

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

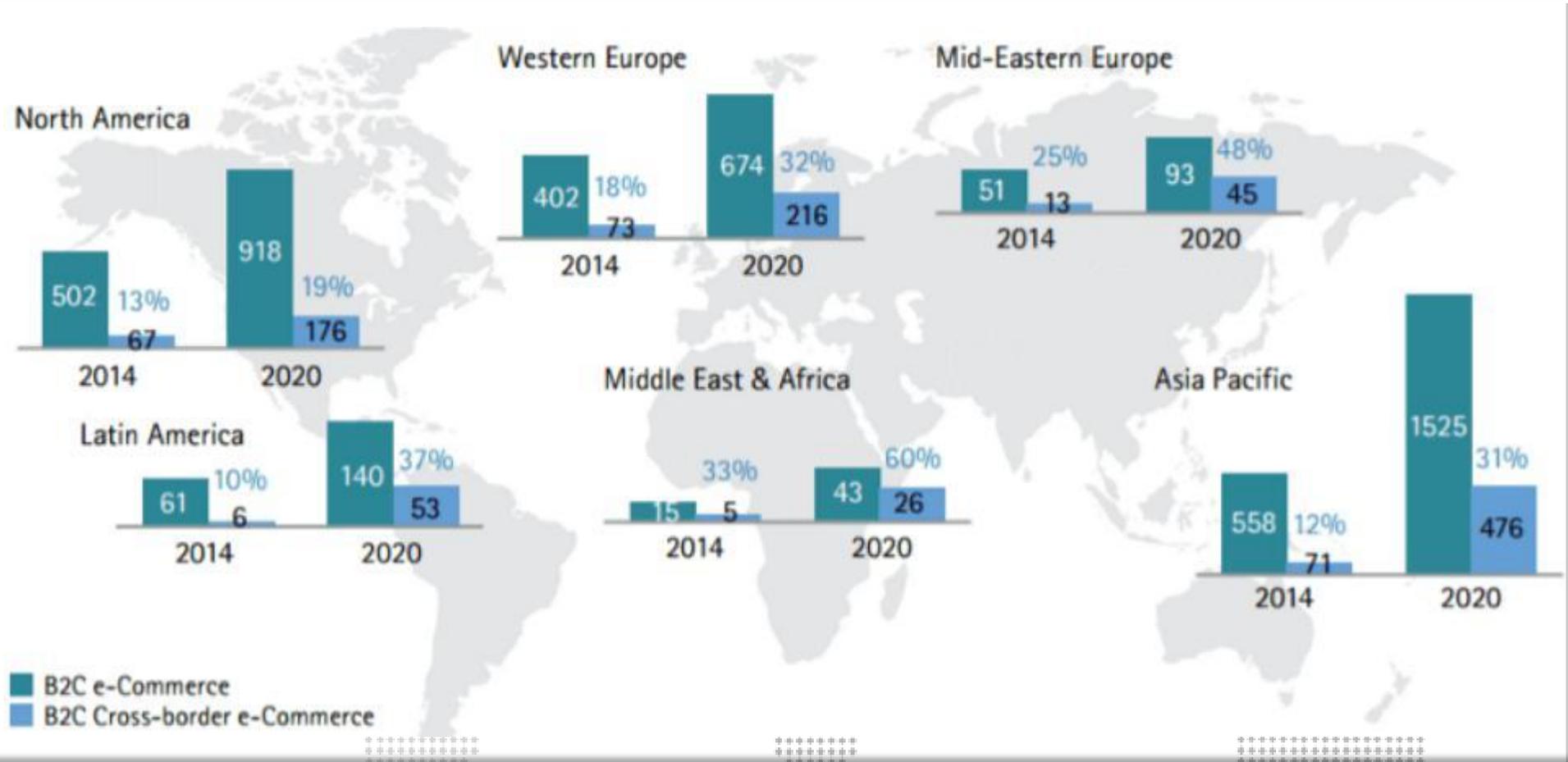
4 Marketing & Branding

5 Logistics

6 Payments

E-commerce market potential in Africa

B2C sales (2014-2020) in Billions of USD



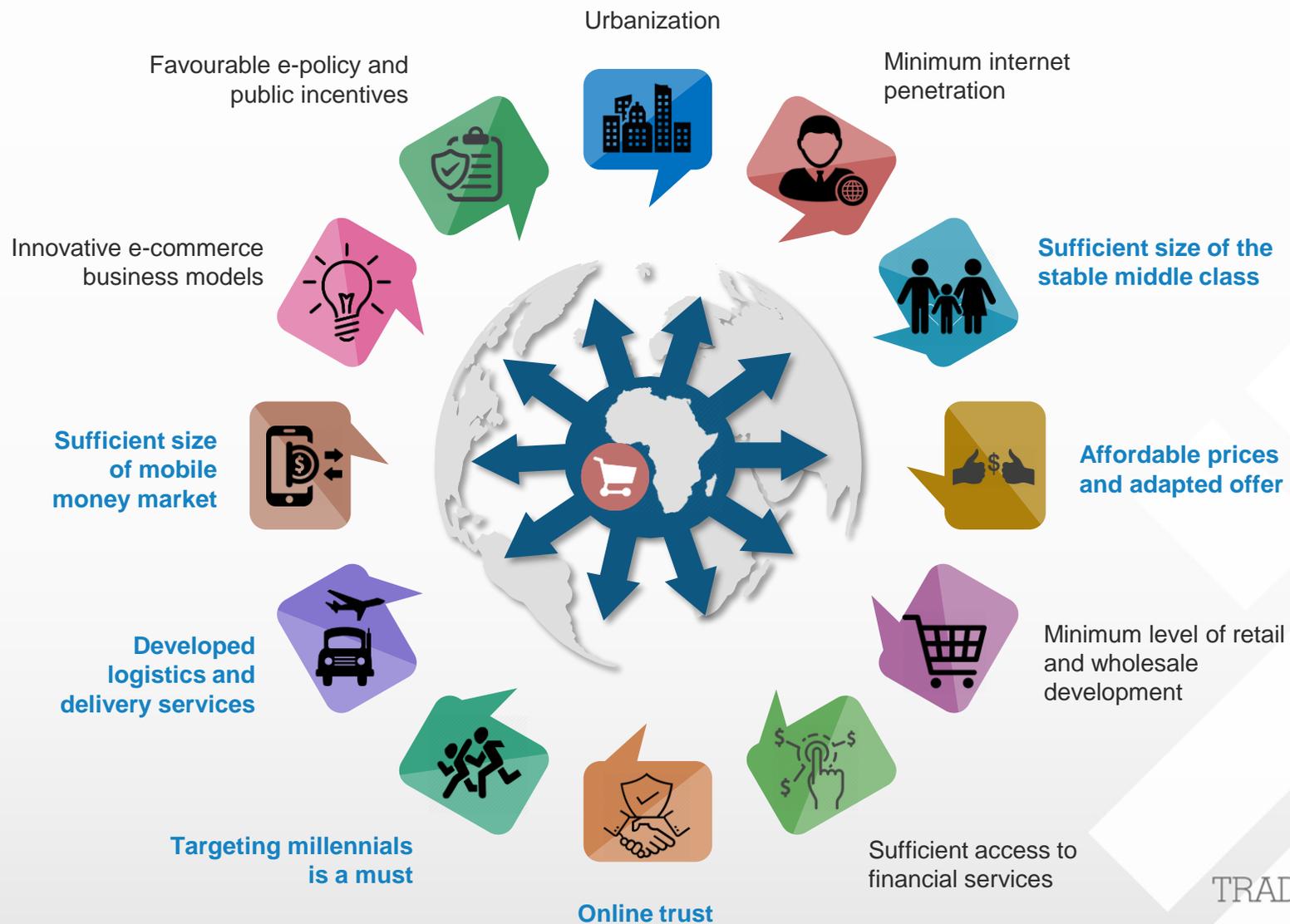
■ B2C e-Commerce
■ B2C Cross-border e-Commerce

Source: Accenture (2018)

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.

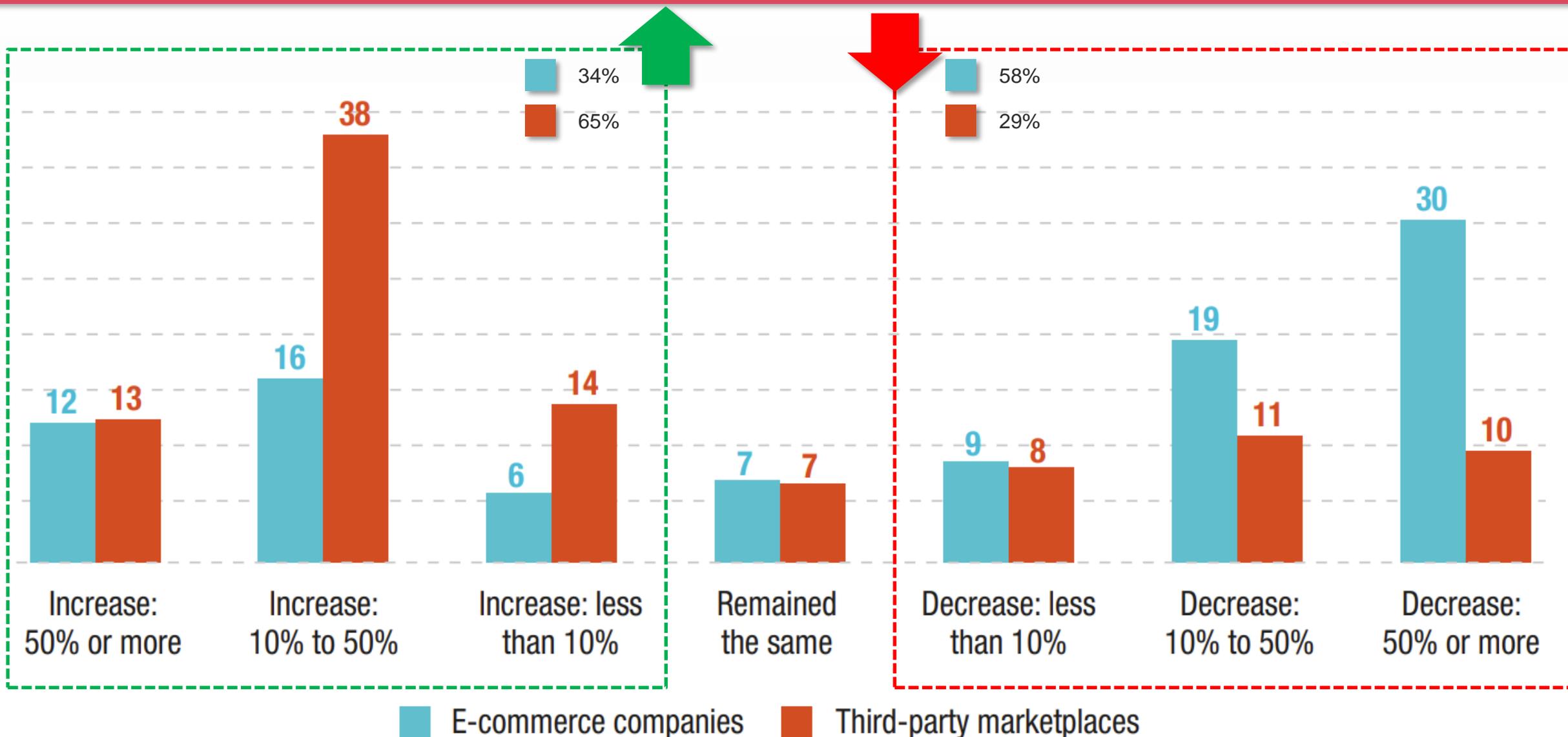


12 success factors e-commerce in Africa



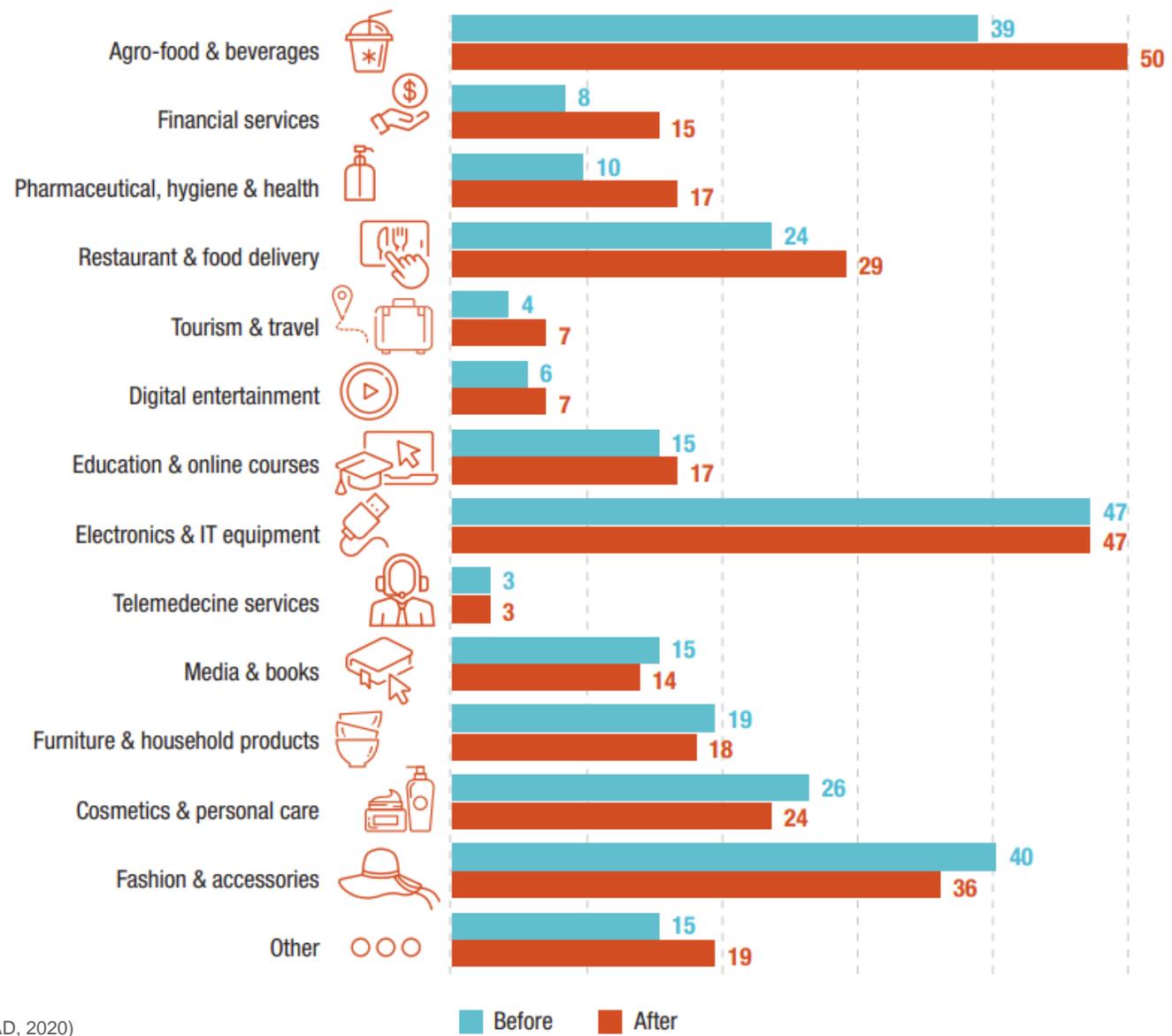
Impact of COVID-19 crisis on monthly e-commerce sales (%)

Overview in Africa and Asia-Pacific



Top 5 sales categories before and after COVID-19 (%)

Third-party marketplaces



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

Growth opportunity for Africa



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



Offer & demand

Knowledge of market demand

Example of Rwanda



Source: ITC (2018)

Cross-border trade requires a better knowledge of markets, what buyers need and want, at what price, at what quality and at what time

Offer & demand

Key demotivators for online purchase

Example in Rwanda



Promotion & online trust

Issues

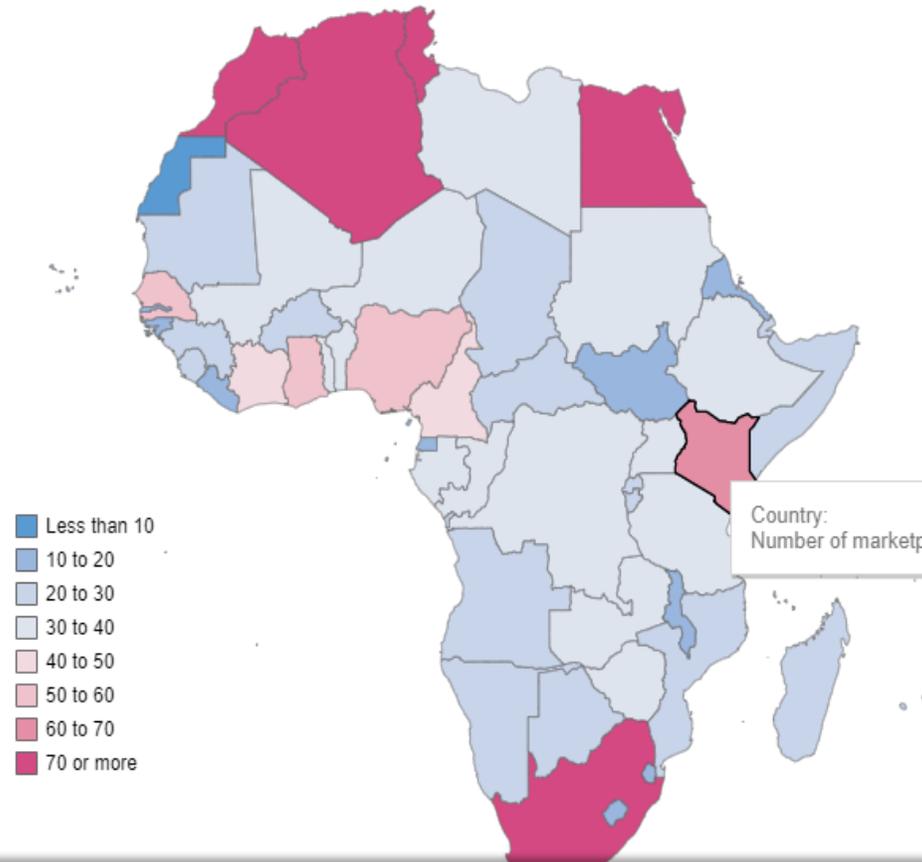
- Perception that promotion is not needed
- Perception of high cost of promoting one's website, when one's brand is not well-known
- Difficulty to be found on the Web by buyers
- When found, difficulty to be trusted by buyers ?



Marketplace activity in Africa

<https://ecomconnect.org>

Number of marketplaces per country, 2019



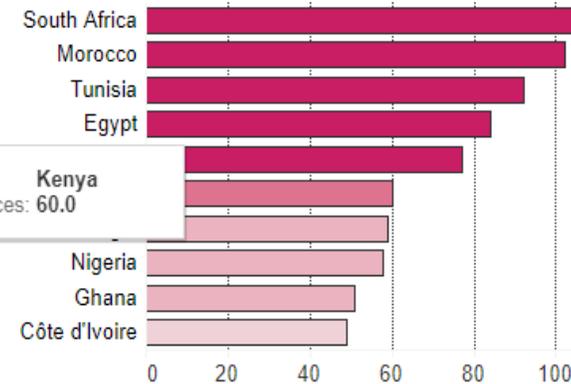
Tip!
Use the filter to switch between marketplace activity and performance metrics.

SELECT MEASURE:

Number of marketplaces

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.

Top 10 countries by Number of marketplaces, 2019



About the indicator

This overview shows the total number of websites (urls) of business-to-consumer product marketplaces per country in 2019.

Source: ITC

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

Promotion

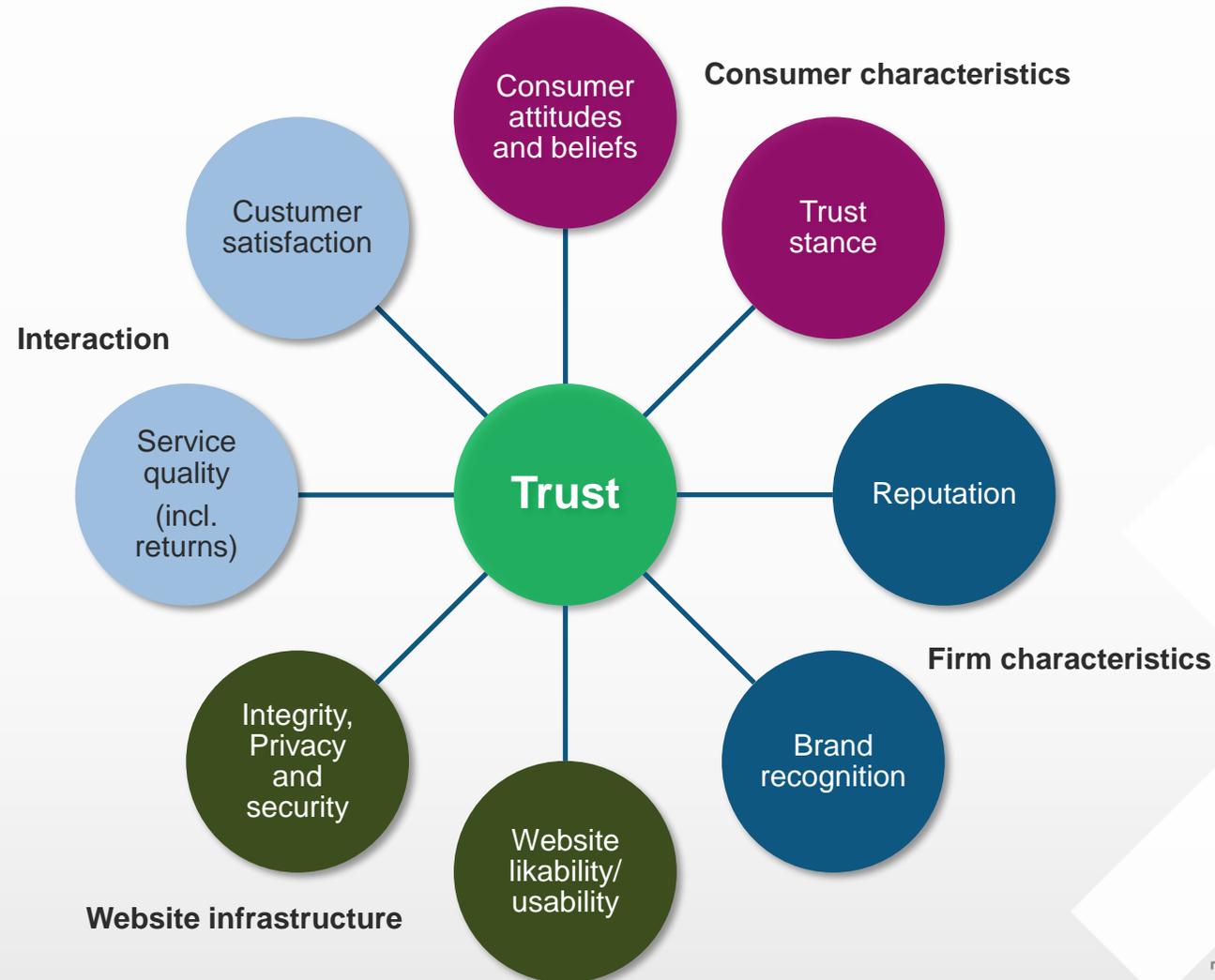
Reaching out to the customers



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



Online trust

E-commerce Trustmark – www.safe.shop



Safe.ShopTM

The Global Ecommerce Trust Mark

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



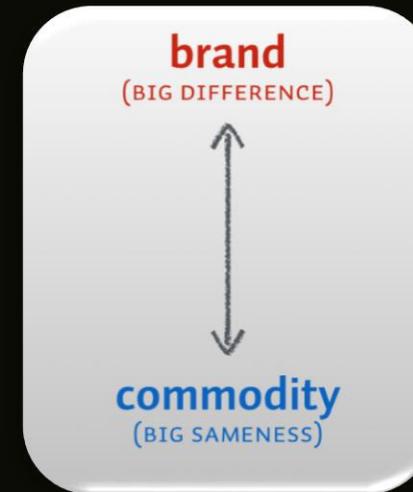
Marketing & Branding

1.9

Number of times on average profits are multiplied when a company develops a strong brand

McKinsey

Marketing & Branding



"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

Marketing & Branding

Importance of branding in B2B



Source: How B2B brands talk past their customers, McKinsey & Company (2014)

B2B customers across industries recognize that brand influences their decision



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.

Marketing & Branding

Attitude of suppliers towards branding



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

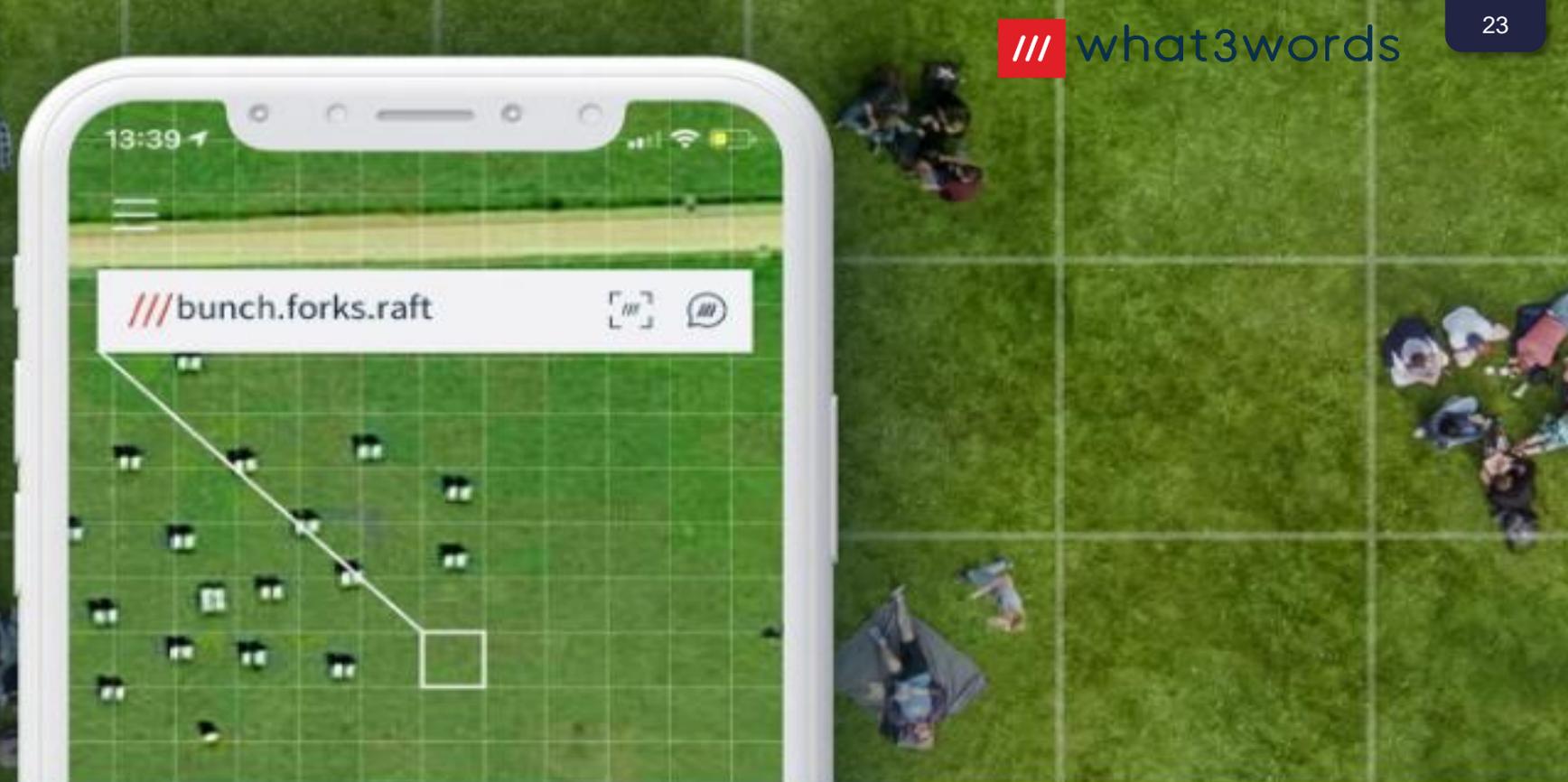
Issues

- 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

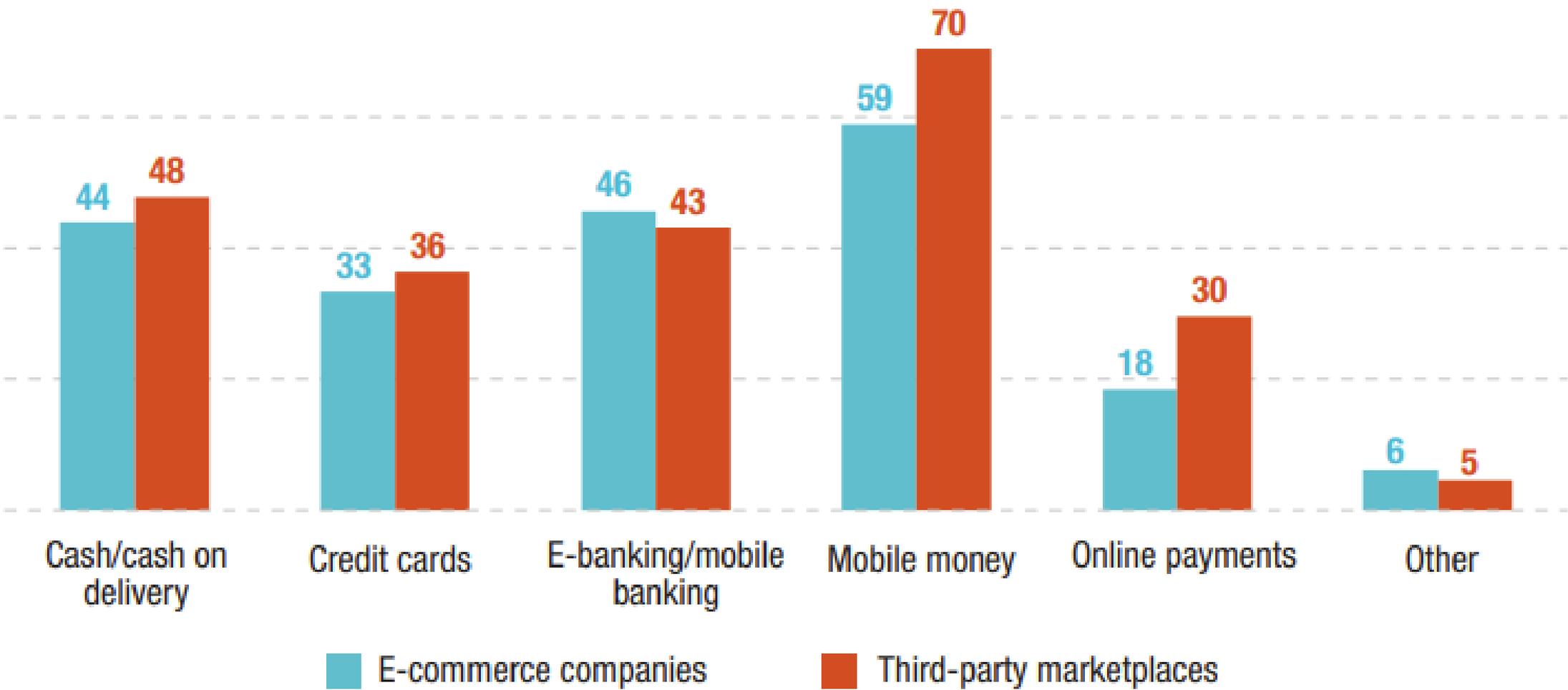
Issues

- High transaction fee from third parties
- High risk for cash on delivery payment
- Lack of interoperability of systems

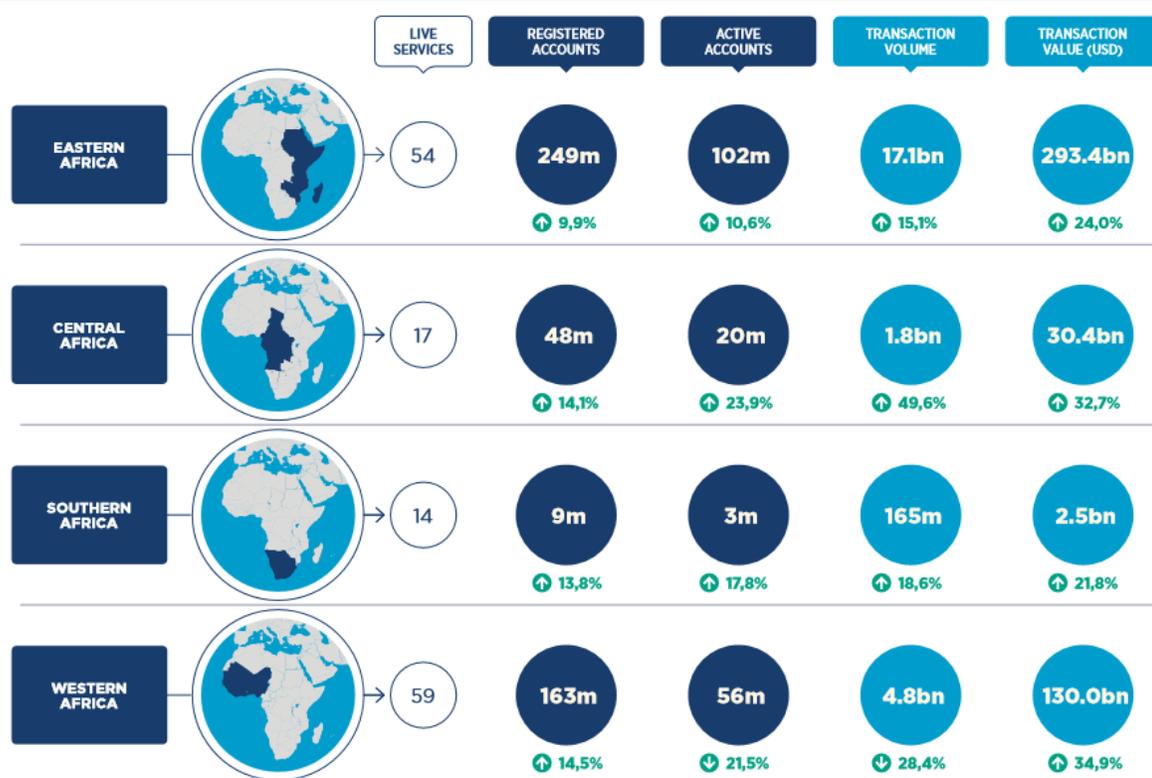


Highest growth of payment methods during COVID-19 crisis (%)

23 countries in Africa and Asia-Pacific



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

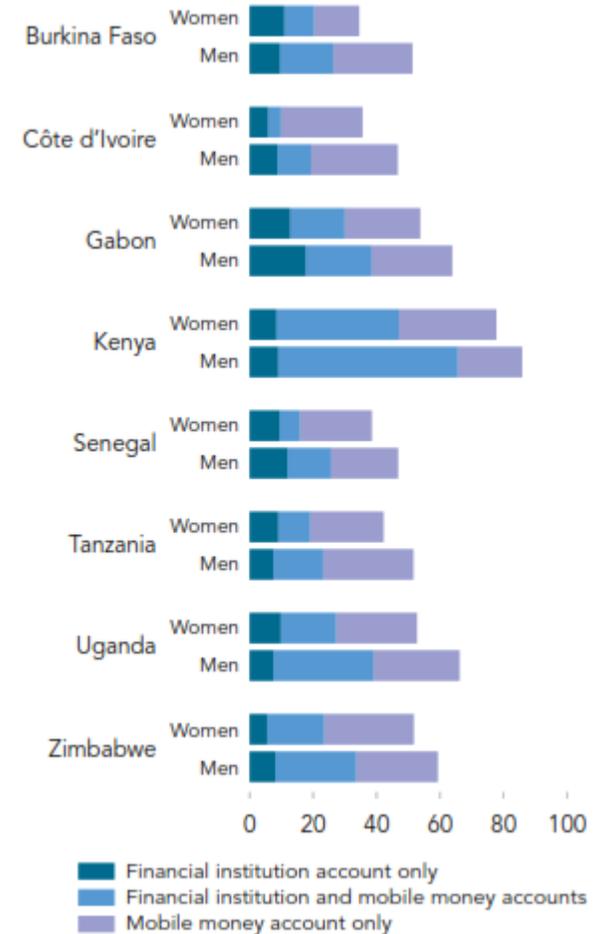
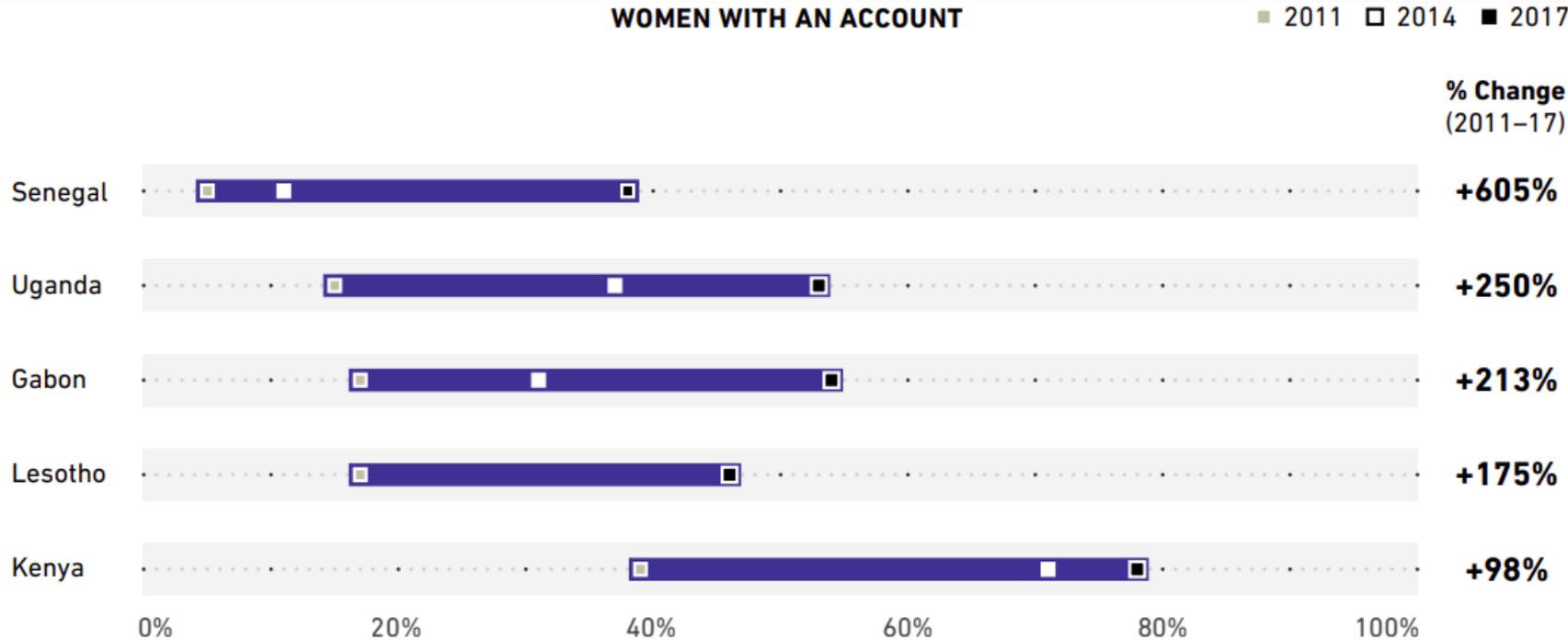


Source: State of the industry report on mobile money (GSMA, 2019)

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

Mobile money offers financial inclusion to women & a strong potential for e-commerce

WOMEN WITH AN ACCOUNT



Leapfrogging and mobile money

- 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

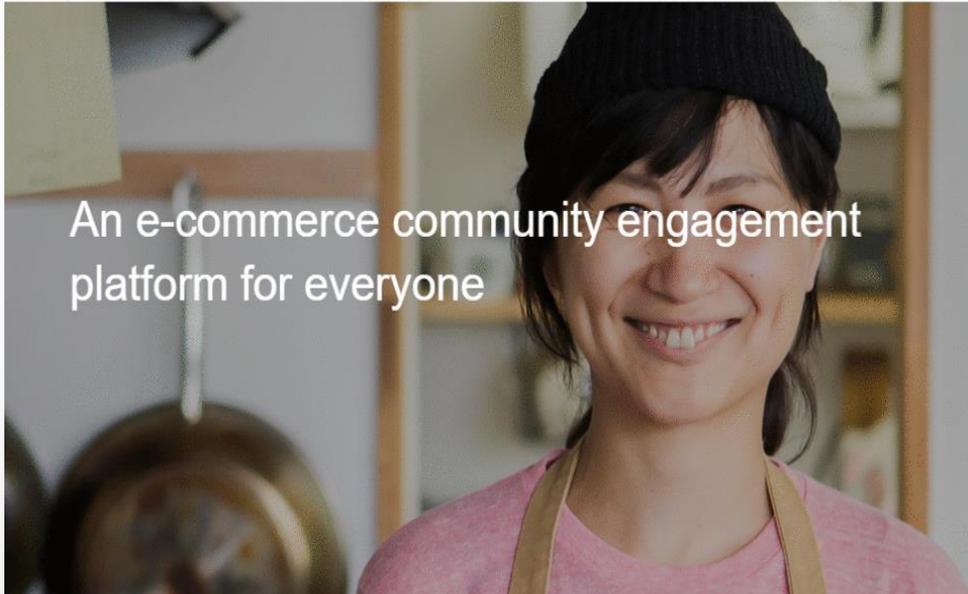


ITC's ecomConnect platform and tools

<https://ecomconnect.org>



ecomConnect



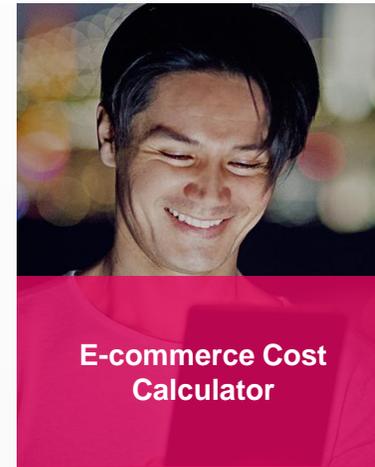
An e-commerce community engagement platform for everyone

ecomConnect Community Management Platform

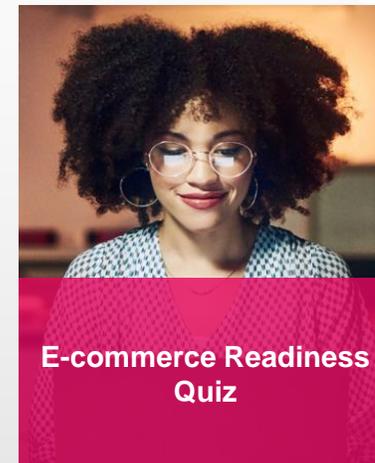
Connect with your peers across the world, Ask the expert, Share information, e-learning and data on e-commerce



E-commerce Marketplace Africa



E-commerce Cost Calculator

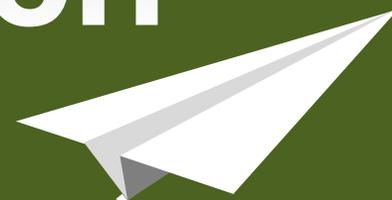


E-commerce Readiness Quiz



Thank you very much

International Trade Centre (ITC)



Sébastien Ioannitis-McColl

Expert in e-commerce, marketing, branding
Project Manager

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How to Export with the AfCFTA

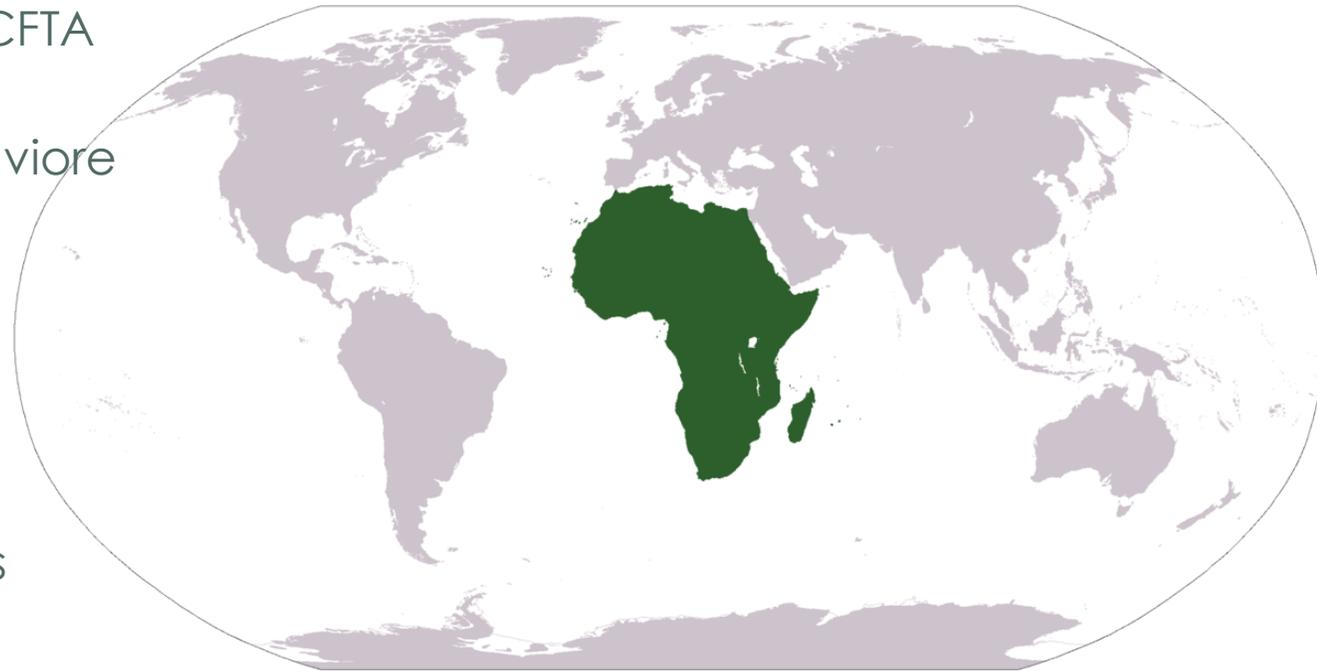
What is the How to Export with the AfCFTA project ?

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

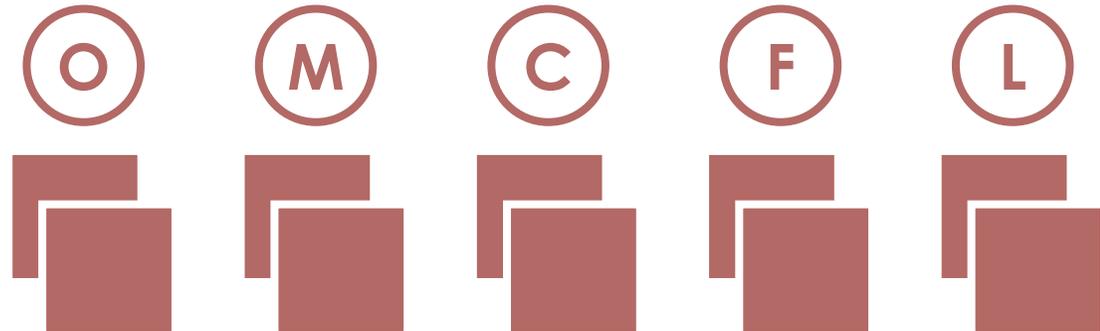
7 core modules

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

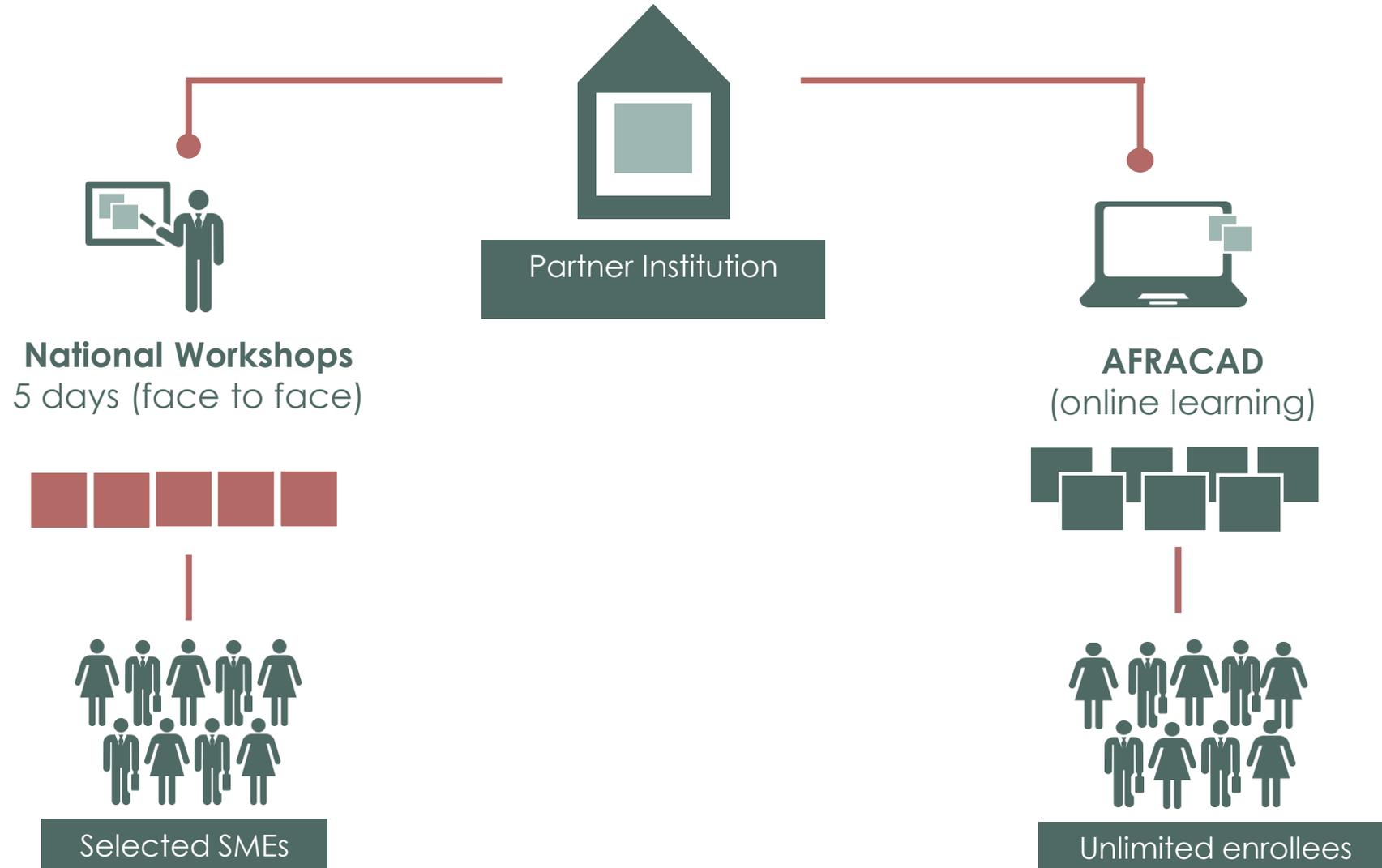
Developing an
African Market

African Market
Access
Conditions

Financing Intra-
African Trade

Intra-African
Logistics

How will it be delivered?



Roles and responsibilities



develop contents



Curriculum

design workshops
train trainers



Partner's trainers

set up AFRACAD



AFRACAD

Promotional materials



Promotion to SMEs

localize contents

assign trainers,
organize workshops

enroll learners

Promote



Partner Institutions

AFRACAD



AFRACAD

How To Export With the AfCFTA?

Community

Catalogue

Profile

Courses in English



Preparing for Intra-African Trade

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Developing your African Markets

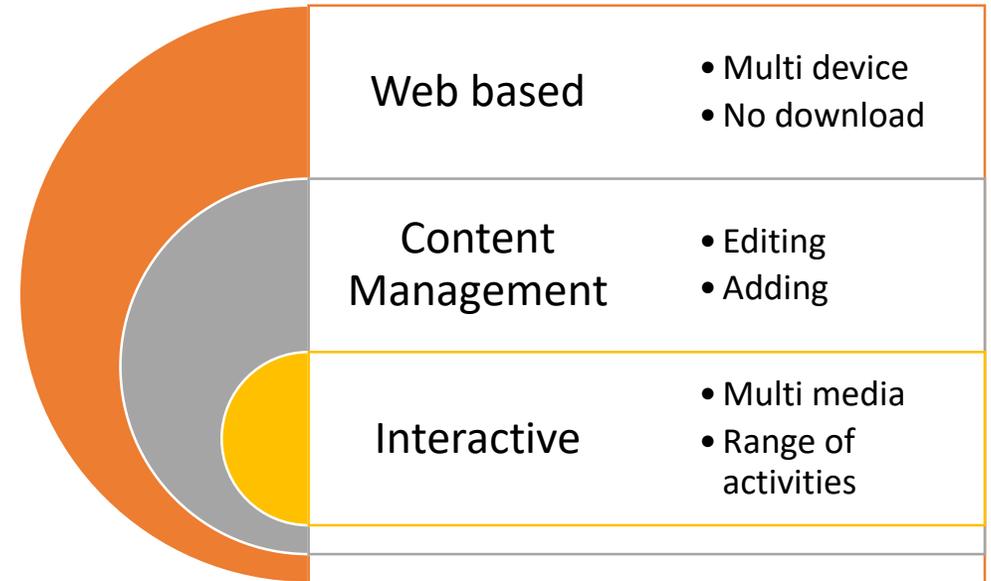
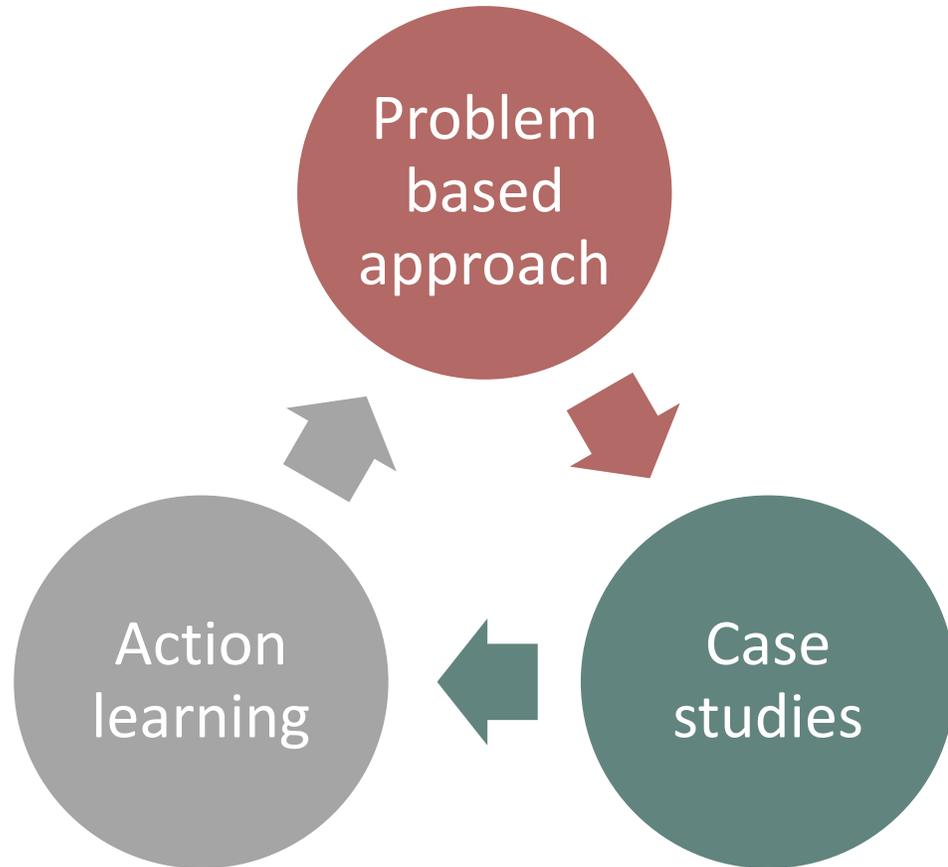
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Export Operations

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Worksheet Methodology



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

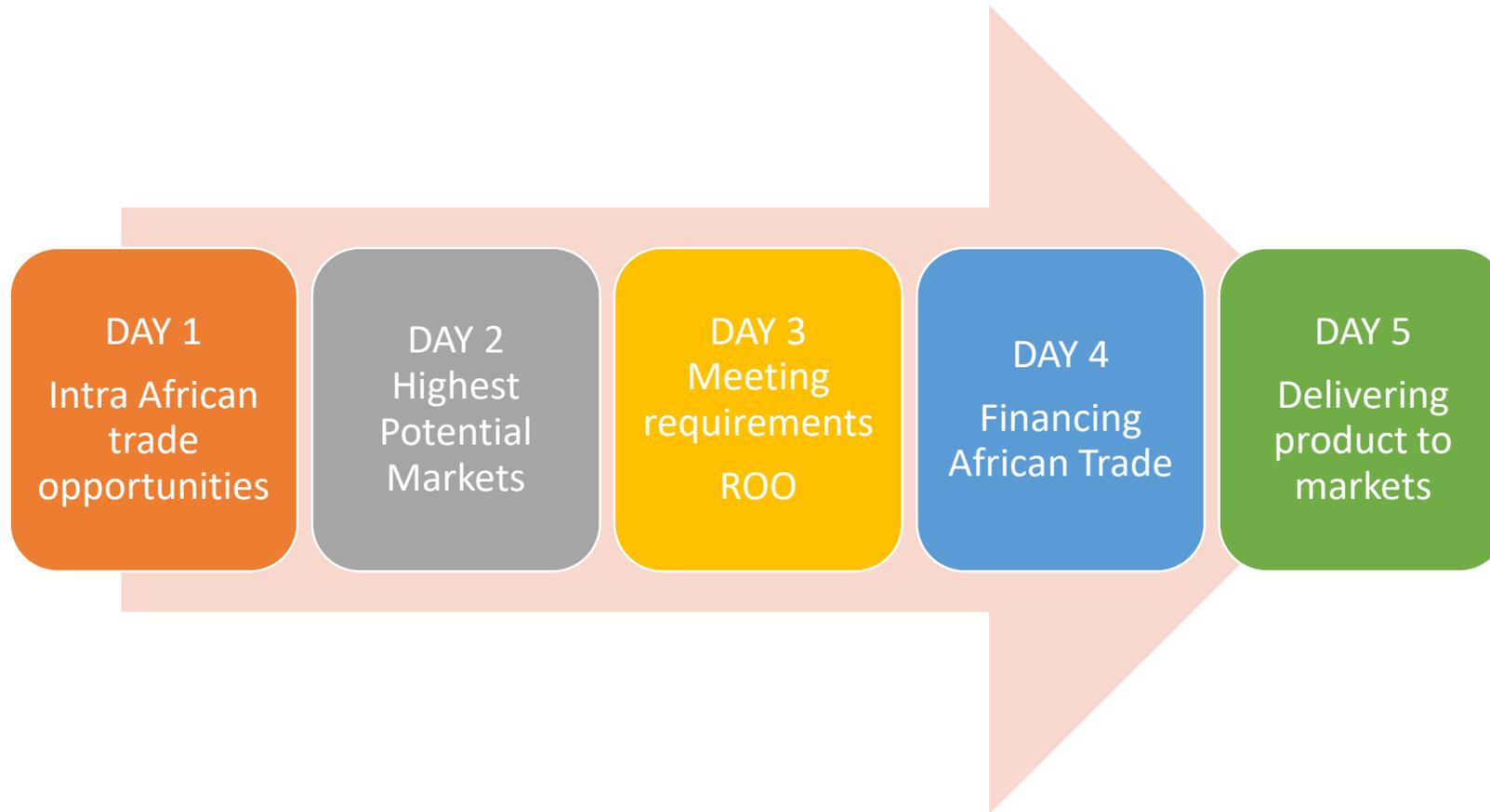
Workshop

Local/sectors

Exercises

Service
providers/Policy

National Workshops



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

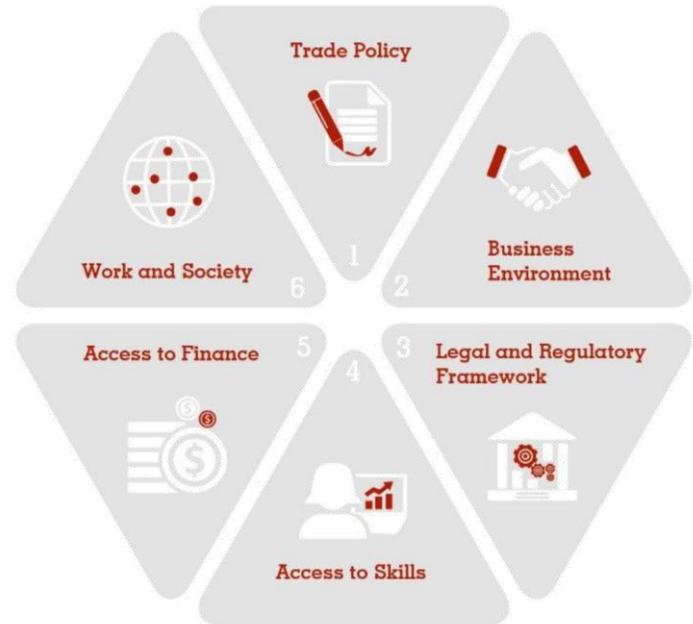
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SheTrades Outlook



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



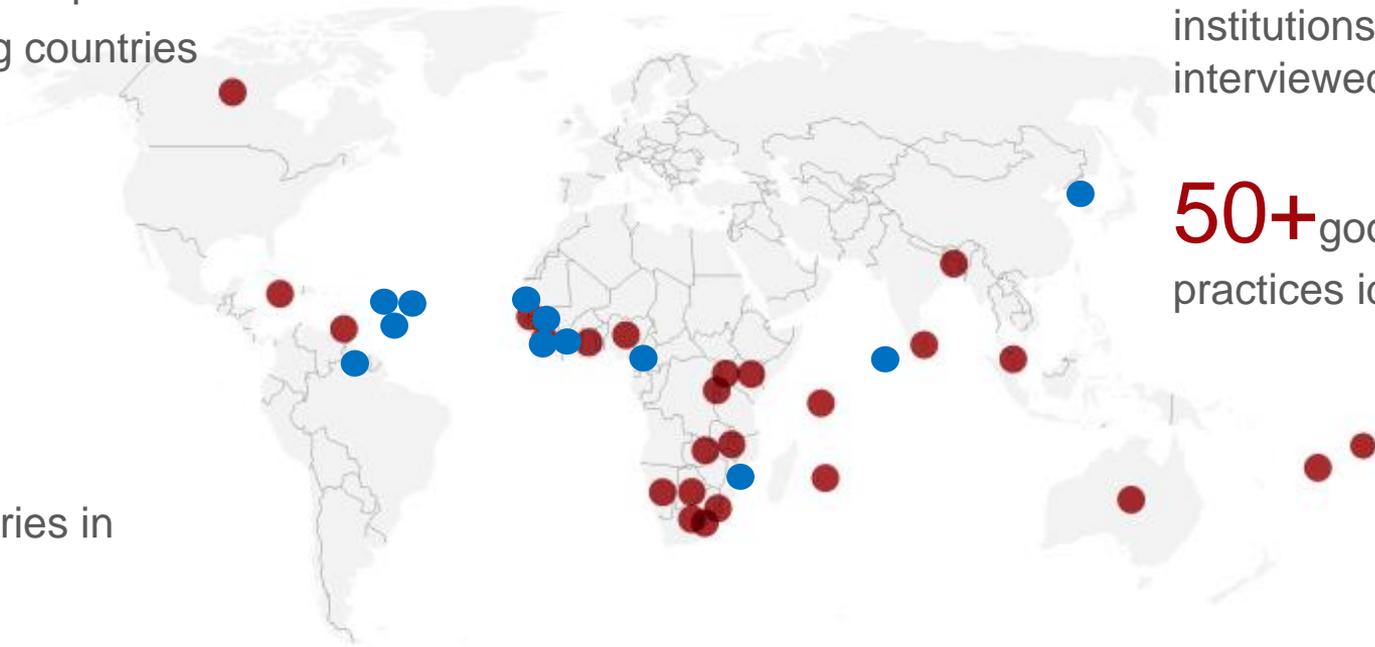
SheTrades Outlook – Highlights

25 developed and
developing countries

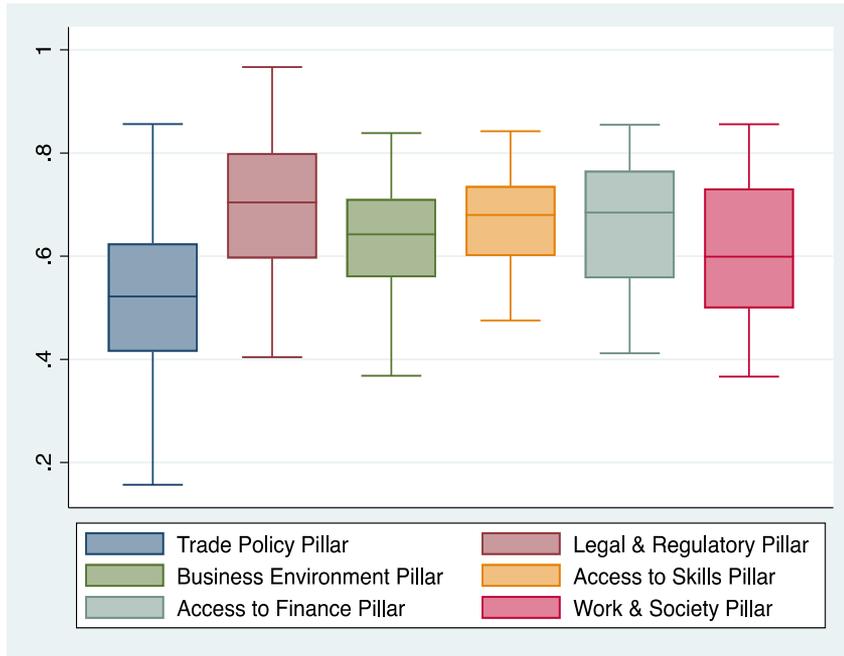
500
institutions
interviewed

50+ good
practices identified

10+
new countries in
2021



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

22

institutions
interviewed



1	Confederation of Zimbabwe Industries (CZI)
2	Cross Border Traders Association of Zimbabwe
3	Ministry for Primary and Secondary Education
4	Ministry of Agriculture
5	Ministry of Finance and Economic Development
6	Ministry of Foreign Affairs and International Trade
7	Ministry of Higher and Tertiary Education, Science and Technology Development
8	Ministry of ICT Postal & Courier Services
9	Ministry of Industry and Commerce
10	Ministry of Justice, Legal and Parliamentary Affairs
11	Ministry of Public, Service, Labour and Social Welfare

12	Ministry of Women Affairs, Community and Small Medium Enterprises
13	National Trade Development and Promotion Organization of Zimbabwe
14	Procurement Regulation Authority of Zimbabwe (PRAZ)
15	Reserve Bank of Zimbabwe
16	SME Association of Zimbabwe
17	Women's Alliance of Business Associations in Zimbabwe (WABAZ)
18	Zimbabwe Investment Development Authority
19	Zimbabwe Microfinance Bank
20	Zimbabwe National Chamber of Commerce
21	Zimbabwe National Statistics Agents (ZimStat)
22	Zimbabwe Revenue Authority

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:

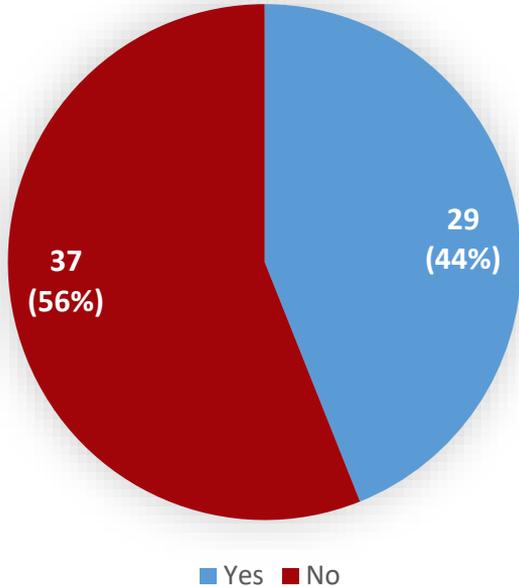
- develop and bolster inclusive women’s economic empowerment programmes
- increase the participation of women in public and private procurement
- facilitate compliance issues
- provide capacity-building and incentive schemes with clear target groups
- support the collection of internationally comparable data on women’s participation in the economy and entrepreneurship.

SheTrades: Empowering Women in the AfCFTA

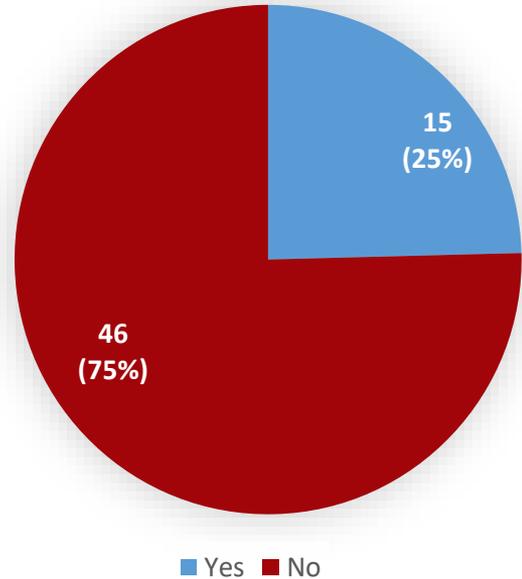


Survey of 70 African Women's Business Associations

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



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



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](https://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)



www.shetrades.com



womenandtrade@intracen.org



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