Joonaak: Helping small merchants navigate logistics challenges and benefit from e-commerce in Cambodia

E-commerce in Cambodia has experienced serious growth over the last few years, due in large part to growing smartphone penetration, which currently stands at 43 per cent, up from 13 per cent just five years ago.1 Despite this progress, Cambodia ranked just 115 out of 144 in the UNCTAD B2C E-commerce Index 2017, lagging behind other countries in the region, such as Indonesia (49), Vietnam (74) and Thailand (101).2 Meanwhile, microbusinesses (those with under 10 employees, mainly small merchants) account for almost 97 per cent of businesses in Cambodia.3 One of the most significant bottlenecks these small merchants face in Cambodia is ‘last-mile’ logistics, due to the lack of an established postal service and an inconsistent address system.

To tackle this problem, Joonaak launched a web-based last-mile delivery service for small merchants in March 2015. The start-up uses web and mobile technology, a fleet of motorcycles and warehousing facilities to help small merchants solve their logistics issues. Joonaak’s solution allows merchants to track sales and generate reports through a web-based order management system. Joonaak also provides a holistic logistics solution to merchants through packaging and warehousing services. As of June 2018, Joonaak had 12 drivers, 167 active small merchants on its platform and was delivering more than 3,000 packages per month.

Joonaak has developed a mobile service for small merchants and their customers to request and track deliveries. This is Joonaak’s user journey:

1. Merchant submits a request through Joonaak’s mobile-responsive website or mobile app to have their inventories picked up.
2. Joonaak’s driver picks up the inventory at the small merchant’s shop or home. The inventories are then taken to Joonaak’s fulfilment centre for warehousing and packaging.
3. When the merchant sells an item online, they create a delivery request in the mobile application by either selecting an existing customer from the database or filling in new customer details (name, customer’s mobile number and address).
4. Joonaak packages the item(s). If the merchant does not store their inventory with Joonaak, they have the option to print the delivery request summary using Joonaak’s subsidised Bluetooth printer and attach it to the package. This allows Joonaak’s driver to identify the package easily during pick-ups.
5. Once a delivery request from a merchant is received, Joonaak initiates contact with the merchants’ customer via SMS or a voice call to agree on a delivery time and place.
6. The merchant and the customer can track the parcel through Joonaak’s mobile platform.
7. Joonaak’s delivery driver transports the item(s) to the customer, collects a cash payment and provides them with a receipt.
8. The delivery status is updated by the driver on the mobile platform as ‘Delivered’ after payments are collected and receipts are printed.
9. Joonaak bills the user a service fee based on the location of the delivery.
10. Joonaak transfers the balance collected from the customer (minus a service fee) to the merchant via cash or bank transfer on a weekly basis.

1 GSMA Intelligence data, https://www.gsmai nelligence.com/
2 UNCTAD B2C E-commerce Index 2017
In February 2018, Joonaak received a grant from the Ecosystem Accelerator Innovation Fund to expand its operations and customer base, as well as to design and launch a mobile app version of their web-based application. The mobile app allows Joonaak, merchants and their end-users to monitor and track orders more seamlessly.

By the end of the grant in April 2019, the project aims to deliver direct economic benefits to about 650 merchants and their families, in addition to around 100,000 e-commerce shoppers. Beyond the funding, GSMA will also support Joonaak in strengthening relationships with mobile operators in Cambodia.