUs) sold locally by Jumia (based on Jumia's 2020 survey). Of those customers surveyed, 57 per cent also reported that transport and delivery costs were cheaper on Jumia compared to other channels.

90%

of customers reported saving money thanks to their purchases.

⁹ The SEC classification typically represents the level of income within a country. It divides the population into five categories with category A being the highest level of income, and E the lowest.

¹⁰ NPS is a market research metric that takes the form of a single survey question asking customers to rate the likelihood that they would recommend a company, product, or service to a friend or colleague. Any NPS score above 0 is 'good' and means customers are more loyal than not. Anything above 20 is considered 'favourable', above 50 is 'excellent', and above 80 is 'world class'.

¹¹ All datapoints in the following section are based on the '2021 survey' (n=240 customers). See 'Sources' on page 20 for more details.

¹² All currency conversions are based on the foreign exchange rate in October 2021.

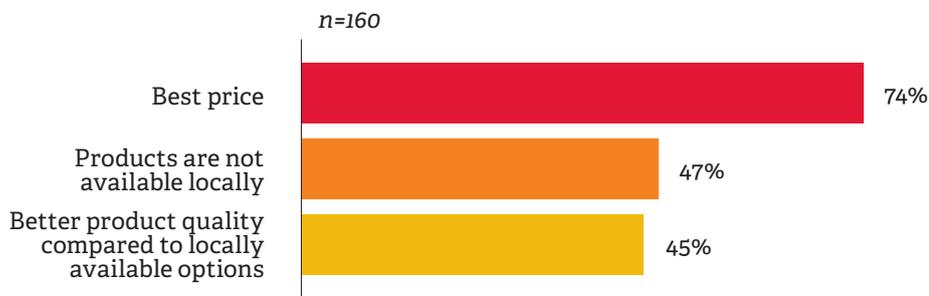


Figure 1: Top three customer survey responses to “Why do you buy from Jumia?”
 Source: Africasium customer survey 2021. * Totals add up to >100% because respondents could give multiple answers

- **Access to quality products:** Figure 1 confirmed the second most important reason for buying on Jumia, mentioned by 47 per cent of customers, was access to better quality products. The third reason for 45 per cent of customers was that the products they bought on Jumia were not locally available. Jumia’s best-selling product categories were also the ones those customers reported as most difficult to find locally (electronic devices, clothing and fashion items, as well as household equipment).
- **Products that generate additional revenue:** Of the total number of customers surveyed, one-quarter (25 per cent) reported that purchases on Jumia helped earn them additional income. This increases to more than 30 per cent of SEC D customers surveyed.
- **Time savings:** As shown in Figure 2, 95 per cent of interviewed customers declared saving time buying products on Jumia. Among them, 20 per cent saved several hours per day, while almost half (45 per cent) saved a few hours per month.

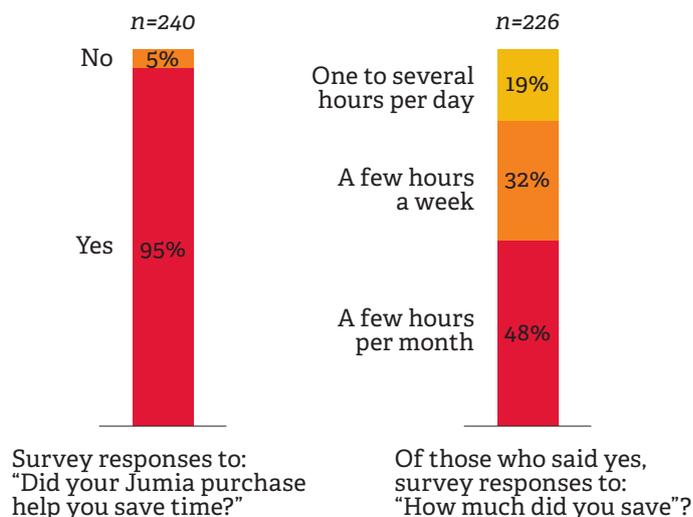


Figure 2: Customer survey responses on time savings thanks to purchases on Jumia
 Source: Africasium customer survey 2021

This is already translating into sales and impact for Jumia agents in secondary cities, driven by the hub-and-spoke 'JForce' and pick-up station model.

- Secondary city pick-up station sales showed the potential for scale, continued growth, and high-value sales. In 2020, sales in secondary cities reached 8 per cent of total JIC sales, despite the roll-out beginning less than two years previously. Moreover, nearly all secondary city pick-up stations showed steady month-on-month sales growth (beyond months with special promotions which typically saw a tripling of sales).¹³
- The hub-and-spoke model enables JIC to overcome key barriers to online sales. Pick-up sales agents are a key portal in secondary cities. Based on the 2020 survey, one of the key reasons non-customers had not purchased from Jumia was a lack of knowledge on how to use the platform (cited by 36 per cent of surveyed non-customers¹⁴), which dedicated agents helped to overcome. Indeed, according to JIC data, sales via pick-up station and JForce agents represented 42 per cent of sales in secondary cities in January 2021, compared to 16 per cent of sales in the major urban centre of Abidjan.
- Pick-up stations benefit financially from their work with Jumia. In January 2020, qualitative field interviews with pick-up stations in secondary cities showed their net profit averaged 217,122 FCEA (€331), going as high as 402,102 FCEA (€613) for those offering 'cash on delivery' payment options to customers, compared to a monthly gross national income (GNI) per capita in Ivory Coast of around €121, which is likely much lower in secondary cities. JIC is also increasingly adding new services that leverage the existing pick-up station network, such as a 'postal service', that represent new revenue-generating opportunities for JForce and pick-up station sales agents.

¹³ JIC data.

¹⁴ 2020 Jumia survey.



03

Pilot schemes

With support from Hystra and BopInc, the JIC team ran three pilot schemes designed to optimise sales and impact in secondary cities:

- Agriculture and farmers
- JWomen
- Training and non-monetary incentives.

These pilot schemes were designed in a co-creation sprint based on in-depth analysis of the Jumia model; relevant external inspiration; and quick prototyping with JForce and pick-up station sales managers via the WhatsApp messaging service.

3.1 Agriculture and farmers

The 2020 survey discovered the agricultural segment was a real untapped opportunity for JIC. Farmers represent about 40 per cent of the total employed population (likely higher in secondary cities)¹⁵, yet in 2020 just 2 per cent of Jumia secondary city customers were farmers (Figure 3). Further, the JForce and pick-up station sales agents surveyed both mentioned agricultural products as the main product category missing on Jumia; 22 per cent mentioned missing agricultural equipment products in the catalogue while 15 per cent mentioned missing agricultural inputs and gardening items.¹⁶



The JIC team ran three pilot schemes designed to optimise sales and impact in secondary cities.



Farmers represent about 40 per cent of the total employed population but made up just 2 per cent of Jumia's customers in 2020.



Figure 3. Share of farmers in population and among Jumia customers in secondary cities¹⁷
 Source of Jumia customers: Africasium customer survey 2020, n=88
 Source of employed population: World Bank, 2019

¹⁵ World Bank, 2019.
¹⁶ 2020 Jumia survey.
¹⁷ 2020 Jumia survey.

A significant market opportunity could be unlocked by combining the right agricultural portfolio with a competitive price, delivered through local, trusted agents: the 'JForcers'. On top of the 'upsell' opportunity with existing Jumia customers, the agricultural portfolio could also provide a great entry point to new (rural) customers who could be converted into loyal Jumia customers. This initiative could also have a significant impact, as the use of productivity enhancing technology has proved to be one of the most effective interventions to increase the income of smallholder farmers.¹⁸

Pilot activities, impact and key lessons

The pilot included three key activities:

1. Engaging key international and domestic suppliers of farm equipment and inputs, including negotiating terms and conditions to secure price-competitiveness and affordability at the end-customer level.
2. Launching an 'agricultural portfolio of products' on the Jumia platform, with clear product descriptions, pricing and delivery terms.
3. Promoting the category through several below-the-line (BTL) activities, including
 - 1) a roadshow 'Caravan' with promotion bicycles that stopped off at cooperatives and breeder associations;
 - 2) Jumia-branded football matches to attract interest and create more awareness; and
 - 3) dedicated flyers on the new catalogue, handed out to both JForce agents and potential customers. These BTL activities were launched in February 2021 in ten secondary cities¹⁹ and then rolled-out across other cities.

While it took several months and iterations to get the product portfolio and pricing right, JIC reported offering up to 55 per cent cheaper pricing for customers than local, offline competitors on top-selling agricultural SKUs within six months of the pilot scheme's launch. Based on the 2021 survey, customers of agricultural products saved more than the average customer, and were more likely to use their purchase to earn income. This may be why 96 per cent of agricultural customers (compared to 87 per cent of all customers) reported being "totally satisfied with the Jumia service" and therefore willing to purchase via Jumia again. Jumia teams reported that agents benefited from higher commissions thanks to the agricultural pilot, particularly thanks to the promotional Caravan that boosted their sales.

Within nine months of the pilot scheme's launch, JIC added more than 3,500 agricultural SKUs to its catalogue and report an additional €120,000 in revenue generated, with over 10,000 items sold. One of the new items (a pesticide spray) featured in JIC's top 10 products sold in its yearly 'Black Friday' promotion. Given the positive results overall, Jumia plans to roll-out the agricultural portfolio further and use the lessons learned to replicate the pilot scheme in other markets such as Kenya and Nigeria.

96%

of agricultural customers were 'totally satisfied with the Jumia service' and willing to purchase from Jumia again.

¹⁸ Hystra Smallholder farmers and businesses report (2015), chapter 2.

¹⁹ The city roll-out was conducted in: Gagnoa, Daloa (Tier 2), Soubré, Vavoua, Oumé, Issia, Bouaflé (Tier 3), Bonon, Diégonefla and Meagui (Tier 4).

Key learnings from the pilot scheme include:

- As with other Jumia product categories, price leadership is key for agricultural products, in part because it helps drive word-of-mouth. As such, JIC kept marketing investments on its new agricultural products to a minimum, instead focused on securing the right supplier deals to offer competitive prices.
- Local Ivory Coast suppliers have a more adapted offer and are likely to find Jumia conditions more attractive than international brands when building the category. JIC started out by engaging large, international brands, assuming they would be most willing to adapt to Jumia's platform-based approach and drive volumes. However, the team soon discovered that lesser-known, local suppliers drove most of the category's volumes in Ivory Coast – and even proved more ready to adapt – than those international brands. Therefore, JIC pivoted to focus on onboarding local suppliers. While some were initially hesitant to join the platform, incentives such as free storage of goods in Jumia warehouses helped bring them onboard. As JIC Chief Executive Officer (CEO) Francis Dufay put it: *"We built the category with 'the guys on the ground'. Once the category is up and running, we know the international players will come with their marketing budgets, but we can't wait for them"*.
- Category-focused campaigns are needed to drive awareness of new additions to the catalogue. Even customers familiar with the Jumia brand were unaware of the wide offering of agricultural products that had recently been added. As Yves-Joël N'Guetta (a JIC headquarters team member involved in running the pilot scheme) highlighted: *"Some potential customers I encountered told me that they wanted to buy certain products not available on Jumia, before I showed them that they were already available on the platform"*.

3.2 Introducing the 'JWomen' concept

Based on the 2020 research, women emerged as a key under-served customer segment for Jumia. Women represented just 9 per cent of JIC's online customers (67 per cent were men, 24 per cent unknown).²⁰ This contrasted with the fact that women are key to purchase decision making in Ivory Coast (for example, around 60 per cent of surveyed customers and non-customers cited women as key to decision making, not only on food but also on electronics purchases).²¹

The 2020 survey identified two key challenges getting in the way of potential female customers purchasing on Jumia:

1. Low awareness of the platform, with 33 per cent of women non-customers reporting they did not know about Jumia versus 15 per cent of men non-customers.
2. Lower familiarity and ease with e-commerce platforms, with only 35 per cent of women customers reporting they were comfortable or very comfortable using their mobile phone to purchase products, versus 51 per cent of male respondents. This helps explain why a higher proportion of women customers in secondary cities turn to JForce or pick-up station sales agents (40 per cent vs 33 per cent for men).

²⁰ JIC data. JIC teams reported that male customers often purchase on behalf of women counterparts, which is not reflected in the available data.

²¹ 2020 Jumia survey.

Women JForce and pick-up station sales agents – who typically sell slightly more to women customers than male sales agents, as shown in Figure 4 – are also under-represented in the JIC network, further inhibiting the potential acquisition of women customers.

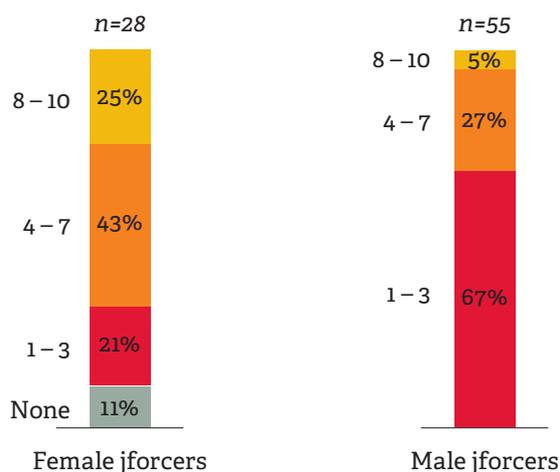


Figure 4: Survey responses to “Out of 10 of your clients, how many are women?”

Source: Africasium agent surveys 2021 (Jforce / Female Jforce deep-dive).

N female Jforcers = 28, N male Jforcers = 55

The combination of these trends led to the development of a new concept: ‘JWomen’. The idea was to recruit, train, brand and support dedicated, women JForce sales agents who could help drive awareness and support potential women customers to order on Jumia, thereby helping to drive women client acquisition.

Pilot activities, impact and key learnings

The JWomen pilot scheme, launched in 10 secondary cities, included five key activities:

1. Profile and recruit JWomen from the existing client base. Jumia specifically aimed to recruit existing loyal customers who were likely to be natural promoters for Jumia, and ideally well-connected women in the community (for example, women running a hair salon). Jumia contacted women that met its profiling criteria via phone-calls, resulting in the recruitment of 65 women to follow the training and become ‘JWomen’.
2. Design JWomen branding and marketing materials targeting women in particular, such as flyers highlighting key products in the beauty catalogue (typically targeting women) as well as banners put up in beauty salons and other locations known to be frequented by women.
3. Organise activation events in targeted locations such as hair salons and at pick-up stations.
4. Build a community of JWomen to enable peer support and exchange using WhatsApp messaging groups.

The JWomen pilot scheme began with great excitement. According to Karine Assemien, the JWomen pilot lead, the recruited JWomen appeared to be “great at establishing trusting relationships with customers”, and “highly valued the tailored branding and training (especially from a female trainer)”.

However, the results proved disappointing. Out of the 65 JWomen recruited to the pilot cities in March 2021 (recruitment of women agents is typically two to five sales agents per month), 44 per cent never became active. By June, just 20 per cent of the recruited JWomen were still actively selling on the platform (as opposed to 41 per cent of other women and men JForcers who started in the same month in the same city), as seen in Figure 5. Also, active JWomen also performed worse than average on both sales and commission than other women in the same cities, with just 17 per cent of active JWomen earning over 10,000 FCFA/month (€15 EUR) compared to 40 per cent of women JForcers recruited at the same time in secondary cities.²²

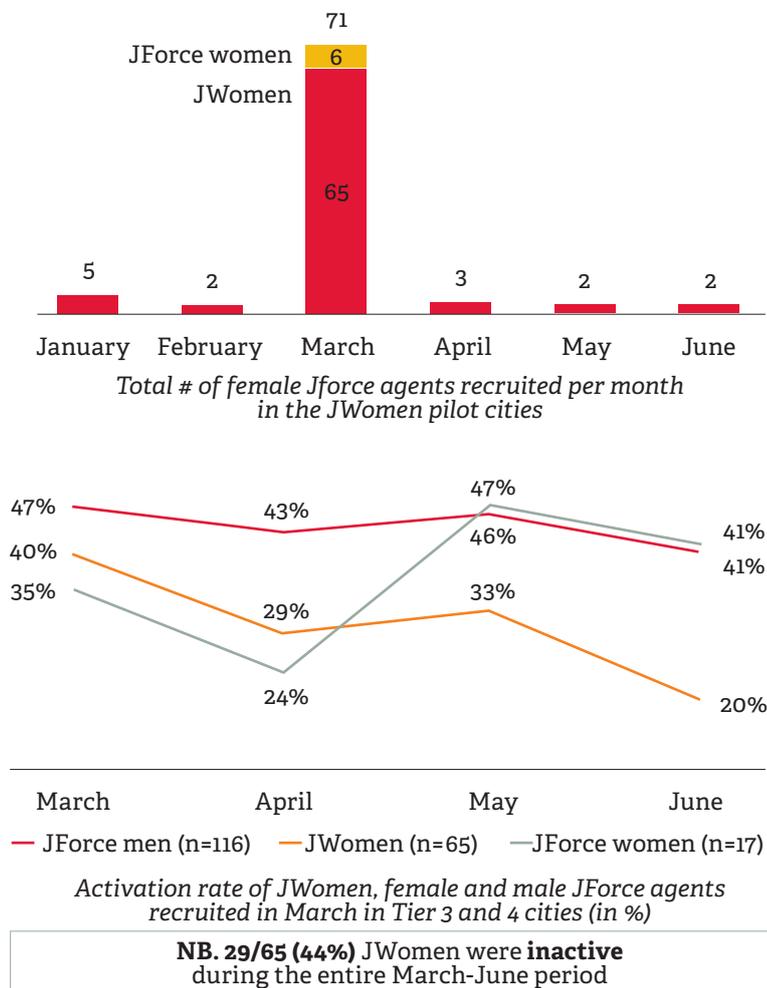


Figure 5: # of female agents recruited (Jan-Jun 2021) and agent activation rate (Mar-Jun 2021)
Source: Hystra analysis on Jumia data. There are 10 Jwomen pilot cities

Further analysis and discussions with the Jumia teams helped identify two possible explanations for the disappointing results, which will help inform future efforts to recruit women agents and drive women customer acquisition:

1. The targeted profile for JWomen was likely ill-suited: Top customers and local influencers targeted during the pilot scheme typically already had other revenue-generating activities that they prioritised over working on the Jumia platform, making the opportunity cost of working for Jumia unattractive. An alternative could be to target entrepreneurial women for whom the JForce commission would be competitive compared to their current earnings, and who would prioritise the JForce agent opportunity among their other obligations. Such profiles could include mobile money agents or currently unemployed women in savings groups and cooperatives who would also have access to an existing network of possible women clients.

22 JIC data.

2. Pilot support and monitoring was too short term: After the March 2021 intervention, the teams at Jumia headquarters were unable to closely manage the pilot scheme, due to competing priorities. As such, following the initial drive to recruit JWomen, the new agents were left largely unsupported. As Eloi de Rudulier, JIC's Chief Marketing Officer, explained: *"We would have needed a more dedicated management resource to oversee the JWomen initiative, to understand what was and was not working and pivot accordingly. If we were to re-run this, that's what we would do".*

3.3 Training and incentives for sales agents

JForce and pick-up station sales agents are a critical channel for Jumia to unlock secondary cities' potential. As noted, customers in these cities are more likely to struggle to access or use digital platforms than in primary cities.

However, the research in 2020 identified three key issues limiting the potential impact of this agent network:

1. The agent incentive structure created dissatisfaction: In 2020, 62 per cent of JForce and 58 per cent of pick-up station sales agents were not satisfied with the revenues generated by their Jumia activity.
2. JForce agent activation rates (agents with at least one sale per month) were low, and Jumia was overinvesting in inactive agents. Out of 28,000 JForce agents in Ivory Coast, only 5,000 were active in 2020. The issue started early, with up to one-third of recruited agents never becoming active within the first six months. As there was no condition to becoming a JForce agent, and every new recruit received an onboarding phone call, this translated into 23,000 phone calls spent on inactive agents. Similarly, the giveaway of Jumia-branded products to JForce agents was driven mostly by the locations in which promotions happened, rather than by the performance (and further potential) of JForce agents.
3. Effective training and support activities were not conducted systematically: only 42 per cent of pick-up station managers and 19 per cent of JForce agents received marketing training, although all JForce and 91 per cent of pick-up station agents who received it deemed it useful. Experiences of other direct sales forces shows that peer exchange and learning across sales agents' networks can be strongly productivity-enhancing.²³ However, aside from the creation of WhatsApp groups, peer learning among JForce and pick-up station agents had not been actively promoted and facilitated. Therefore, Jumia had an opportunity to improve JForce and pick-up station agent satisfaction and performance by amending their onboarding, incentive and training approach

Pilot scheme activities, impact and key learnings

The pilot scheme, which was launched in 14 secondary cities with a subset of agents, included three key deliverables:

1. Developing an amended monetary and non-monetary incentive scheme
2. Optimising the onboarding approach and developing initiatives to focus on best-performing agents
3. Upskilling agents by enabling and encouraging the sharing of best practices

Developing an amended monetary and non-monetary incentive scheme

JIC lowered the threshold at which agents start to receive a commission, to ensure even agents who had only just started selling were incentivised to continue. JIC also set up an online store of Jumia-branded 'goodies', such as t-shirts and caps, accessible to agents at discounted prices as an additional incentive to help them become more credible and recognised within their communities. The platform sold over 300 items in just three months, despite not being actively advertised.

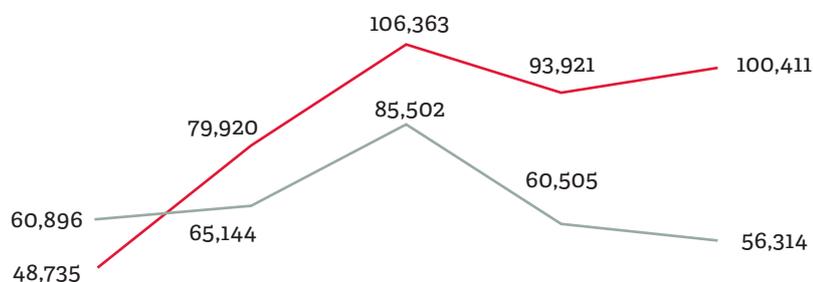


JForce and pick-up station sales agents are a critical channel for Jumia to unlock secondary cities' potential.

²³ MIT D-lab (2015).

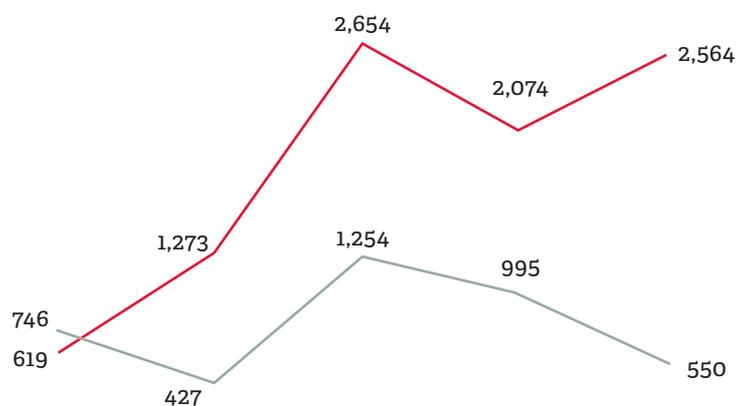
Optimising the onboarding approach and developing initiatives to focus on best-performing agents

JIC launched a new training and recruitment model in a subset of secondary cities, inviting 30 of their top clients to what has promoted as a dedicated, in-person recruitment event. At these events, the Jumia teams issued marketing kits, including flyers and branded goodies, as well as running training sessions where some of Jumia's best-selling agents sharing sales tips and best practices. Agents recruited via this more hands-on approach performed better on both sales and commissions than those who had just received the standard onboarding phone-call, as seen in Figure 6.



— Agents trained by pilot approach (n=70) — Agents trained by previous approach (n=95)

Average NMV achieved by agents recruited in April 2021, in Tier 3 pilot cities (in FCFA)



— Agents trained by pilot approach (n=70) — Agents trained by previous approach (n=95)

Average commissions received by agents recruited in April 2021, in Tier 3 pilot cities (in FCFA)

Figure 6: sales performance and commissions of agents recruited in April 2021, in Tier 3 training pilot cities (FCFA)

Source: Hystra analysis of Jumia data

To top-up its base incentive scheme, JIC also announced exceptional ‘prizes’ linked to big promotional events like Black Friday, whereby the top 10 best-performing agents were given additional bonuses for specific achievements over the three months leading to the event. This initiative was greatly appreciated by the agents – 93 per cent of those who knew of the Black Friday promotional event said it motivated them to sell more on the platform. Finally, Jumia paid top-performing agents to run their own recruitment of new agents, which also helped boost recruitment.

Upskilling agents by enabling and encouraging the sharing of best practices

JIC held large-scale sales conventions with agents to focus on upskilling, which included highlighting best practices from best-selling agents, as well as sharing practices via pre-recorded videos on online platforms and WhatsApp groups. Elisee Alle (JForce and pick-up station sales partner) reported that these in-person events, where the 500 top-performers in the country were invited to join: *“Are a great opportunity for agents to meet and share learnings and contacts with each other”*.



04

What's next?

The roll-out of Jumia's model to secondary cities has also started taking place in multiple other countries, inspired by the model pioneered in Ivory Coast. As JIC CEO Francis Dufay told us: *"Expansion to secondary cities had to happen at some point. In the end, the model currently being pushed has been influenced by the pilot in Ivory Coast, as thanks to this project we have the data showing it's working and explaining how."*

Jumia Kenya, for instance, has recruited around 1,000 pick-up stations (both proprietary and third-party) across 30 cities, and is looking to double that number in the next year. Jean-Jacques Maikere, Chief Marketing Officer of Jumia Kenya, told us: *"We are activating secondary cities following a similar model to JIC, after many discussions on their key lessons learned"*.

While the pilot schemes and opportunities identified in Ivory Coast may not map perfectly onto other countries' contexts – for instance, in Kenya, women already represent a significant proportion of Jumia's customers – the research and methodologies followed to identify those opportunities can certainly be replicated. Jean-Jacques Maikere added: *"It's really interesting to see the type of research and analyses that were conducted to identify high-potential product categories in Ivory Coast, so we'll certainly look into applying that in Kenya"*.

Even within Ivory Coast – beyond exploring how to improve on the pilot schemes described above, in particular around driving recruitment of female agents – there are still several outstanding areas for the Jumia team to explore to help further capture the business and impact opportunity in secondary cities.

For instance, one-quarter of non-customers surveyed in secondary cities in 2020 reported they had not yet heard of Jumia, many of whom were also not aware there was a pick-up station in their city.²⁴ Similarly, according to JForce agents, a lack of clear information on payment options, delivery times and return policies was the top barrier to sales growth for Jumia, as it created frustration among customers and, as a consequence, frustration for those agents tasked with explaining the terms on Jumia's behalf. To address this concern, JIC has started developing visuals, posters and flyers for pick-up station sales agents and JForce agents, clearly outlining Jumia's policies around delivery, returns and payments. It is also planning to run a large-scale radio awareness campaign to better explain the Jumia platform as well as its delivery terms and policies.

We look forward to seeing how the roll-out to secondary cities evolves for Jumia Ivory Coast and beyond, and hope the learnings captured in this document will help equip other organisations to follow in its footsteps.

²⁴ Jumia 2020 survey.



"Expansion to secondary cities had to happen at some point. In the end, the model currently being pushed has been influenced by the pilot in Ivory Coast, as thanks to this project we have the data showing it's working and explaining how"

Francis Dufay, CEO of Jumia Ivory Coast

References

ITU Development. (2018). Achieving universal and affordable Internet in the least developed countries. Retrieved from: <https://www.itu.int/en/ITU-D/LDCs/Pages/Publications/LDCs/D-LDC-ICTLDC-2018-PDF-E.pdf>

Jumia Group. (2021). Company profile on Jumia Group website. Retrieved from: <https://group.jumia.com/>

MIT D-Lab. (2015). Best Practices for BoP Door-to-Door Distribution. Retrieved from: https://d-lab.mit.edu/sites/default/files/inline-files/BoP_D2D_pages_v12.pdf

Statista. (2022). Leading online marketplaces in Africa as of April 2021, based on number of monthly visits Retrieved from: <https://www.statista.com/statistics/1243149/monthly-visits-on-main-online-marketplaces-in-africa/>

TechCrunch. (2021). Retrieved from: <https://techcrunch.com/2021/10/07/backed-by-greycroft-klasha-gets-2-4m-to-improve-cross-border-commerce-in-africa/>

UNCTAD. (2018). NAIROBI MANIFESTO on the Digital Economy and Inclusive Development in Africa. Retrieved from: https://unctad.org/system/files/official-document/Africa-eWeek2018_NairobiManifesto_en.pdf

UNICEF and UN Habitat. (2020). Analysis of Multiple Deprivations in Secondary Cities in Sub-Saharan Africa. Retrieved from: <https://www.unicef.org/esa/media/5561/file/Analysis%20of%20Multiple%20Deprivations%20in%20Secondary%20Cities%20-%20Analysis%20Report.pdf>

Data sources

- **2020 survey:** Field survey with multiple audiences delivered by Africasium in Ivory Coast, which included interview questions with participants in 30 secondary cities where Jumia operates. The samples included: customers (n=88); non-customers (n=171); JForce agents (n=52) and pick-up station agents (n=26) as well as local retail shops (n=60).
- **2021 survey:** Field survey, also led by Africasium in Ivory Coast in the same 30 secondary cities as the 2020 baseline survey. The sample included: customers (n=240), JForce agents (n=60), pick-up station agents (n=30) as well as local retail shops (n=59). Africasium also ran a dedicated survey with 'JWomen' (n=30) – female agents recruited as part of the 'JWomen pilot' that was run under this project in ten secondary cities.
- **Qualitative field interviews:** Field interviews led by Hystra in multiple secondary cities with customers, non-customers as well as pick-up sales and JForce agents, in 2020
- **Qualitative interviews with Jumia:** interviews conducted by Hystra and Bopinc teams with Jumia IC HQ team, including top management and field representatives leading pilot implementation, as well as one interview with Jumia Kenya HQ.
- **Jumia IC data:** analysis conducted by Hystra on datasets and insights shared by the Jumia IC HQ team, including but not limited to sales performance (across multiple sub-groups, e.g. per city type, per channel; per agent; etc.), product price-points; agent commissions; etc., for the period between January 2019 to November 2021.

Other reports in our Insight series:

What we've learnt about the affordability of food: evidence from Zambia

How does an online supermarket in India impact farmers?

What's the impact of sustainable farming on smallholder suppliers in Ethiopia?

What's the impact of modern rice farming in Nigeria?

How can our investments make a difference to people living in poverty?

What is the impact of investing in financial systems?

What is the impact of investing in connectivity?

What is the impact of investing in power?

What's the impact of online higher education in Africa?

To view the rest of our Insight series visit:

bii.co.uk/insight

For further information:

► **British International Investment**

Alex Kucharski
akucharski@bii.co.uk
bii.co.uk/insight



British
International
Investment

Supported by:



Emile Schmitz
schmitz@bopinc.org



Lucie Klarsfeld
lklarsfeld@hystra.com