



Online Marketplace and Merchant-centric Services as a Driver of the Platform Model

*Part 1 - **LANDSCAPE** of best examples of platform approach using online marketplace and learnings for mobile money*



Acknowledgements

GSMA

The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with over 350 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

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GSMA Mobile Money

The GSMA's Mobile Money programme works to accelerate the development of the mobile money ecosystem for the underserved. Our mission is to support our members and industry stakeholders to increase the utility and sustainability of mobile money services and increase financial inclusion.

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Executive summary (1/2)



Platform model for mobile money providers: A need and an opportunity

- **Mobile money** is a **success**, in particular in **emerging markets**, and for some mobile operators represents a **significant share** of the **revenue**.
- Some mobile money providers have **started adopting** a **'Payments as a Platform' (PaaP) approach**, in which mobile money is used as a platform to offer a plethora of products and services.
- This expansion towards PaaP addresses an opportunity to **meet the underserved demand** of customers in **emerging markets** as well as helps **fending off the longer term potential threat** to mobile operators of substitution of mobile money by alternative payment platforms, such as AliPay and PayTM.



Many routes into platform model: Marketplace the most relevant

- **PaaP** can **evolve** in **various directions** e.g. non-payment financial services, social media, product and service marketplace, scoring services etc.
- **PaaP-based online marketplaces** are one of the **strategic options mobile money providers** should consider.
- **Payment providers**, such as MPesa in Kenya (Mosoko), have already **created their own PaaP-based** online marketplaces.



Executive summary (2/2)



Best practices for creating online marketplace: How do the top-tier do it?

- To **succeed** with an **online marketplace**, **mobile money providers** need to start by **defining a clear USP** and then **developing a single business line** (e.g. ecommerce). Proving success with this first business line is important.
- Later, providers can **gradually expand** the **business lines** on the online marketplace. Trying to offer **multiple business lines** from the start can be a recipe for failure.
- Business lines expansion does not need to be through a single interface (so-called 'super app') but can **also be delivered through different interfaces**.
- **Cracking logistics is critical**, given the generally poor state of the logistics infrastructure in emerging markets.



Operators' assets for online marketplace: A unique advantage

- **E-commerce** is still in its infancy in emerging markets because of a number of challenges.
- **Mobile money providers** should **consider developing PaaS-based online marketplaces** because for e-commerce to succeed in emerging markets, challenges in payments, logistics and customer reach and insights need to be tackled.
- **Mobile money providers** are **well placed to succeed** with online marketplaces because: They **provide a widely accepted payment solution**; with their **extensive distribution network** they can address the logistics challenges; and mobile operators have broad **customer reach** and deep **customer insights**.



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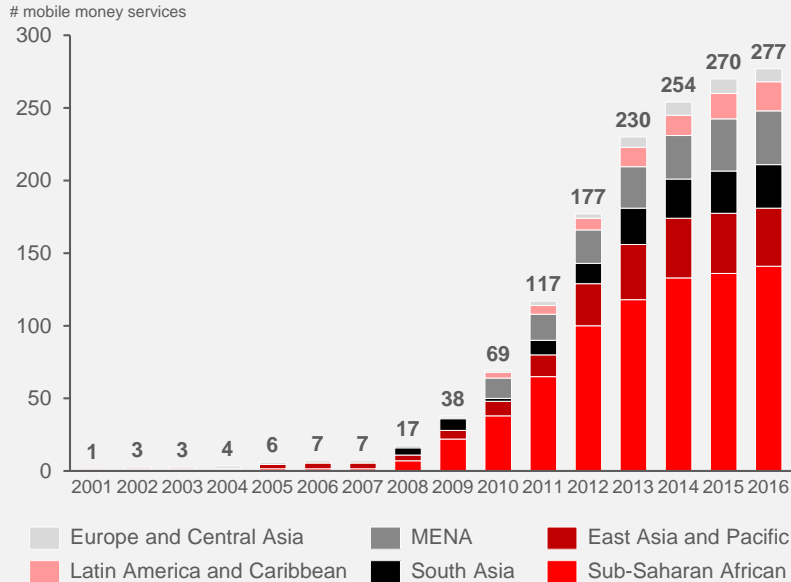


1. Platform model for mobile money providers: A need and an opportunity

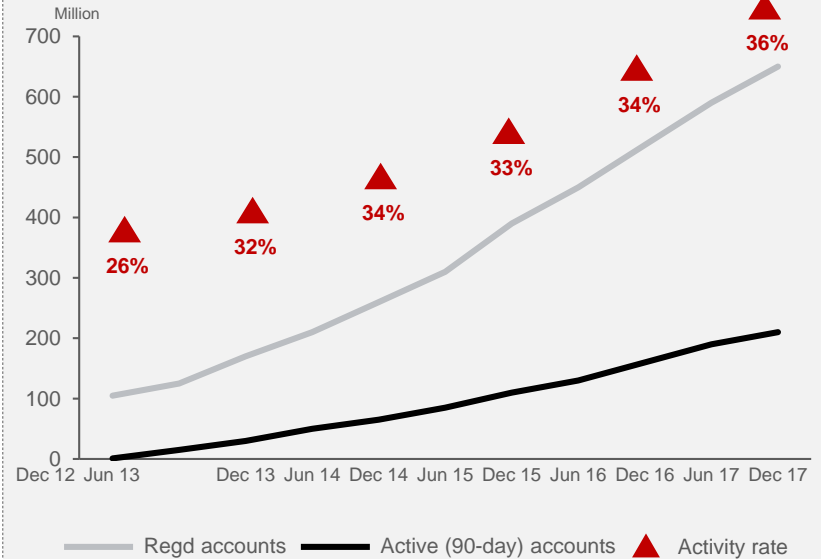


Mobile money has witnessed rapid growth across the globe in recent years

Evolution of the global mobile money landscape, 2001 to 2016

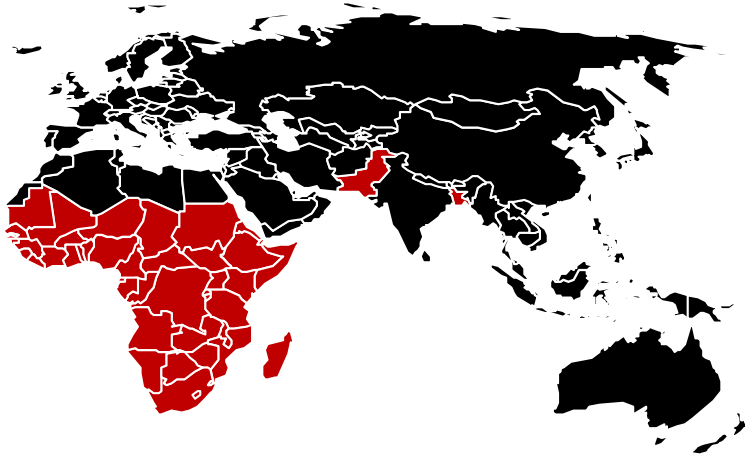


Five year growth of registered and active (90-day) mobile money accounts





Adoption, usage and accessibility of mobile money has increased significantly in Africa and SE Asia



Pakistan

- Approx. **10% of population** is actively using mobile money account
- Only **16% of population** has bank account

Bangladesh

- Share of population with **access to bank/non-bank FI has been decreasing¹⁾**
- In 2018, approx. **13% of Bangladeshi adults are registered mobile money users**, vs. 3% in 2013

Sub Saharan Africa

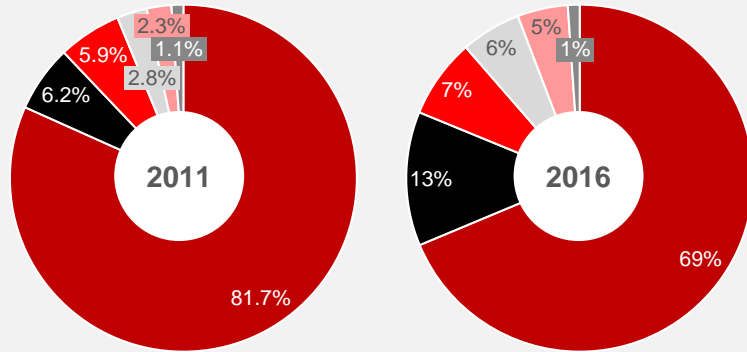
- Approx. **35% of adults have a mobile money account**, with at least **10% active users**
- Penetration is highest in Kenya, with **58% of adults actively using account**
- At least **19 markets with more mobile money accounts than bank accounts**

*“Over the last decade, **mobile money has done more** to extend the reach of financial services than traditional bricks and mortar banking were able to do **over the last century.**”*

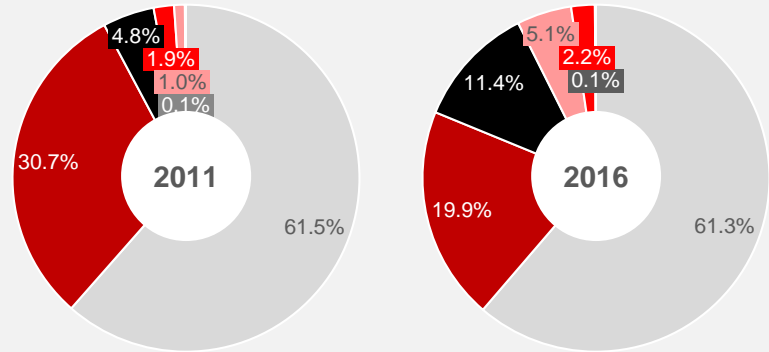


Simultaneously, mobile money has evolved from simple P2P transfers to more sophisticated use cases

Global product mix by value, Dec-11 – Dec 16 [%]



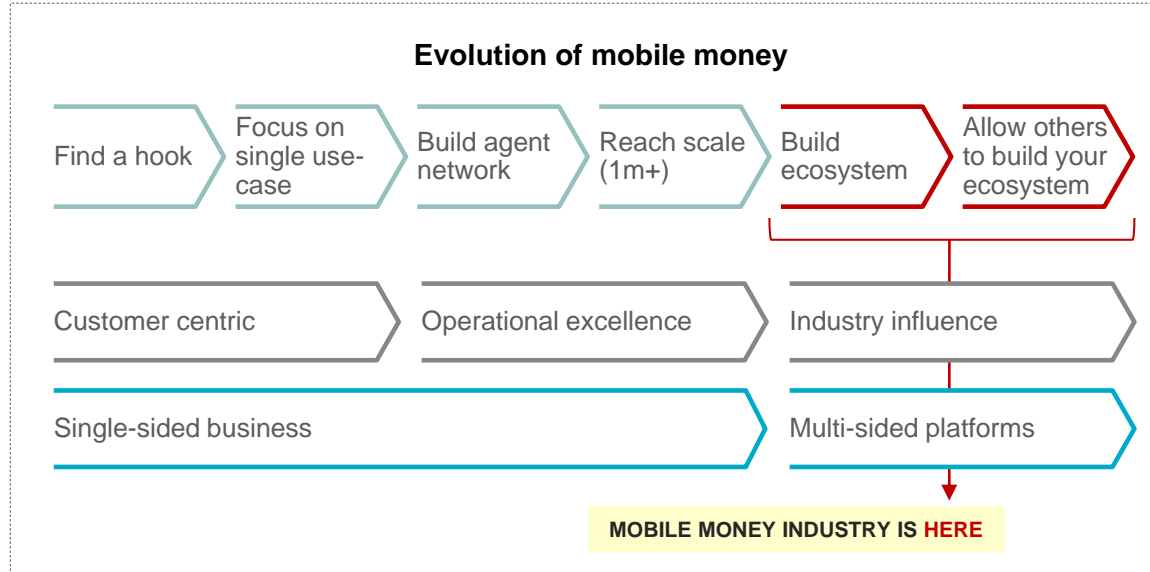
Global product mix by volume , Dec-11 – Dec 16 [%]



■ Airtime top-up ■ P2P transfer ■ Bill payment ■ Merchant payment ■ Bulk disbursement ■ International remittance



Today, the mobile money industry is poised to evolve to a 'Payments as a Platform' approach

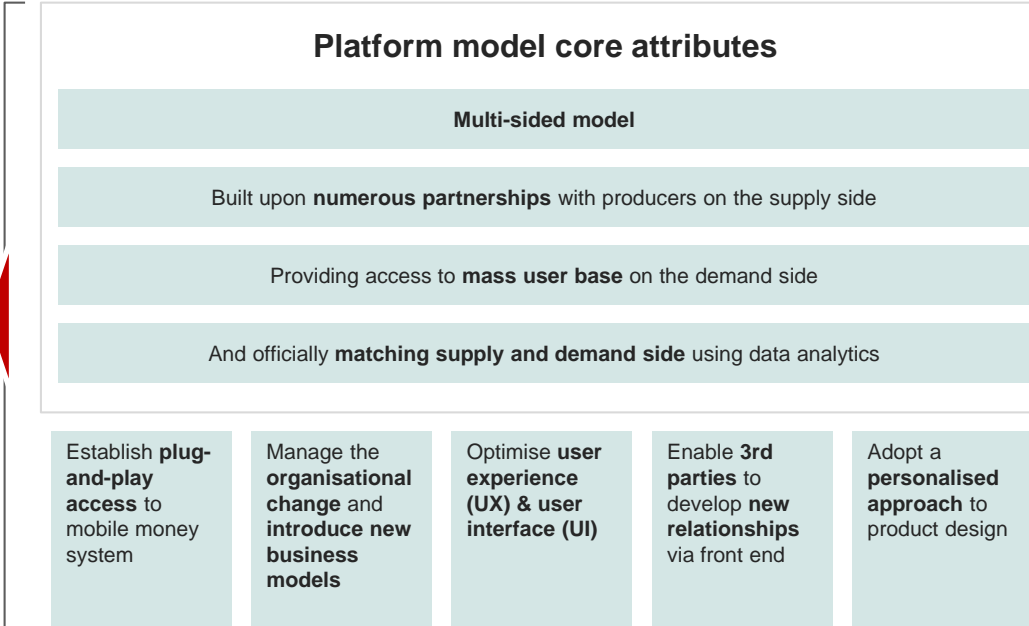


Having successfully offered and **scaled payments** as the initial 'hook' product, operators are now in position to offer themselves as a **'platform'** to other providers of products and services i.e. adopt as **Payments as a Platform (PaaS)** approach.



GSMA defines PaaS as a model whereby mobile money providers build new capabilities in a multi-sided approach

Platform model distinctive characteristics



In the mobile money context, a PaaS model may be defined as one where an MMP expands its value proposition by building **new capabilities** that transform its activity in a **multi-sided model, enabling third parties** to deliver products / services through a digital platform that eventually addresses a **broadened user base**. (For more details on the PaaS business model, please see GSMA's report and [blog](#))



Operators have already started testing the platform space by launching several new ventures



Launched music streaming, ride hailing and ecommerce platforms



Launched music, video and games platforms



Launched music and video streaming and gaming platforms



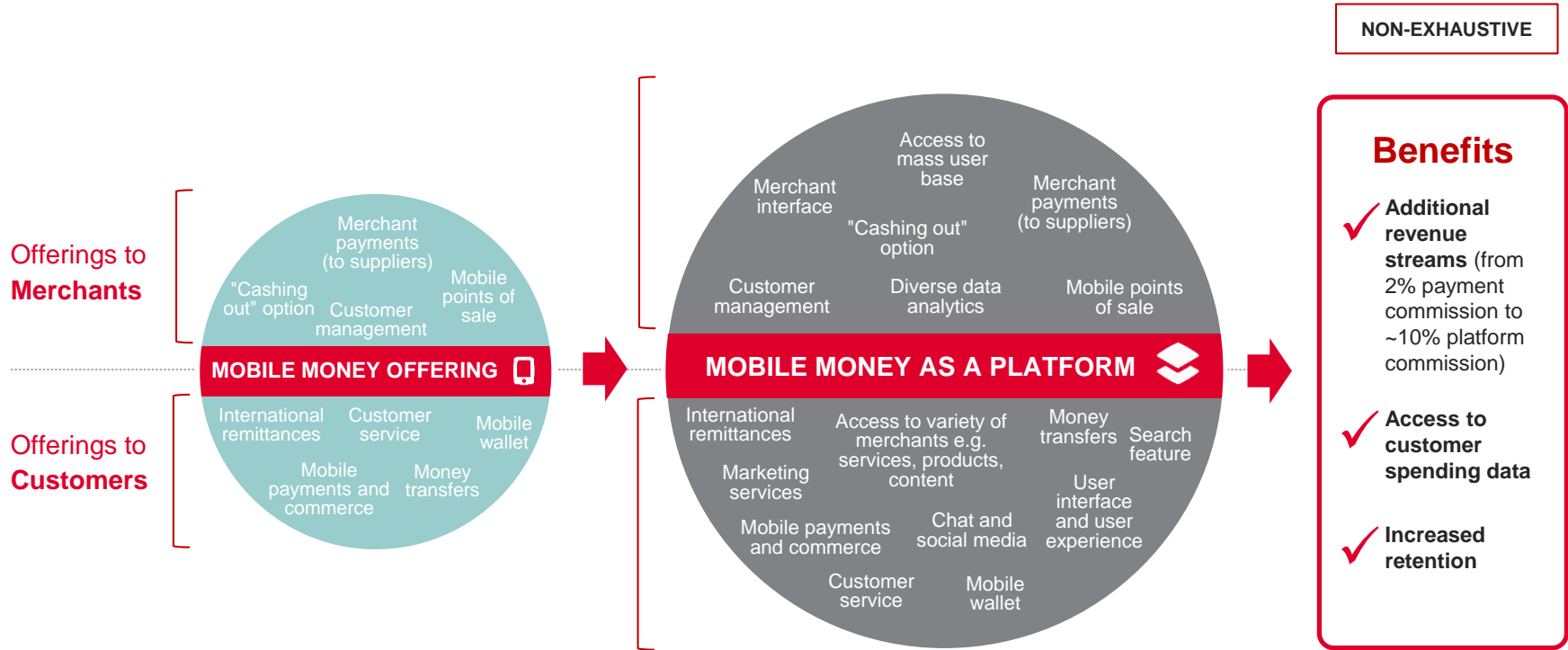
Launched music and video streaming, chat and more under Lifecell digital arm



Launched music streaming and downloads platform



Adopting PaaS will significantly improve the mobile money value proposition for merchants and customers



In addition, PaaS would support mobile money providers mitigate competitive risk from digital payment platforms

Player	Payment Offering?	Additional services (examples)

Additional services (examples)

- Link to ecommerce platform
- Chat and social media
- Search option
- Customer and merchant interface
- Business technology

- Link to ecommerce platform
- Content streaming
- Direct chat with merchant
- Customer and merchant interface

- Travel and event booking
- Social messaging
- Link to ecommerce platform
- Customer and merchant interface
- Wealth management¹⁾

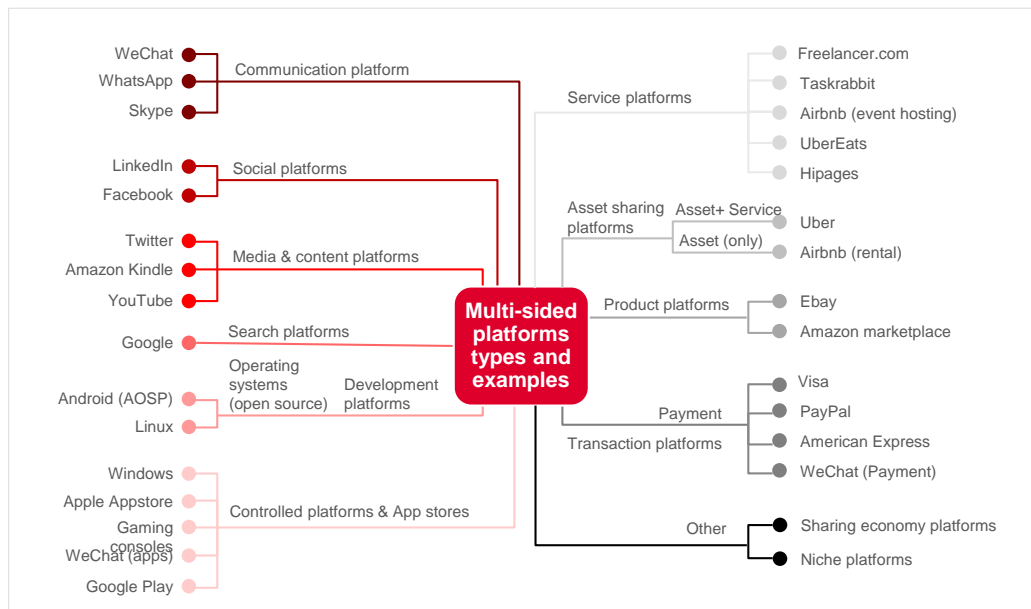
- Link to instant courier service
- Home services booking
- Pharmaceutical delivery
- Customer and merchant interface

*With **sizable existing user base and variety of additional services**, digital platform providers are a **potential threat to current mobile money value proposition***



2. Routes into platform model

Multi-sided platforms include a wide array of options for mobile money providers




- Apart from payments which is the core offering of mobile money providers, there can be many services they can offer to extend their value proposition e.g. non-payment financial services, social media, product and service marketplace, scoring services etc. – representing **varied possible PaaS scenarios**.
- In this report, we will highlight the adoption of a PaaS approach specifically through the creation of an **online marketplace** offering **physical products, services, and digital content**.



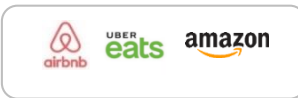
Mobile money providers can consider different types of digital platforms; marketplace is the most relevant for payments


← Types of multi-sided platforms →

+ HIGH importance Importance of integrated payment solution LOW importance **-**

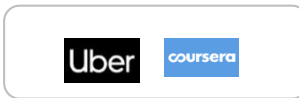
Marketplace and online retailers 


- Providing users with product and service information of multiple third parties, with option to make purchases and / or reservations
- Payment made for majority of transactions – Largely transaction-based, with different payment methods, currencies etc. required
- Example models:
 - Ecommerce
 - Travel and hospitality
 - Other services



Specialised solutions 


- Providing industry-specific services to users through a digital platform
- Payment relevant for most transactions made on platform, typically mix between subscription and transaction-based payment
- Example models:
 - Ride-hailing
 - E-learning



Entertainment 


- Giving users access to different forms of licensed content from third party providers
- Example models:
 - Audio streaming
 - Video streaming
 - Games
- Payment is mainly subscription-based, meaning lower frequency and lower complexity of payment solution



Social media and communication 

- Allowing users to create and share content, participate in social networking, and / or communicate with other users
- Example models:
 - Social media
 - Communication
- Little to no payments made on platform



Search engines 

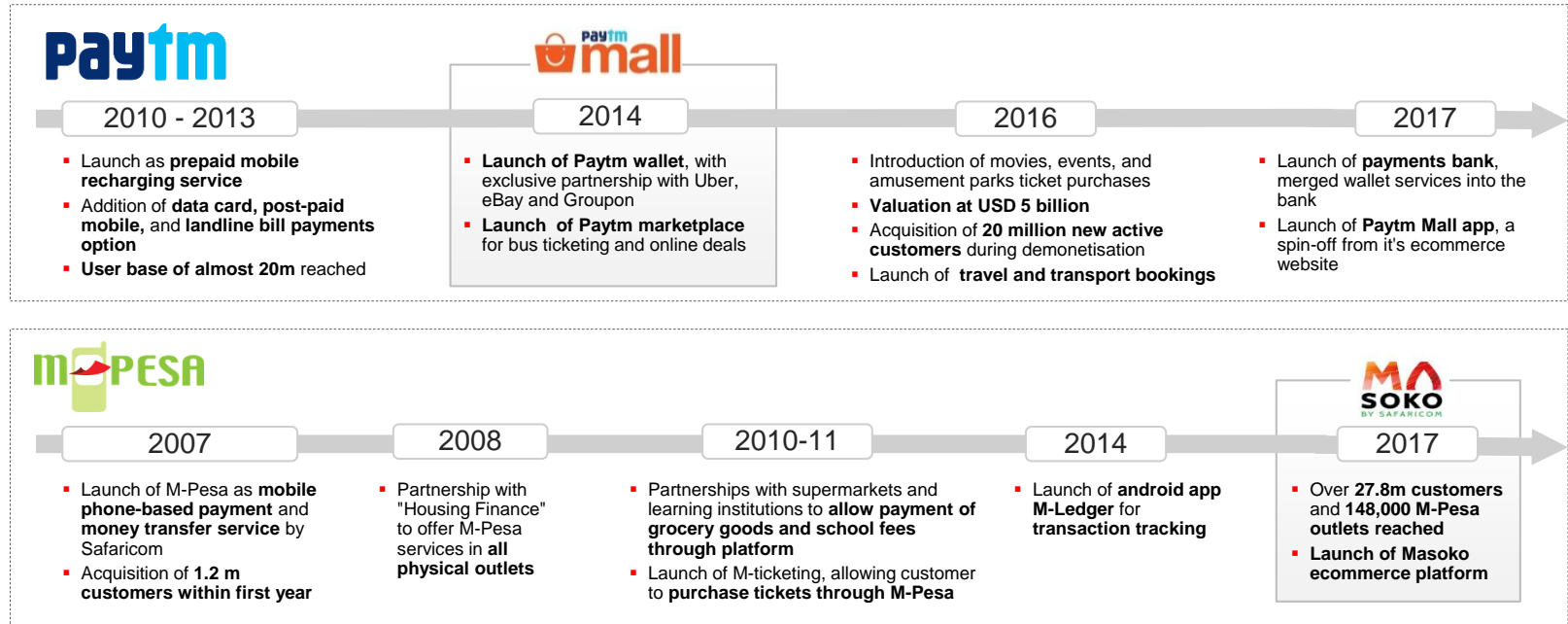
- Generating results based on user search queries, by searching through database (world wide web)
- No need for payment solution





Paytm and MPesa are two examples of players that used a **payments business** to enter the **platform model**







Payment solution to platform provider – Key milestones





They were able to do so by forming the right ecosystem of partners, **especially in logistics**

Payment solution to platform provider – Key commercial and operational elements

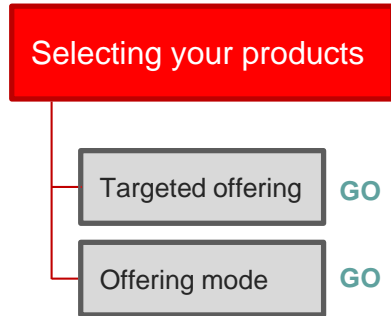
	 Ecommerce offering	 Commercial model	 Operational model	 Logistics
	<ul style="list-style-type: none"> Physical product sales Travel bookings Initial offering focused on bus ticketing and special discount deals 	<ul style="list-style-type: none"> Main revenue source through sales commissions <ul style="list-style-type: none"> - 6%-18% by product category 	<ul style="list-style-type: none"> Marketplace model Partnerships with specialised third-party "fulfilment centres" for storage 	<ul style="list-style-type: none"> Full management of delivery services while relying on partners to provide fleet and warehousing Developed their own packaging solution they provide to merchants
	<ul style="list-style-type: none"> Physical product sales <ul style="list-style-type: none"> - Electronics, beauty and personal care, fashion etc. Platform was launched with all product categories 	<ul style="list-style-type: none"> Main revenue source through sales commissions <ul style="list-style-type: none"> - Flat commission fee of 10% (regardless of category) 	<ul style="list-style-type: none"> Marketplace model Reliance on third party logistics provider for warehousing 	<ul style="list-style-type: none"> Full reliance on third party providers for delivery and fulfilment Currently reliant on two main local logistics providers



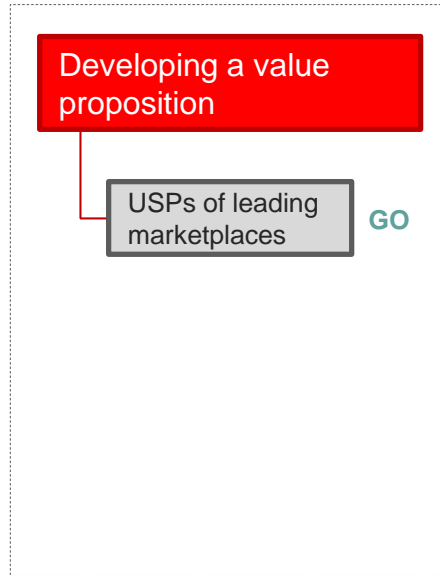
3. Best practices for online marketplace

Best practices for creating online marketplace – Contents

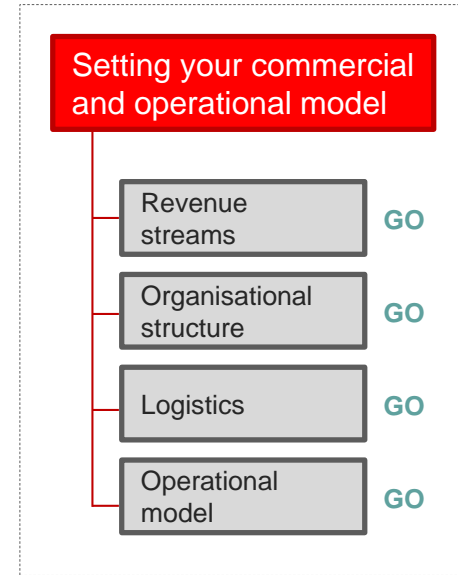
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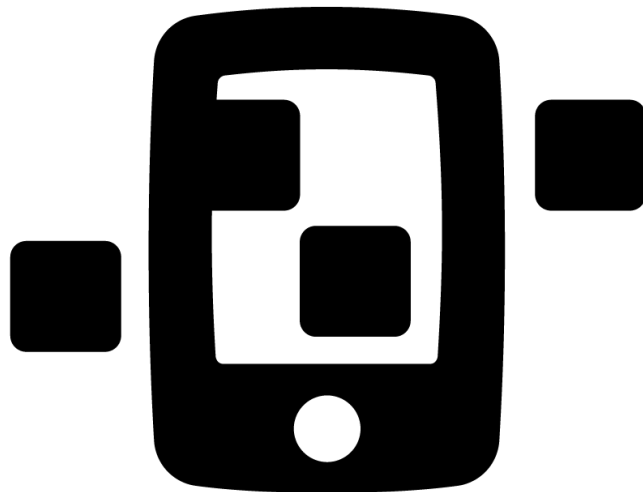


3.2



3.3





3.1 Selecting your products



Selecting a business line is key to start defining the marketplace

Overview of marketplace business lines

NON-EXHAUSTIVE

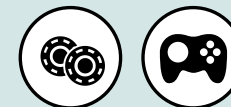
Ecommerce



Travel



Gaming



Home services



Appointment booking

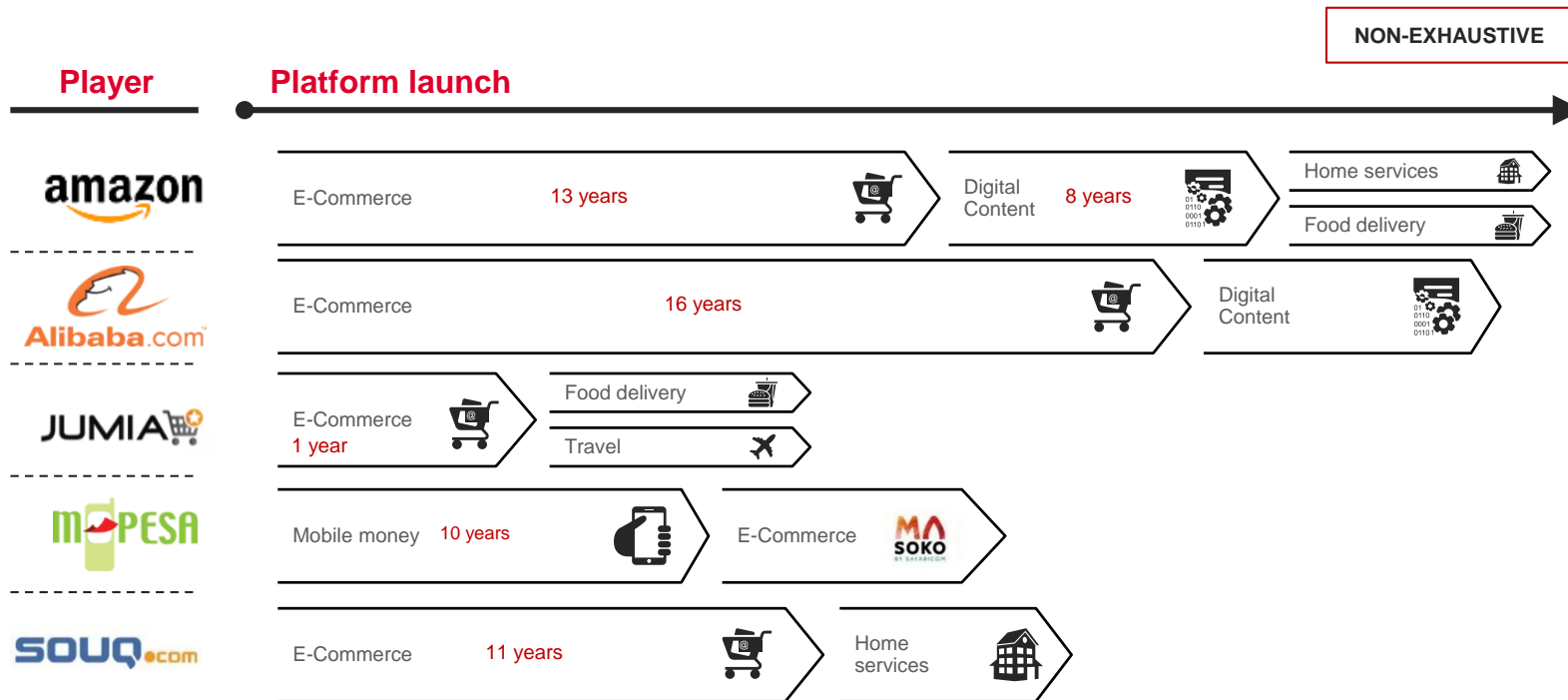


...and many more

BACK



Ecommerce is typically the first business line for marketplaces, before expanding to other service offerings





E.g. Flipkart started with only book sales, and it now offers more than 11 product categories



Ecommerce



Books



Electronics



Clothing



Furniture



Kids and toys



Vouchers



Household goods



Grocery foods



Beauty products

Services booking



Travel/ transport



Accommodation/ hospitality

Comments

- Initial focus on book sales, before expanding into other categories such as consumer electronics, fashion etc.
- Significantly dominant in sale of apparel, thanks largely to acquisitions of Myntra and Jabong.com
- In close competition with Amazon India on sale of electronics and mobile phones
- Has recently begun offering travel and transport booking option
- Future plans to launch video- and other content-streaming



Jumia similarly began as an ecommerce website, later expanding its offering to travel and payment



Ecommerce



Gaming



Phone and
Tablets



Fashion



Home
and
Office



Electronics



Grocery



Baby
Products



Toys and
Games



Beauty
products



Sporting
Goods

Services bookings



Travel and Flights



Bill-Pay



Real estate









Food delivery

Comments

- Jumia launched as online website for electronics and fashion
- With launch of Jumia Marketplace, offering expanded to localised C2C and B2C products in Africa, Asia and Europe
- Bill-pay option is available on aggregate app, Jumia One



Most platforms with a varied category mix separate their offering by business line or target segment

Criteria	Player	Main offering modes
Separation by business line 		<ul style="list-style-type: none"> ▪ Dedicated app and webpage for main Amazon marketplace - Webpage provides direct link to other services ▪ Separate apps for specific categories e.g. Prime Video, Amazon Music
		<ul style="list-style-type: none"> ▪ Separate website and app by product line e.g. Jumia House, Jumia Food etc.
Separation by target segment 		<ul style="list-style-type: none"> ▪ Dedicated webpage, app, and brand for B2B upscale, B2C low-cost, C2C boutique, and B2C upscale
		<ul style="list-style-type: none"> ▪ Mobile app for all Flipkart products ▪ Webpage for physical products only ▪ Dedicated app and webpage for upscale fashion market, under different brand

[BACK](#)



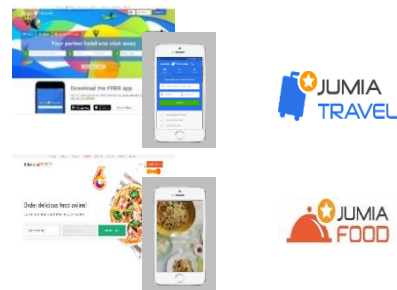
Jumia and Flipkart have multiple offering modes, with distinctive branding and customer interfaces

JUMIA

Dedicated app and webpage for main Jumia marketplace



Individual apps and websites for each business line



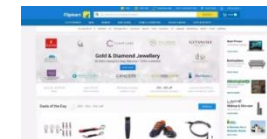
Flipkart



One mobile app for all "Flipkart.com" products



One webpage for physical "Flipkart.com" products only







Myntra

Dedicated "Myntra" app and webpage for upscale fashion market





Some companies have recently integrated their offering and successfully implemented the **'Super app'**

Player	Description of offering mode
 WeChat	<ul style="list-style-type: none"> All key features and functionalities are integrated, through APIs and mini-programmes, onto one single platform
	<ul style="list-style-type: none"> All ecommerce-related services are available in one dedicated webpage and app, under "PayTM Mall" brand → no separation for product categories However, separate "Paytm" website and app for payment services <ul style="list-style-type: none"> Website provides direct link to PayTM Mall
	<ul style="list-style-type: none"> Through integration of mini-programmes, Baidu is transitioning towards becoming a 'super app' Several tools and services e.g. video streaming, audio content, mobile wallet, and all other mini programmes, run instantly on main app's interface
	<ul style="list-style-type: none"> In addition to offering modes separate by business line, Jumia One is 'All-in-one' lifestyle app with access to all Jumia services



Examples of 'Super apps' (continued)



All features and services are accessible from one single-source platform

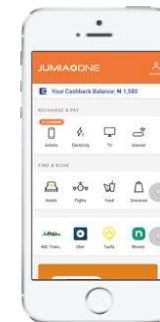


Mini apps:
Maps, music,
news,
financial
services,
social media

Mobile wallet
Audio content

Videos

Several tools and services run instantly on main app's interface



Jumia One is "All-in-one" lifestyle app with access to all Jumia services



3.2 Developing a value proposition



While marketplaces have common value propositions, having a clear USP is key

Customer value proposition

Common customer proposition

- User friendly interface
- Multiple payment options (inc. cash on delivery, credit cards)
- Multiple delivery options (free shipping, fast delivery)
- Returns option
- Discount seasons
- Customer support team

Unique Selling point



- Providing a relatively generous returns policy
- Comparison between all the potential merchants prices



- A team of online sales consultants that support customers in creating orders
- Quality label for checked products to generate trust



- Amazon prime, a subscription model to provide access to free fast shipping and digital content
- Simple return process with multiple refund methods



- Option for each merchant to set their own policy
- Customers can check products before payment
- Omni-channel support through offline retail

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While marketplaces have common value propositions, having a clear USP is key (2/2)

Merchant value proposition

Common merchant proposition

- Friendly interface to upload products
- Promotion tools
- Payment solutions
- Settlement process
- Analytics insights

Unique Selling point



- Fast payment settlement (7-15 days)
- Value added services for merchants (advertising management, pricing strategies, dedicated pick-up services)



- Merchant loyalty programme – tiering merchant services based on quality and volume of sales



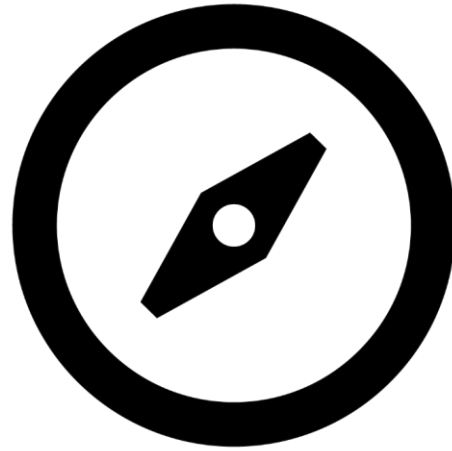
- 0% commission for the first 30 days
- Free photo session for the products



- Instant messaging system to contact customers
- Merchant select return policy and accepted payment options



- Self-service deal builder to support merchants create their own deals
- Customer analytics reporting







3.3 Setting commercial / operational model



For most players, main revenue streams are sales commissions and subscription fees

Commercial models implemented by different players – Revenue streams





				
Revenue streams¹⁾	<ul style="list-style-type: none"> ▪ Item listing <ul style="list-style-type: none"> - Monthly subscription – <i>Pro \$39/month, Basic \$0/month</i> - Fee per listing – <i>Pro \$0, Basic \$0.99 per item</i> ▪ Commissions on sales <ul style="list-style-type: none"> - <i>4%-45% (by product category)</i> ▪ Amazon Prime <ul style="list-style-type: none"> - <i>\$6.49 or \$12.99</i> 	<ul style="list-style-type: none"> ▪ Commissions on sales <ul style="list-style-type: none"> - <i>6%-18% (by product category)</i> 	<ul style="list-style-type: none"> ▪ Advertising <ul style="list-style-type: none"> - <i>\$1.5 per 1000 views</i> ▪ Item listing <ul style="list-style-type: none"> - <i>\$1,000/year-\$10,000/year</i> ▪ Sales commissions <ul style="list-style-type: none"> - <i>2%-5% (by product category)</i> 	<ul style="list-style-type: none"> ▪ Item listing <ul style="list-style-type: none"> - Monthly subscription – <i>\$0-\$500/month</i> - Fee per listing – <i>\$0-\$0.4 per item</i> ▪ Advertising <ul style="list-style-type: none"> - <i>\$0.05-\$150</i>

[BACK](#)



Participation in large promotional campaigns is mainly by invitation-only

Commercial models implemented by different players – Discount models

				
Discount models	<ul style="list-style-type: none"> ▪ Large promotional campaigns by invitation <ul style="list-style-type: none"> - Cost covered by merchant ▪ Promotions without knowledge of merchant <ul style="list-style-type: none"> - Cost covered by Amazon 	<ul style="list-style-type: none"> ▪ Promotional campaigns by invitation <ul style="list-style-type: none"> - Cost covered by merchant ▪ Cash back option <ul style="list-style-type: none"> - Cost covered Paytm 	<ul style="list-style-type: none"> ▪ Promotional campaigns (optional participation) <ul style="list-style-type: none"> - Cost covered by merchant 	<ul style="list-style-type: none"> ▪ Promotional campaigns by invitation <ul style="list-style-type: none"> - Majority of cost covered by merchant ▪ Pre-agreed promotions <ul style="list-style-type: none"> - Cost shared between merchant and Ebay ▪ Promotions without knowledge of merchant <ul style="list-style-type: none"> - Cost covered by Ebay

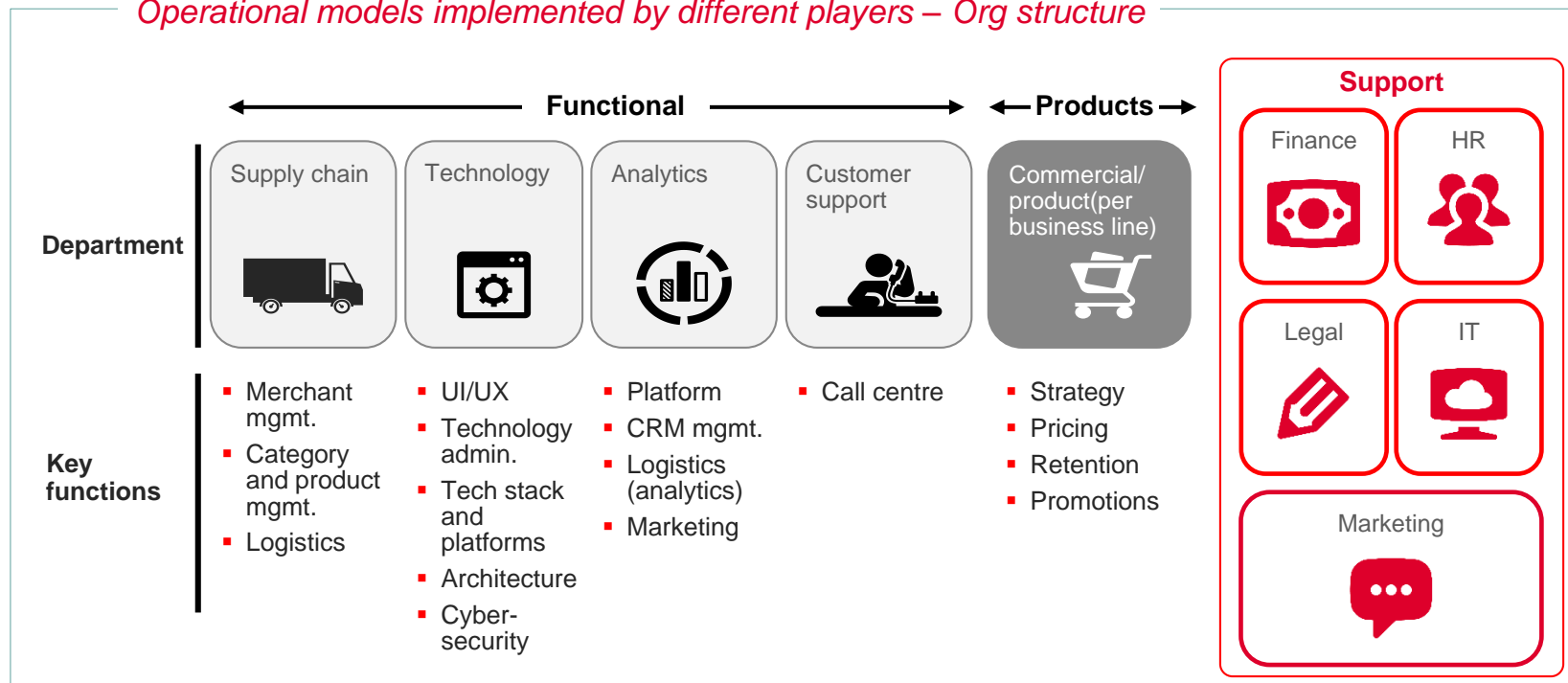


Merchant driven-discounts, with costs covered by merchant, are the most common discount model across all players



Ecommerce players have functional teams to manage product categories

Operational models implemented by different players – Org structure

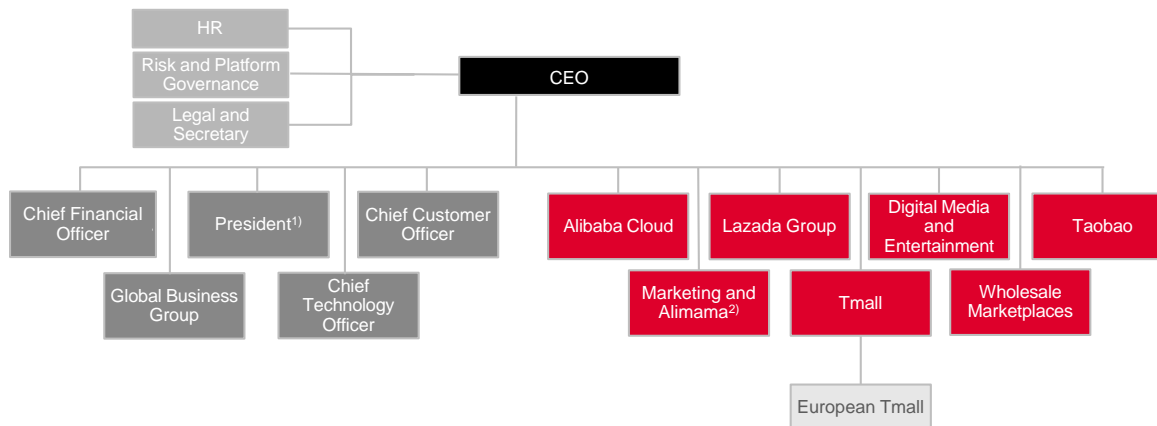




For example, Alibaba has teams dedicated to each product line

NON-EXHAUSTIVE

Alibaba's organisational structure



* AliExpress and AliPay do not report directly to CEO

■ Product
■ Functions and support

Subsidiaries with separate org charts

- Shenma
- UCWeb
- 1688.com
- Youku Tudou
- Juhuan.com
- Daraz
- Alibaba Capital
- Lazada
- Cainiao

Comments

- CTO leads the Group's technology strategies and holds responsibility for the "Enabling Platform" business unit
- Works to enhance synergies across data application, product development and engineering
- President of Digital Media and Entertainment responsible for overseeing business of Youku, video-streaming platform, and Ali Music
- Global Business Group is the head of Global Talent Development

1) President is responsible for Alibaba's international growth strategy

2) Alimama is an online marketing platform, providing sellers on Alibaba Group's marketplaces a range of marketing and advertising services

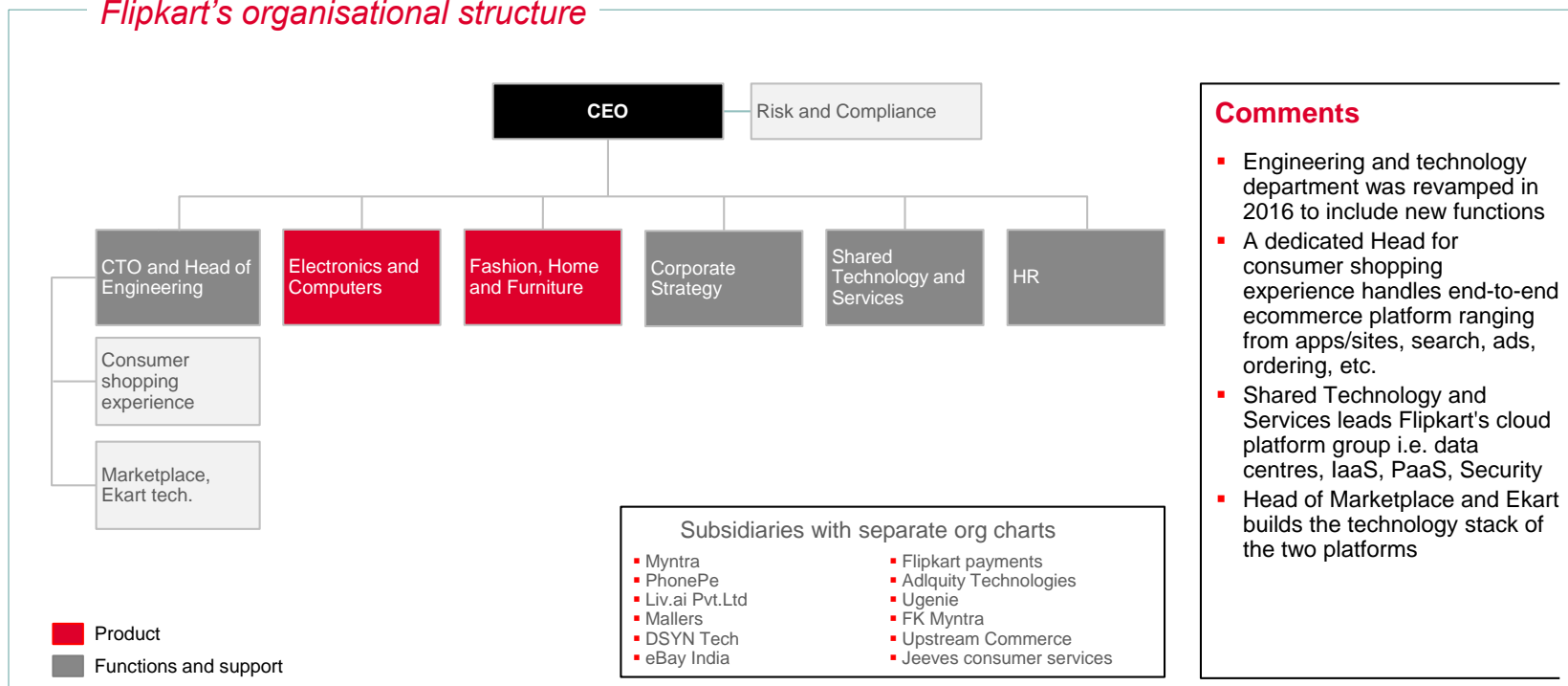
Source: Roland Berger



Flipkart also has teams focused on grouped product categories

NON-EXHAUSTIVE

Flipkart's organisational structure



Comments

- Engineering and technology department was revamped in 2016 to include new functions
- A dedicated Head for consumer shopping experience handles end-to-end ecommerce platform ranging from apps/sites, search, ads, ordering, etc.
- Shared Technology and Services leads Flipkart's cloud platform group i.e. data centres, IaaS, PaaS, Security
- Head of Marketplace and Ekart builds the technology stack of the two platforms



Logistics is a major operational topic for ecommerce players

Logistics models implemented by different players

	Own warehouse	3rd party warehouse	Own delivery fleet	Partnerships with intl. providers	Partnerships with local providers	Logistics mgmt. platform
	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓
		✓		✓	✓	✓
	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓

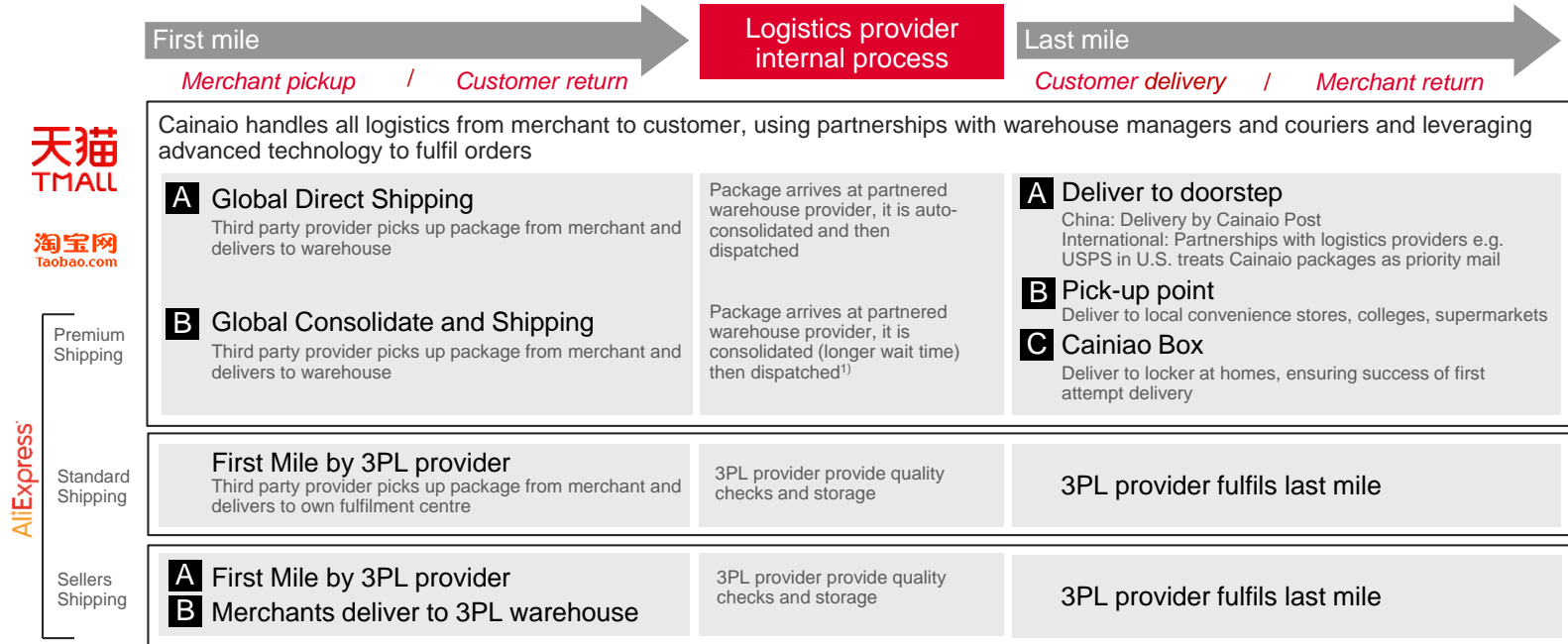
Key additional points

- Amazon relies heavily on local logistics providers for last-mile delivery, especially in emerging markets
- Alibaba operates its own delivery network "Cainiao", processing 100m packages a day – Services both for Alibaba and others
- Ebay relies heavily on logistics platform to provide sellers with different delivery options
- Jumia and Kaymu have partnered to create AIG express – Aim is to integrate all African logistics providers into single network
- Konga's "Spaceship" is a warehousing and logistics service for third parties
- Delivery arm "Kxpress" aims to ensure same-day delivery all across Nigeria

[BACK](#)

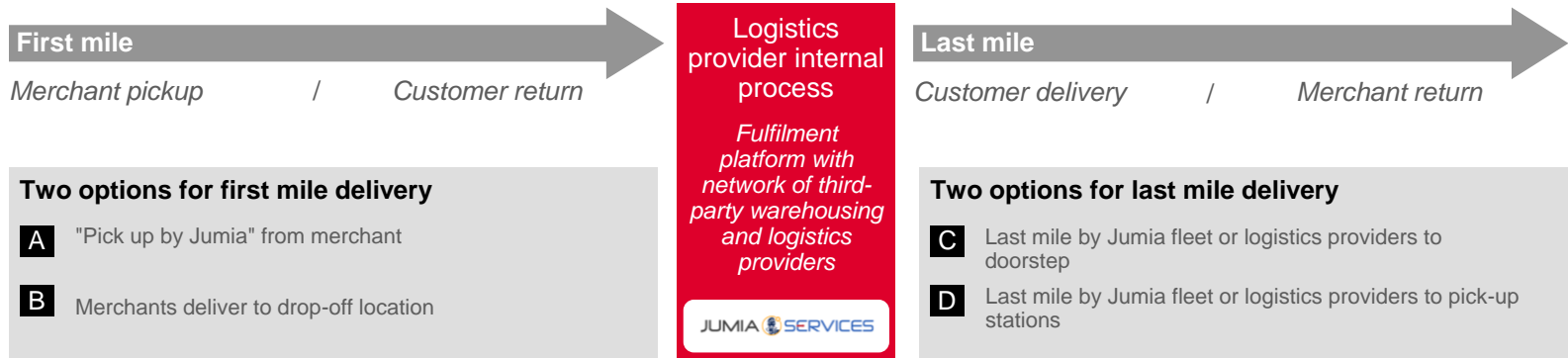


Alibaba has been able to create valuable partnerships through its logistics arm Cainiao





Jumia has developed its own logistics provider "Jumia Services"



- After product is packed in Jumia packaging by merchant, two options:
 - Jumia fleet or logistics providers pick up product directly from merchant for additional fee, to be stored in warehouse, **OR**
 - Merchants deliver to drop-off location, where the product will then be transported to warehouse
 - Drop-off locations are either post offices or Jumia offices

- Last mile delivery is entirely managed by Jumia Services
- Dedicated Jumia last-mile head in each operating country leads own fleet and partners fleet in guaranteeing last-mile delivery



Logistics cost is typically passed onto the customer, up to a certain basket size

Company

How logistics cost is calculated

Who pays for it



- Zone – Increases with distance from Nairobi, with higher zones taking longer delivery time
- Item size – Broken down into special small, small, medium, large
- Shipping type – Categorised by pick-up or home delivery
- Number of items – 1 or 2+

- Customer – Shipping fee
- Jumia – Covers free shipping for qualified items over ₦10,000 in Lagos and four other Nigerian cities



- Category – Categorised by product type
- Delivery time – Offers a range of delivery speeds
- Weight – Supplementary costs for heavier items

- Customer
 - Amazon Prime yearly subscription
 - Shipping fee
- Merchant – Fulfilled by Amazon fee
- Amazon – Covers free shipping for baskets over \$25



- State – Set rates for different Nigerian states

- Customer



- Weight – Increases in different weight categories per kg
- Zone – Categorised into local, zonal and national

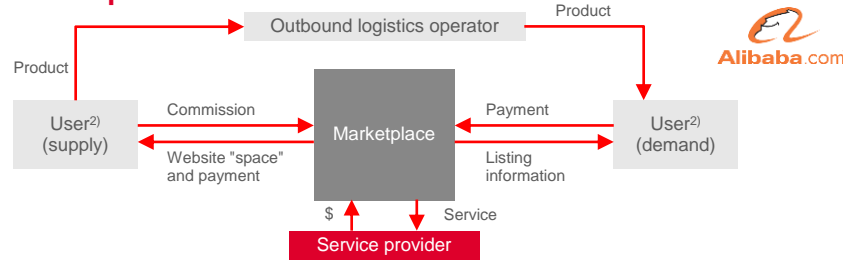
- Customer – Shipping fee
- Merchant – Flipkart assured fee
- FlipKart – Covers free shipping for Rs.500 baskets of Flipkart assured products



Logistics model is also affected by changes to operational model – e.g. a move to inventory model

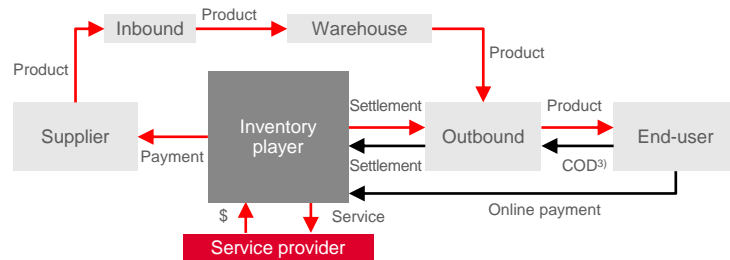
Operational model

Marketplace



- Delivery time depends on supplier
- Lower gross margins than inventory following perceived lower value add
- Less intense on working capital, more dependency on marketing

Online retailer (Inventory model)¹⁾



- Fast and guaranteed delivery, can be consignment or non-consignment
- Higher contribution margins than in marketplace
- Highly intense on working capital and warehousing



BACK

1) Assumes pure player outsources in-bound and warehouse operations 2) Could also be a business 3) Cash on delivery
 - -> Part of traditional retail activities -> Depends on payment method
 Source: Roland Berger



4. Operators' assets for online marketplace

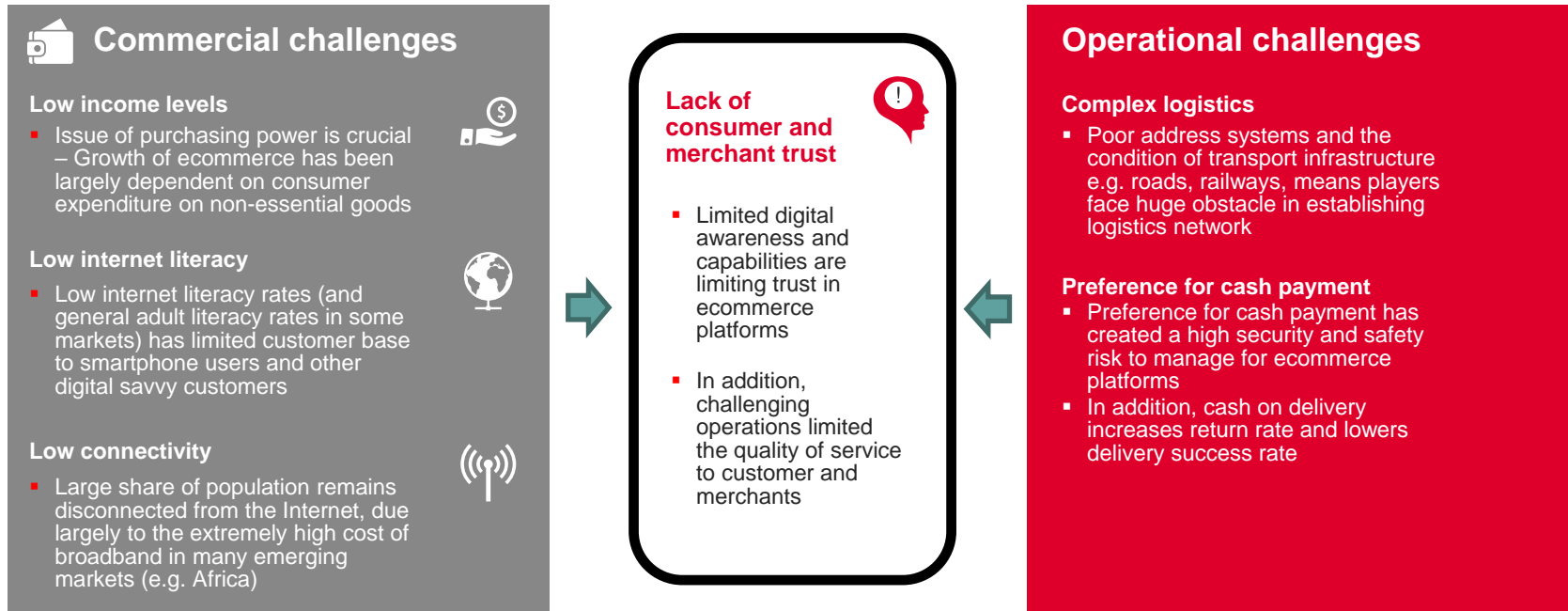


Ecommerce penetration is limited in emerging markets, with high potential for growth

Global ecommerce market and selected focus regions

Region	Population	Market size, 2017 [USD bn]	Market size, 2025 [USD bn]	CAGR 17' 25'
Global	1.2 bn	2,304	8,306	17%
Africa	1.2 bn	17	75	21%
Nigeria	0.2 bn	12	50	20%
South Africa	0.06 bn	3	9	17%
Asia Pacific	3.8 bn	1,349	4,300	16%
China	1.4 bn	499	2,392	22%
Southeast Asia	0.6 bn	6	88	40%
Indonesia	0.3 bn	2	46	49%
Thailand	0.07 bn	1	11	35%
Middle East	0.4 bn	26	59	16%
UAE	0.01 bn	9	20	11%
KSA	0.03 bn	9	19	11%

The limited ecommerce penetration is driven by commercial and operational challenges





However, MNOs have a number of assets and capabilities that can be leveraged for an online marketplace



Customer base

- 444m mobile phone subscribers (44% penetration) and 747m SIM connections in SSA (2017)
- 338m registered mobile money users in SSA (2017). Of these, 122m were active on a 90-day basis and 87m were active on a monthly basis



Distribution network

- There are 1.8m registered agents and many other local shops that enable cash-in.
- 95%+ of cash-ins and cash-outs are performed by agents



Channel

- Operators can control USSD channel directly (mobile phones)
- OTT offering likely to be stronger competition to mobile money (smartphones)



Brand

- MTN (#6), Airtel (#14) and Vodafone/Safaricom (#17) are all in the Top 20 most admired brands in Africa. (Orange is #36) in 2017/18
- There are a total of 10 mobile operators in the Top 100



Local market knowledge

- Mobile operators have been active in Africa for many years and have close relationships with various key stakeholders (e.g. government entities, regulatory bodies).
- Also have good knowledge of new market entrants (e.g. FinTech) and other market initiatives



Collaborations/ partnerships

- Mobile operators are involved in a broad range of collaborations and partnerships with FinTechs, banks, local government and other key players, helping them expand the range of services offered
- For example, MTN, Millicom, Vodafone / Safaricom and Airtel have partnerships with WorldRemit to allow customers easy access to international money transfers



Customer / transaction data

- Customer and transaction data is a key asset for operators as they can leverage this data for a variety of use cases, such as tracking spending patterns and identifying fraudulent behavior



These assets give MNOs a unique advantage to address challenges faced by ecommerce in emerging markets

Challenge

Complex logistics



Lack of consumer and merchant trust



Limited customer base¹⁾



Mobile money existing assets that can address them

- Existing network of agents/service centres to be leveraged for logistics
- Potential to leverage location data to reduce cost of delivery
- Escrow service to ensure low cancellation rate (vs cash on delivery)

- Potential of providing escrow service to increase trust
- Sizable customer base and strong market concentration
- Trusted brand and reputation

- Sizable customer base and strong market concentration (even in rural and low-income communities)
- Existing relationships with merchants
- Telco services and existing channels
- Access to existing IT infrastructure



5. Conclusion / Key takeaways

Concluding messages



- 1** Mobile money witnessed rapid growth across the globe in recent years expanding its offering from simple P2P transfers to more sophisticated financial products
- 2** Today, payment operators are at the stage of moving to a PaaS approach with marketplace being the most relevant platform type
- 3** Launch process will depend on the business lines selected, with most players starting focused on ecommerce and then expanding through a suite of apps
- 4** Marketplaces charge merchants a listing cost and sales commission, while they typically share the cost of discounts
- 5** Marketplaces invest in building a logistics network as the key item for a successful operational model
- 6** Mobile money providers are uniquely positioned to leverage their assets and launch a marketplace
- 7** Commercial and operational requirements presented are not exhaustive and will be further discussed in an upcoming **PLAYBOOK** for mobile money providers
- 8** Appendix contains more detailed profiles of leading online marketplaces



6. Benchmarks



Benchmarks of **leading online marketplaces** across five broad categories have been detailed in this appendix

1. African ecommerce players



2. Other ecommerce players in emerging markets



3. Asian multi-purpose platforms



4. Global ecommerce best practice benchmarks



5. Payment platforms



Structure of case study differs from first the four as Alipay is not a "pure" e-commerce player





We assessed selected **operational and strategic elements** for each benchmark, and extracted key takeaways

Elements of benchmark analysis

Company overview

Key developments and statistics



Category mix

Overview of product/service offering



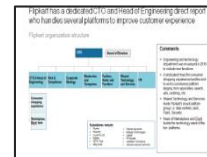
Offering modes

Super app Vs. suite of apps



Org structure

Key roles; direct reports to CEO



Operational model

Inventory Vs. marketplace



Delivery process

Details of logistics process; options for first-mile and last-mile



Technology

Overview of technology tools and software used



Value proposition

Key points of customer and merchant value proposition



Key takeaways

Key insights derived, with relevance to mobile money providers





Benchmark contents

	<u>Slides</u>	<u>Founded</u>	<u>Geog. coverage</u>	<u>Main business line</u>	<u>Appr. customers</u>	<u>Approx. valuation</u>
6.1. Flipkart	55	2007	India	ecommerce	175 m	USD 175 bn
6.2. Alibaba	65	1999	Founded in China covers 222 countries	ecommerce	576 m	USD 400 bn
6.3. Jumia	74	2012	Founded in Nigeria, 16 African countries	ecommerce	2.2 m	USD 1 bn
6.4. Konga	83	2012	Nigeria focused	ecommerce	184 k	USD 35 m
6.5. Baidu	93	2010	China focused	Search engine	670 m	USD 65 bn
6.6. Paytm	97	2010	India focused	Payment platform	80 m	USD 10 bn
6.7. WeChat	110	2011	China focused, with global presence	Social media platform	890 m	USD 500 bn ¹⁾
6.8. Amazon	116	1994	Global	ecommerce	300 m	USD 2 tn
6.9. Alipay	125	2004	Global, focused on Asia	Payment platform	450 m	USD 60 bn



Please contact GSMA for detailed benchmarks on above organisations