Case study: Jumia and MTN: the synergies behind Africa’s leading eCommerce venture

In December 2013, MTN, together with Millicom and Rocket Internet, became a 33.3% stakeholder in Africa’s e-commerce and digital services company Jumia Group (formerly Africa Internet Group (AIG)). MTN has since invested an additional $143 million in Jumia Group, increasing its stake to 41.4 percent. Jumia’s services include Jumia (e-Commerce), Jumia Market, Jumia Travel, Jumia Food, Jumia Deals, Jumia House, Jumia Car, Jumia Jobs, and Jumia Services.

Sources: Jumia, MTN

The investment Jumia received from MTN fast-tracked its expansion into new countries and industry verticals. The collective strength of the joint venture has since attracted new investors, such as Orange, AXA, Goldman Sachs, and CDC. Additionally, the operator zero-rated Jumia’s websites in Ivory Coast and Nigeria, allowing MTN subscribers to access them without incurring any mobile data cost.

MTN has capitalised on Jumia’s strong online sales channels. In Nigeria, around 700,000 smartphones are sold online each month by Jumia (2015), making it the largest seller of smartphones in the country. Having an established online distribution channel gives MTN a competitive advantage over other operators in the market.

MTN Mobile Money APIs were integrated across Jumia’s platforms to help the eCommerce firm overcome the challenges of low credit card penetration. The integration accelerated the share of mobile payment users in Jumia’s customer base.

The exclusive offers granted to MTN subscribers via Jumia have contributed to growth in MTN Mobile Money and mobile acquisitions. Additionally, the collaboration has given MTN the opportunity to showcase its SME services to Jumia Market sellers.

Jumia has been able to take advantage of MTN’s broad range of flagship stores and retail outlets as delivery points in Nigeria, Ivory Coast, and Cameroon.

The companies have combined efforts to launch joint marketing and cross-promotion initiatives. In Nigeria, for example, two TV campaigns were launched. The companies have also pursued a series of below-the-line (BTL) marketing campaigns via SMS, giving MTN customers access to Jumia discounts.

In addition to the synergies created from the partnership, MTN and Jumia have collaborated to launch the “MTN Entrepreneurship Challenge powered by Jumia”, a competition that saw 1,526 start-ups from 26 African countries apply and three winners be awarded financial and in-kind support from MTN and Jumia.

Sources: Jumia, MTN