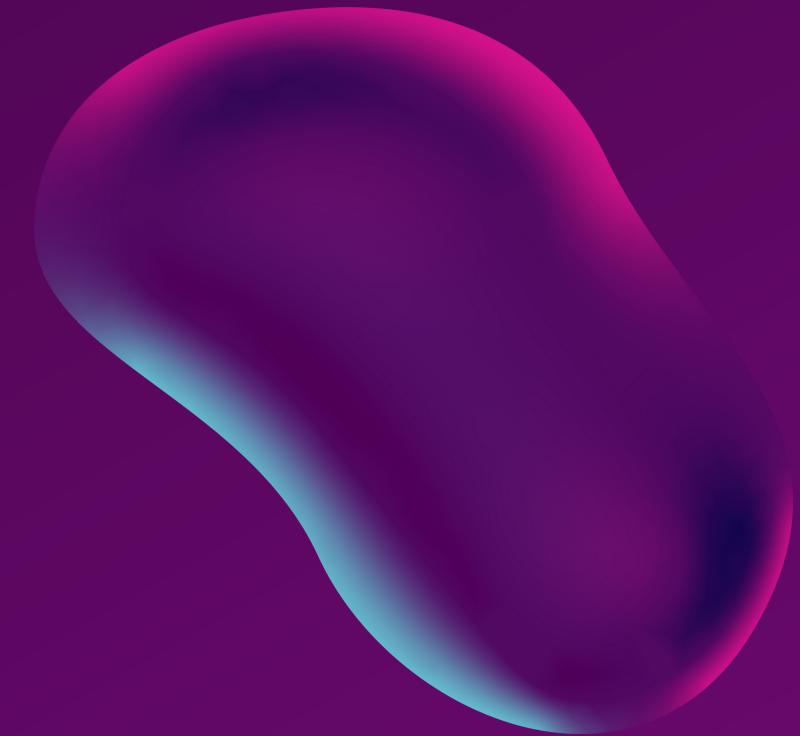


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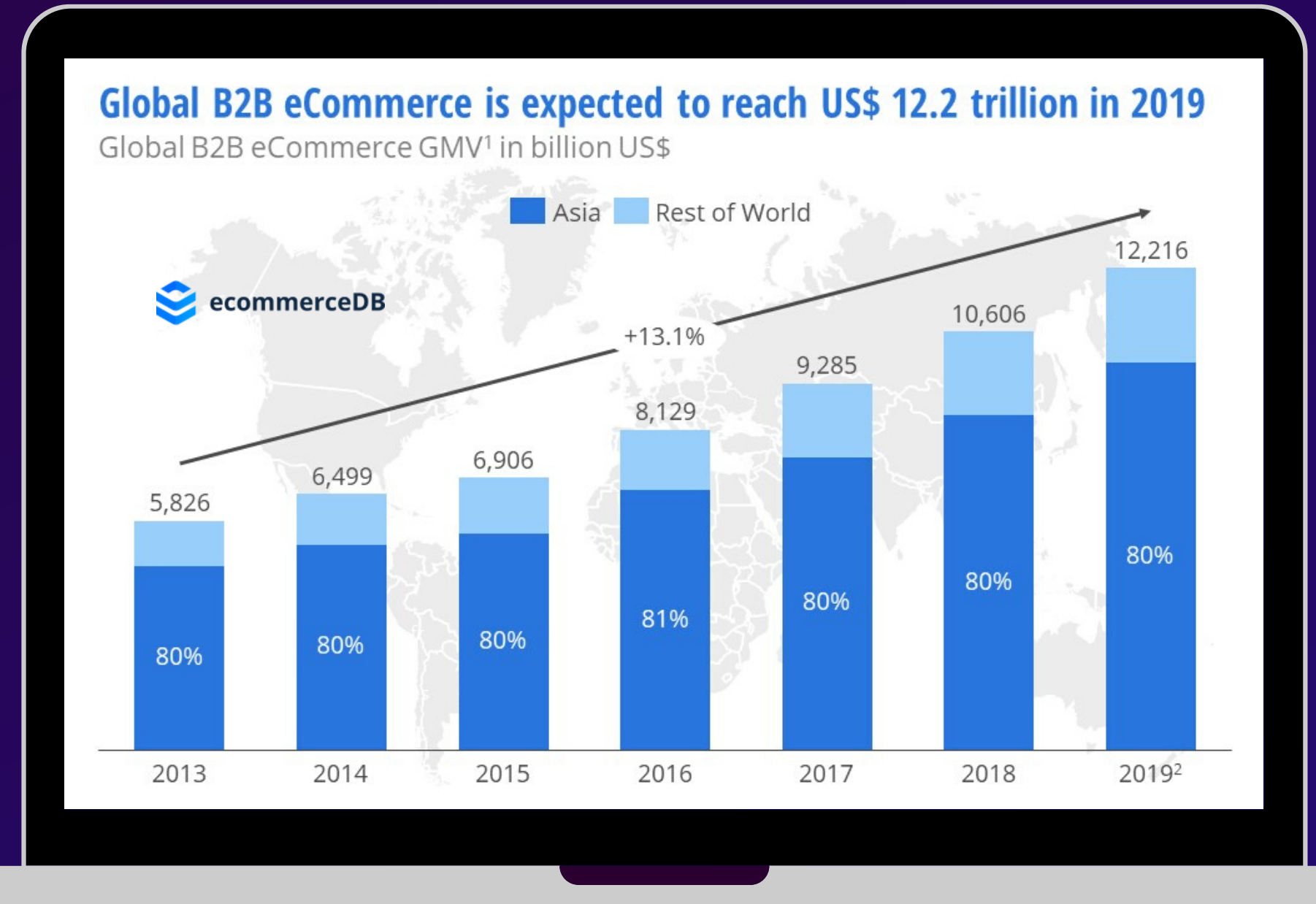
B2B E-COMMERCE IN NIGERIA

Jeremy Kirshbaum | Joseph Andrews |
Handshake



B2B E-COMMERCE

B2B e-Commerce stands for business to business electronic commerce and refers to online transactions between businesses, often involving wholesale distributors selling products to retail buyers.



B2B E-COMMERCE – A GROWING MARKET GLOBALLY, AND IN NIGERIA

FROST & SULLIVAN

B2B ecosystem is a lucrative industry with e-Commerce sales expected to reach \$12 trillion by 2020

INTERNET RETAILER

e-Commerce has already become a digital conduit to the current B2B industry, expected to focus heavily on digital trends, customer portals, social media channels, shopping cart sites, etc

FORBES

The “real money” is within the B2B market. B2B e-Commerce will reach \$6.7 trillion globally by 2020, with China emerging as a world leader in the industry

THE B2B E-COMMERCE MARKET IS NOT WITHOUT IT'S FAIR SHARE OF DIFFICULTIES

The Jumia logo, featuring the word "JUMIA" in a bold, black, sans-serif font, followed by a shopping cart icon with a star above it.

QUARTZ AFRICA

Jumia has accumulated over \$1 Billion in losses since inception

The Jumia logo, featuring the word "JUMIA" in a bold, black, sans-serif font, followed by a shopping cart icon with a star above it.

QUARTZ AFRICA

Jumia's share prices crash below IPO price four months after IPO



PROSHARENG

Key e-Commerce players OLX and Efritin and other minor players have recently shut down operations

B2B E-COMMERCE IN NIGERIA IS STILL A HUGE OPPORTUNITY – IF TAILORED TO THE LOCAL MARKET

Social media platforms like Whatsapp and Instagram have become the defacto e-Commerce platform for Nigeria

According to the 2019 Global State of Digital report, at least 85% of Nigeria's 24 milion active social media users are on Whatsapp

However B2B businesses are not well served by these platforms

Creating a B2B e-Commerce service will be both lucrative and contribute to growing the economy inclusively

E-COMMERCE IS ALREADY WIDESPREAD IN NIGERIA – IF YOU KNOW WHERE TO LOOK

e-Commerce in Nigeria is thriving, but not in a very familiar form; WhatsApp, Facebook, and Instagram are the major drivers of e-commerce in Nigeria.

People use these platforms to discover new products and vendors, order products and arrange delivery.

However, the search for products is not great, payments and logistics are arranged outside of the service, prices are negotiated on a purchase-by-purchase basis.

So why, if e-Commerce options already exist, are people choosing to use apps that are primarily designed for social networking?

MOST BUSINESSES IN NIGERIA
ARE "INFORMAL"

INTERNATIONAL MONETARY FUND

Nigeria's informal economy **accounts for 65% of GDP**

PROSHARENG

Nigeria's informal economy **grew in size at an average rate of 8.5%** between 2015 and 2017

NAIRAMETRICS

Nigeria's informal economy is **worth N38.7 Trillion**

CURRENT OFFERINGS LIKE WHATSAPP AND FACEBOOK DO NOT PROPERLY SERVE THE NEEDS OF B2B CUSTOMERS

Current offerings do not serve wholesalers and B2B commerce for the following reasons:

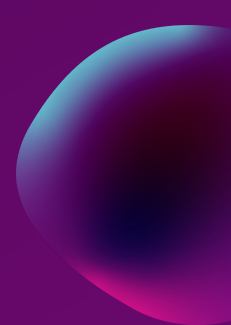
- Style mis-match
- Poor search function
- Complexity of transaction processes
- Poor services for international or long-distance transactions

There are several reasons why B2B e-Commerce in Nigeria is a huge opportunity

- Businesses have inventory and a location, and therefore collateral
- Wholesale markets have established processes for arbitration and governance
- e-Commerce in Nigeria is always very high-touch
- Business data leads more easily to other services

THE OPPORTUNITY

HOW TO TAKE ADVANTAGE OF B2B E-COMMERCE IN NIGERIA

- Standalone app with some physical office
 - Optimize for choice
 - Offer services along the entire value chain, but don't build your own
 - Leverage social networks
 - Diversified income streams
 - Several different avenues for income might make the most sense, or several different income streams which include: targeted ads and transaction support.
- 

B2B E-COMMERCE IN EMERGING MARKETS HAS BEEN DONE BEFORE VERY SUCCESSFULLY



Companies such as AliBaba, a B2B e-Commerce company. However, they primarily service international transactions



Yuwigo is an online B2B platform of the world's largest consumer goods market in Yiwu China.



Udaan is a B2B e-Commerce marketplace, focused on small and medium retailers across India



WHY PARTNER WITH US FOR INDUSTRY RESEARCH?

1. We've spent 100s of hours in markets in Nigeria
2. We've spent 100s of hours in markets in China
3. We've worked on emerging markets strategy projects with large organizations all over the world
4. We're an international team based in Nigeria and USA

CONCLUSION

- B2B e-Commerce is a huge opportunity in Nigeria and growing
- Now is the right time to enter the market, as the competition is low, and the potential for growth is high

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