

Research on E-commerce Platform Construction in Africa

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Abstract

In the context of strengthening cooperation and exchanges between China and Africa, it is of great practical significance to study China's development of Cross-border E-commerce market in Africa. This paper summarizes the E-commerce market in Africa, and it is not difficult to see that the E-commerce industry in Africa has a low base in the past few years. This paper deeply analyzes the current situation of E-commerce and logistics in Africa and analyzes the advantages and disadvantages of Cross-border E-commerce in Africa. The advantage is that Africa has a vast territory, with 55 countries, and is a blue ocean market with 1.3 billion users. Among them, young people account for 70%, which is a huge potential consumer group in Africa. In addition, 90 percent of Africa's local goods are made in China. The disadvantage is that payment and logistics problems remain to be solved. The future development prospects of E-commerce in Africa are deeply considered. The countermeasures and suggestions for developing the Cross-border E-commerce market in Africa are put forward.

Keywords

Cross Border; E-commerce Platform; Africa.

1. Introduction

In the keynote speech at the opening ceremony of the eighth Ministerial Conference, President Xi Jinping pointed out that China and Africa have jointly formulated the vision for China-Africa Cooperation 2035. As the first three-year plan of the vision, China will work closely with African countries to implement the nine projects. Including: Digital cooperation to drive Africa's accelerated transformation. China and Africa will expand cooperation in spectrum management, 5G, satellite Internet, big data, e-commerce, smart cities, aerospace and satellite remote sensing applications, support Africa in building new types of infrastructure, developing digital industries and bridging the digital divide. In the digital innovation project, China will implement 10 digital economy projects for Africa, build a China-Africa cooperation center for satellite remote sensing applications, and support the establishment of China-Africa joint laboratories, partner research institutes, and scientific and technological innovation cooperation bases. China will join hands with African countries to expand cooperation on "Silk Road E-commerce", hold Online shopping Festival of African goods and tourism E-commerce promotion activities, and implement the action of "Platform for Hundreds of stores and thousands of goods" in Africa[1]. In 2020, China and Africa achieved encouraging results in digital economy cooperation. Currently the digital economy advantage This is due to the forum on China Africa cooperation of 2019-2021 in which encourages in sharing actively experience in information and technology development with Africa. Seizing new opportunities for Chinese and African enterprises to carry out extensive cooperation in digital economy new infrastructure and also the internet. Chinese and African enterprise cooperation to build a cross border E-commerce platform. has led to the development of E-commerce platform related to Chinese and African trade relation in such countries such as Rwanda Kenya and Nigeria in China.

2. Overview of E-commerce and Logistics Situation in Africa

E-commerce on the African continent started late. Only five economically developed countries in Africa have launched E-commerce websites for five years. As a result, the scale of online retail market in Africa has not been comparable to that in other continents. But according to Statista's latest data, the continent's E-commerce market is expected to reach \$24.8 billion in transactions by 2022 and grow to \$75 billion by 2025, with a compound growth rate and a budget larger than any developed country on any other continent. This suggests that there will be a low base from which Africa's electricity industry will start to explode over the years. Compared with other continents, such as Southeast Asia and Latin America, where E-commerce has entered rapid development, although the growth rate of E-commerce in Africa is slightly slower, its volume will be larger than other continents, because it has 1.3 billion people.

As of the first quarter of 2021, the Internet penetration rate of the top 10 countries in Africa has increased to 39.3% (the world average is 58.8%), and the total number of Internet users has reached 580 million, according to another data from Statista. The average African (1.286 billion people) spends just 58 euros online, but the total number of Online shoppers in Africa has reached 280 million.

2.1. South Africa

South Africa telecommunications development level is relatively high, in South Africa can directly dial through 226 countries and regions of the telephone. The telecommunication network realizes data basically, the data microwave and the optical fiber cable is the main transmission medium. South Africa is a member of the International Telecommunication Union and the African Telecommunication Union. The Independent Communications Authority of South Africa (ICASA) is the regulator for the development of the broadcasting and telecommunications industry in South Africa. ICASA is responsible for the development of policies, regulations and licensing of companies in the industry to promote orderly and open competition in the industry. The South African telecommunications company TELKOM is the largest telecommunications company in Africa, and its satellite broadcasting and network technology is among the most competitive in the world. The postal service is monopolized by the South African Post Office, which has a developed postal network and basically covers the whole country. It has 2,760 post offices and 30 mail sorting centers, employing 25,000 people and handling 6.5 million pieces of mail a day. South Africa is a member of the International Postal Union, the Pan-African Postal Union, the Commonwealth Postal Regulatory Commission and the Southern African Transport and Communications Commission.

Bilateral investment between China and South Africa remains active. South Africa is China's largest financial investment destination in Africa, and most Chinese enterprises choose South Africa as their regional headquarters. Industrial and Commercial Bank of China is the largest single shareholder of South Africa's Standard Bank, while South Africa's National Media Group is the largest shareholder of Tencent, China's largest technology unicorn [2].

2.2. Kenya

Kenya Post has 639 outlets. Kenya Telecom is the sole provider of fixed-line telephone service in the country, with about 120,000 fixed-line subscribers. Kenya's mobile communication service industry is developing rapidly, with more than 54.6 million mobile phone users. Safary, controlled by Britain's Vodafone group, is Kenya's largest mobile operator, Bharti's Artel is the country's second largest and Telkom is the country's third largest. According to the Kenya Communications Authority (CA) at the end of September 2018, the top three operators have a market share of 64.2%, 22.3% and 9.0% respectively, with Safaricom having 29.94 million mobile subscribers and Airtel and Telkom combined 14.6 million subscribers.

Electronic payments and transfers were 434 million Ken Shillings in 2019, up 9.1% year on year. Cross-border phone calls and text messaging services both increased, with the length of Cross-border calls rising to 1.054 billion minutes. Kenya has one of the highest Internet penetration rates in Africa. In 2017, The Internet penetration rate of Kenya surpassed Nigeria, ranking the first among African countries, reaching 83%[3].

2.3. Burundi

In the field of communications, Burundi has 241,400 fixed telephone subscribers, 6.5 million mobile phone users and 1 million Internet users. Burundi now has four mobile communication companies (econet-Leo, LACEL, ONATEL and LUMITEL), which can cover almost all of Burundi. Burundi can reach all parts of the world by international telephone calls, but the Internet is slow due to the small output channel capacity at the international interface. Burundi is building a national backbone optical fiber network, which has been basically completed and part of which has been put into operation [3].

2.4. Rwanda

Postal facilities in Rwanda cover all counties, but ordinary mail cannot be delivered to households. Postal boxes are usually set up centrally at post offices, which are rented by companies or individuals and can be picked up from Monday to Saturday. DHL, TNT, FedEx and other express services have outlets in Rwanda to pick up and deliver parcels.

At present, Rwanda has adopted a series of policy measures to achieve electronic informatization in government work [3].

2.5. Tanzania

In 1993, Tanzania introduced the Telecommunications Act, which separated telecommunications from postal services and established telecommunications corporation, postal Corporation and telecommunications Commission respectively. The act partially liberalized Tanzania's telecommunications industry, providing space for mobile phone operators and telecom service operators.

As of the end of 2019, there are eight mobile service operators in Tanzania, namely Vodacom, Airtel, Tigo, Halotel, Zantel, TTCL and Smile. Its market shares are: 33%, 26.6%, 26.3%, 10%, 2%, 2% and 0.1% respectively. The total number of users is 43.62 million. According to the latest figures, Vodacom is the number one operator in Tanzania.

Tanzanian mainstream media have paid great attention to the China-Africa Digital Innovation Partnership. "Daily news", "citizen newspaper, in September, according to the special comment at the end of August" China-Africa BBS Internet development and cooperation "cause reactions in Tanzania, announced on the BBS" China-Africa digital innovation partnership "idea suggests that China will actively support African countries to raise the level of economic and social development in various fields of digital, should seize the opportunity, We will speed up discussions with the Chinese side on concrete implementation measures. Tanzania has the potential to become an E-commerce leader in East Africa with its fast economic growth and government's encouragement of innovation, according to the Africa Digital Economy Assessment report released by UNCTAD. Experts suggested that Tanzania should improve the relevant legal framework as soon as possible, introduce encouragement and support policies, introduce digital infrastructure such as 5G, and promote the integrated development of digital technology and the real economy. Tanzania has launched a trade portal, becoming the fourth east African country to do so after Kenya, Rwanda and Uganda, the Citizen reported. In 2014, unctad member states signed an agreement to establish a trade portal to facilitate regional and global trade. Since 2017, Tan has been experimenting with portals. The website clearly shows the process of licensing and clearing most imports and exports. The MINISTRY of Trade and Industry instructed TDC to provide guidance to the public, train relevant employees and ensure

the effective operation of the website. The website will help traders obtain necessary information and make correct decisions, so as to improve the business environment, stimulate imports and exports, and achieve the goal of creating jobs and promoting economic development [3].

3. Advantages and Disadvantages of Cross-border E-commerce Development in Africa

3.1. Advantages of Cross-border E-commerce Development in Africa

3.1.1. Territory

Africa has a vast territory, with 55 countries, and is a blue ocean market with 1.3 billion users. Among them, young people account for 70%, representing a huge potential consumer group in Africa. In addition, 90 percent of Africa's local goods are made in China.

3.1.2. 3G Networks

3G networks in Africa are basically covered, and 4G has already covered core areas. Smart phones are becoming more and more popular in the market, with new ones accounting for more than 50%. Moreover, the rapid popularization of mobile wallet and the gradual improvement of logistics maturity are the foundation for the rapid development of E-commerce in Africa.

3.1.3. Diverse Demand

Africa has limited production capacity but diverse demand. Africa's manufacturing industry is relatively backward in development and its production capacity is weak, so it has a great demand for products related to clothing, food, housing and transportation, technological development and environmental construction. This is a perfect target market for merchants. Smes can bypass the fierce domestic competition to develop sales channels in Africa.

3.1.4. Little Market Competition

Cross-border E-commerce is still in the initial stage of development in Africa, with little market competition. At present, the established platforms in Africa include Kilimall, JUMIA, etc., and China's Cross-border E-commerce platform is also going to be launched in Ghana, Africa. However, compared with China, the United States and other European Cross-border E-commerce markets, Africa's Cross-border E-commerce environment is still like a "rough jade" that has not been exploited to the maximum value. Even the JUMIA platform, which is already available, is not yet saturated with product categories, and the various TOSPINO categories have more business to play with.

3.2. Disadvantages of Cross-border E-commerce in Africa

Africa is a vast continent with many countries. There are great differences between countries, and the maturity of E-commerce market is also different. After several years of development, more and more people gradually accept online shopping through education, culture, infrastructure construction and the popularization of Internet development. However, the African market as a whole is still in the early stage of E-commerce development. It is not difficult to enter the African market, but logistics and payment are still in the exploratory stage.

3.2.1. Low Level of Industrialization and a Weak Foundation for E-commerce

African countries have a low level of industrialization and a weak foundation for E-commerce this in Africa greatly limits the development capacity of African manufacturing industry. The poor foundation of industrialization and low quality of labor and low level of manufacturing technology has become also another main factor. According to the world bank the African continent accounts for only 1.8% of global manufacturing value added in 2019. Hidden dangers in the network and information this is due to the reason in which consumers have such a

perception is that African network environment is not safe enough and platform has frequent risks such as leakage of user information The other thing is online financial fraud Cyber crimes.

3.2.2. Logistics

The lag infrastructure construction has affected the development of logistics industry the weak infrastructure is still difficult to meet the development needs of e-commerce, especially cross border E-commerce such as poor roads, airports , poor ports and communication network in which needs a large capital investment due to financial constraints in various countries and serious lack of private investment.

Addresses in Africa are complex, and consumers can only describe addresses in large cities. Moreover, postal services in Africa are not always reliable. And there are additional costs associated with Cross-border delivery, which further delays the movement of goods. Many African countries lack paved streets, and couriers deliver goods mainly by bicycle and motorbike, making last-mile transport in Africa very expensive. Some African E-commerce markets are still trying to win customers' trust through efficient delivery services. It can be said that the "last mile" delivery is a challenge that African E-commerce markets generally need to face [4][5].

3.2.3. Lack of E-commerce Talent in Africa

Lack of E-commerce Talent in Africa, Such the talent of E-commerce is not supported. This is due in most African countries have low level education, dropout rates, unemployment rates far higher than the world average level The poor development in compound talents, not only to understand technology, trade, marketing, but also the need to understand the law, management, finance and other professional knowledge.

3.2.4. Payment

Currently, the most common method of payment in African markets is cash on delivery, with 90 percent of online orders being paid in cash. There is little or no access to banks and only 10-15% of Africans have their own bank accounts. This is not good for the E-commerce market, as most online retail stores and services require consumers to have their own bank accounts or access to payment services linked to them.

4. Countermeasures and Suggestions to Construct the E-commerce Platform in Africa

4.1. Laws and Regulations

Improve the laws and regulation in E-commerce. This is by intensifying efforts to crack down on cyber fraud and leakage of consumer information and maintain market security Through improvement of tax laws such as legislation, clear tax jurisdiction, avoid double taxation, and reduce tax evasion, ensure the steady development of electronic commerce.

4.2. Infrastructure Construction

Intensifying infrastructure construction. This will reduce the funding gap for infrastructure construction through innovative financing methods and jointly promote the improvement of infrastructure construction in African countries. It will promote diversification. Deepen china Africa cooperation on infrastructure and production capacity, China should pay attention to the industrial development needs of different African countries and increase investment and cooperation in infrastructure Should fully analyze the feasibility of investment projects and strengthen third party cooperation with international development financial institution and enterprises in developed countries.

4.3. Upgrade Industrialization and Manufacturing Industry

Upgrading the level of industrialization and strengthening the development of the manufacturing industry, African countries should make great efforts to enhance level of industrialization and pay attention to the role of manufacturing in the upgrading of industrialization.

4.4. Train Talents

Speeding up training of compound talents AS for African countries e commerce professionals not only need a wide range of knowledge and professional business law and other aspects of knowledge. But also need to be familiar with foreign languages and internet and other knowledge. Strengthen the talents for China – Africa E-commerce cooperation. However the focused training should be focused on the application of technology talents. At present the cooperation system of education and human resource training between China and Africa is improving day by day.

4.5. Relax Restrictions on Telecommunications Market

Appropriately relax the access restrictions on the telecommunications market. African countries have also increased efforts to open up but yet they have not formed market oriented telecommunications industry competition situation. Encouragement in entry of private capital opening.

5. Conclusion

At present, there are 300 million E-commerce users among the 1.3 billion people in the whole Continent of Africa. It is expected that by 2022, there will be an increase of 27% online shopping users, and the average online consumption is 189.47 USD. Moreover, some well-known consulting institutions analyze that the transaction volume of the whole Continent of Africa is expected to reach 75 billion USD in 2025. Therefore, Cross-border E-commerce companies with business vision can clearly see that the growth data of The E-commerce industry in Africa is a huge market that cannot be ignored. Today, the Internet market in Africa is still a market with great potential, and there are still plenty of opportunities to be captured if E-commerce companies can act quickly and decisively. With the increasing number of Internet users in Africa, it is worth further study to implement Cross-border sales of products through entering E-commerce platforms in the future.

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