



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.

MOBILE OPERATOR	HAVE	FINANCIAL AND PHYSICAL ASSETS 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.	FINANCIAL SUPPORT (IN CASH AND IN KIND)	START-UP
		RELEVANT PAYMENT CHANNELS 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.	ACCESS TO MASS PAYMENT CHANNELS	
		WIDE SALES AND DISTRIBUTION NETWORK 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.	ACCESS TO CUSTOMER TOUCHPOINTS	
		BRAND RECOGNITION AND TRUST 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.	BRAND EXPOSURE AND TRUST	NEED

\$150m
revenue in 2015

1.6M
active customers

30k
sales agents network across Africa

4k
direct jobs created since 2013

22
countries across Africa

START-UP	HAVE	MOBILE-CENTRIC APPROACH 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.	GROWTH OF CORE REVENUE	MOBILE OPERATOR
		INNOVATIVE & HIGH-IMPACT SERVICES 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.	CUSTOMER ACQUISITIONS	
		NEW BUSINESS MODELS As Jumia is set up as a joint venture, MTN also generates revenue through this venture. Jumia generated \$150 million net revenue in 2015.	NEW REVENUE STREAMS	
		HIGH CUSTOMER SATISFACTION The partnership has strengthened MTN's value proposition as the mobile operator offers its subscribers special discounts on Jumia's online services. For example, MTN customers in Ivory Coast are rewarded with free airtime and make payments free of charge when making purchases on Jumia via MTN Mobile Money.	CUSTOMER RETENTION AND SATISFACTION	
		TANGIBLE SOCIO-ECONOMIC IMPACT 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.	HIGHER MARKET REPUTATION	NEED

Sources: Jumia, MTN