

**GROWTH OF THE
SMARTPHONE
MARKET IN AFRICA
2015**

—

CÔTE D'IVOIRE

JUMIA 
www.jumia.ci

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Welcome

As a dominant online shopping platform in 12 African countries, JUMIA is in a unique position to take a look at the evolution of the smartphone market in Africa. Then, alongside the biggest mobile phone to be held simultaneously on all JUMIA' websites, we felt necessary to draw up an inventory of this market.

The information in this report, which is limited to the Ivorian market, are based on data kindly provided by Ministry of Post and Information and Communications Technology, Côte d'Ivoire and those produced by the analysts at JUMIA.

Therefore, this is the place for us to thank the Ministry of Post and Information and Communication Technology of Côte d'Ivoire and Mr. APETE, Chief of Staff of the Minister of Post and Information and Communications Technology, Spokesperson of the Government, without whom this project would not have been possible.

I. MARKET OVERVIEW

Cote d'Ivoire or Republic of Côte d'Ivoire is a country located on the western coast of Africa spreading on 322 462 sq km with a population of 22.6 million inhabitants. Its administrative capital is Yamoussoukro (Abidjan being the economic capital) and the official language French. Côte d'Ivoire's official currency is FCFA (XOF) and the country is a member of ECOWAS (Economic Community of West Africa States).

During the last few years Cote d'Ivoire has benefited from strong economic growth, with GDP having grown by 9.8% in 2012 before slowing to 8% in 2013 and 8.2% for 2014.

Key facts :

- Area: 322 462 sq. m
- Population (2013): 22.6 million
- GDP per capita : 1 521\$ (2013)

Mobile

The mobile market in Côte d'Ivoire grew between 2012 and 2013 from 18.1 million to 19.3 million SIM cards and then reached 22.271 million in 2014, corresponding to a 6.8% growth while, mobile penetration persisted to grow to 97.5% of the population ([ARTCI](#)). The rise is largely due to the development of multi-SIM cards, the multiplicity of offers, and the reduction of communication fares and device prices.

Key facts:

- Number of network operators: 6 (5 active)
- Industry growth: + 4.5% (2013-2014)
- Number of subscribers: 22.271 million
- Number of mobile money accounts: 6.2 million
- Industry's turnover: 993 Billion XOF in 2014
- Direct jobs created: over 3 300
- Indirect jobs created: 150 000
- Investments: 119.45 billion XOF end of 2014
- Part of the industry in GDP: over 7%

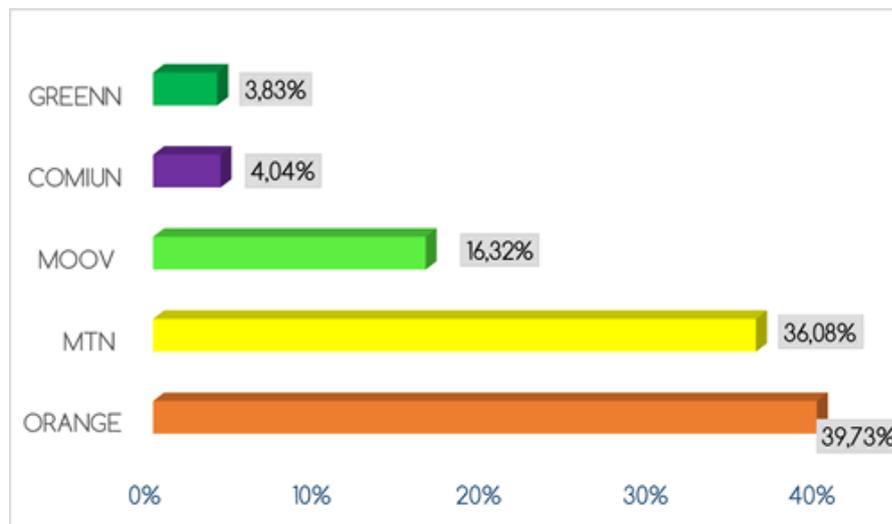
(Source: [Ministry of Post and Information and Communications Technology](#), Côte d'Ivoire)

Penetration rate of mobile telephony

	Penetration rate
December 2014	97.50%

(Source : [ARTCI](#))

Telcos market share by number of subscribers



(Source : [ARTCI](#))

Internet

Internet access is become largely a mobile phenomenon which experienced strong growth since the introduction of 3G for now displaying a penetration rate of over 20% of the population.

The internet and broadband sectors has been underdeveloped. This was partly the legacy result of high international bandwidth costs caused by the incumbent having monopoly access to the only international fibre optic submarine cable serving the country. This was addressed in recent years, with the landing of a second cable in November 2011 and with up to three more cables expected to land in the near future. Significant reductions in retail pricing for some of the existing ADSL, WiMAX and EV-DO wireless broadband services can already be observed.

The biggest shift, however, has been the introduction of 3G mobile services. Following years of delays, the first 3G license was finally awarded in March 2012 and the first 3.5G mobile broadband service has been launched, offering up to 42Mb/s using HSPA+ technology. The extensive geographical reach of the mobile networks will now make the internet accessible to a much wider part of the population. With a national backbone network including more than 20,000km of fibre optic cable, Cote d'Ivoire is in a good position to translate these improvements in competition and infrastructure into a booming broadband market and digital economy. ([Buddecomm](#))

Summary of internet subscribers - 2014

Internet subscribers : fixed and mobile End of 2014		
Fixed internet access	124 182	2,37%
3G mobile	5 108 718	97,63%
Total	5 232 900	100%

(Source : [Ministry of Post and Information and Communications Technology](#), Côte d'Ivoire)

II. M-COMMERCE/PAYMENT IN COTE D'IVOIRE

Côte d'Ivoire, which is a member of the West African Economic and Monetary Union (WAEMU) is one of the rising examples of the dramatic effect of mobile money on financial inclusion. This rise is largely due to a supportive policy and regulatory environment, a growing mobile phone penetration rate that has increased from 50 percent in 2008 to almost 100 percent in 2014 and an active mobile money sector largely driven by new non-bank players.

As in many other countries in Africa, limited access to financial services, which had been previously limited to banks and microfinance players, is now being overcome by new non-bank mobile-enabled e-money players in Côte d'Ivoire. While access to banking and microfinance was only 21.8 percent at end 2013, the new digital e-money players are now helping drive financial access rates to approximately 66.3 percent of the population. (www.mobilemoneyafrica.com).

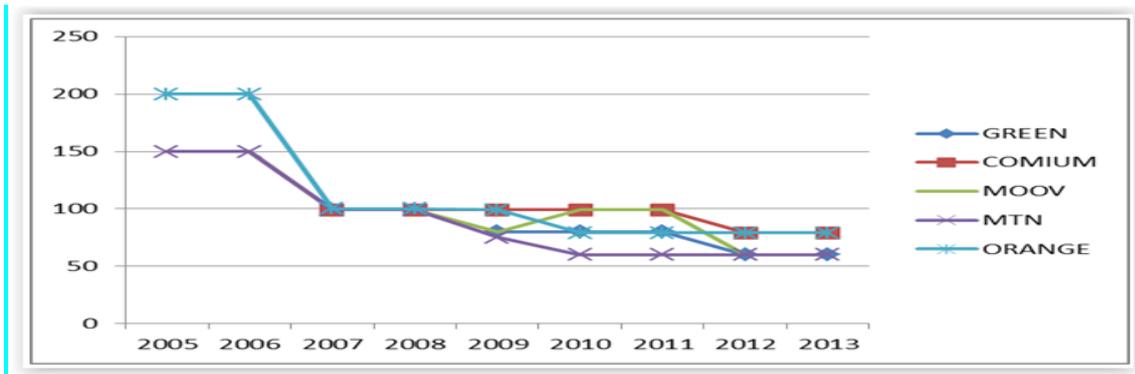
By the end of 2014, there were over 4.6 million active e-money customers (up over 240 percent from 2013) which transferred more than CFA 2,233 billion (\$4.6 billion) in transactions (up more than 186 percent from 2013) (www.mobilemoneyafrica.com).

III. OUTLOOK OF THE ICT SECTOR

The Telecommunication / ICT sector is one of the most important field of value creation for the Ivorian economy.

- Its direct impact on the economy is today estimated at 6% of the GDP for the only sub branch Telecommunications / Internet;
- The overall weight being about 8%.
- In terms of employment, this sector generates directly and indirectly (distribution chain and related jobs) over about 150,000 jobs in the formal sector of the national economy.

Also, there was a sharp reduction in telephony costs:



(Source : [Ministry of Post and Information and Communications Technology](#), Côte d'Ivoire)

While for the same cost, Internet speed has also been multiplied repetitively.

These reductions are completed by an increased technological efficiency and the introduction of new products on the market: 3G, mobile money, personalized SMS, Voice SMS, etc. besides the 4th generation of services that will be launched soon.

It is important to note that the sector's growth potential remains high in Ivory Coast and that is the same for the penetration rate.

In terms of employment, this sector already generates directly and indirectly (distribution channels and related jobs) about 150,000 jobs in the formal sector of the national economy. Over time, we expect to grow significantly with an increasing presence of new ICT businesses (outsourcing, call centers, online shopping, etc.). ([MPTIC](#))

IV. INTERVIEW

Mr. André APÉTÉ

Chief of staff - Ministry of Post and Information and Communications Technology, Côte d'Ivoire

What are the general characteristics of the mobile market in Côte d'Ivoire?

When the new government was appointed in 2011 our Ministry had to implement a few actions to improve the country operators' network coverage. Also, Côte d'Ivoire mobile market is in a context of "multi sim cards per user" so, it is important to balance the number of customers subscribing to an operator by dividing the total number of subscribers by 1.7 to fall to the actual number of subscribers. But overall the market is in excellent condition.

Why the Ivorian government is so proactive in promoting the "democratization" of Internet?

As the ITU stated, we believe that internet is a fundamental commodity. Equitable access should be granted to every citizen. Thus, the government is making everything for it to happen through programs such as "One Ivorian--One PC-One internet connection". Yet, there are still levers to maneuver in order to broaden the field of connectivity and accessibility.

Also, it is important to note the transversal character of the Information and Communication Technologies and in particular the impact of the internet since it has a significant impact on all other sectors of the national economy in terms of productivity and growth acceleration. Studies in this sense (ITU, various international firm such as McKinsey, among others) attest that for the sole domain of the internet, 10% broadband penetration rate leads 1.1 to 1.4 points of growth rate of GDP in a sustainable way.

Can you give us some statistics on Internet penetration rate?

Côte d'Ivoire counts around 100 000 to 150 000 fixed lines (ADSL) granting access to less than 1% of the total population. However, according to our regulatory board (ARTCI: Autorité de Régulation des Télécommunications; Côte d'Ivoire's Telecommunications Regulatory Authority), the surge of smartphones in recent years made the total number of internet users grow from 5 000 000 last year to 7 500 000 this year.

What is the government's view of companies that operate in e-commerce like JUMIA?

Every action that contributes to increase the GDP must be encouraged. With the law endorsed in 2013 on electronic transactions granting the same value to a digital document and a physical paper, I know the Minister is particularly attentive to actors such as JUMIA that operate in

electronic commerce. Furthermore, every action that fosters further outreach of internet, such as massive discounts on smartphones, is highly appreciated.

Overall, JUMIA contribution can be seen at multiple levels such as value creation, youth employment and development of new skills, local content creation and finally the massive adoption of terminals by reducing their costs. All this fosters the outbreak of a secured digital economy.

V. JUMIA CÔTE D'IVOIRE: AN ACTOR OF INNOVATION AND DEVELOPMENT

JUMIA started its operations in Côte d'Ivoire in 2013. The ecommerce platform which offers everything from fashion, consumer electronics, home appliances to beauty products saw its customers base increase drastically in two years. Today, with half a million visits monthly, JUMIA is the largest shopping mall of the country.

Being an online shopping platform, JUMIA has been both a beneficiary and an actor of the surge in the use of smartphones for accessing Internet. In its mission to fight against dear life by offering low prices, JUMIA has become a reference to compare prices with those of the market, especially for mobile devices.

JUMIA mobile phones sales

Today, we can reasonably affirm that JUMIA pushed the mobile market in Côte d'Ivoire through intensive promotions and the introduction of affordable and extremely powerful new brands. The "Mobile Phone" category is the most appreciated and visited on JUMIA. From May 2014 to April 2015 it represented 27% of the total sales revenue. Android smartphones topped the sales grossing 74% of the total sales with Samsung (30% of the sales), Alcatel (14%) and the new player Infinix (13%) being the three most sold brands (as shown on the infographics hereunder).

Encouraging the spreading and use of mobiles devices, JUMIA mobile phones are being shipped in every city of the country even if Abidjan is still concentrating 76% of the sales.

JUMIA Mobile phones sales May 2014 - April 2015

Mobile phones represent
27% of total sales revenue



An increase of 96% in mobiles sales revenue from May 2014 to April 2015



Mobile phones sales

Top brands in terms of units sold



30%

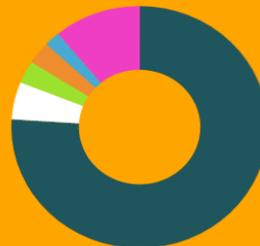


14%



13%

Geographical repartition of mobile phones sales



Abidjan-lagunes (76%) Bas Sassandra (5%) Savanes (3%)
Vallée du Bandama (3%) Lacs (2%) Others (11%)

The two new brands introduced in 2015 have been well acclaimed

Infinix



Launched in february 2015

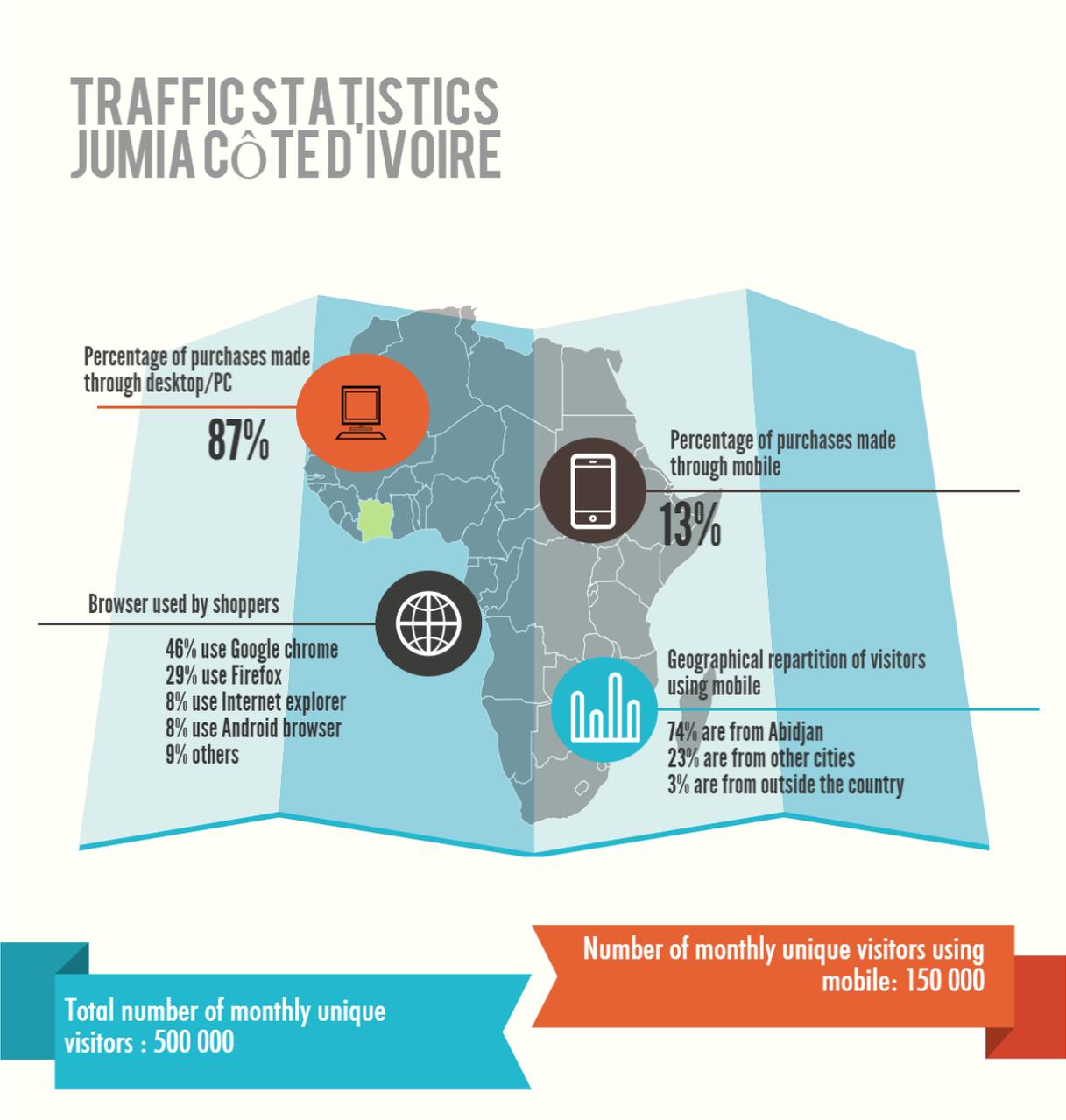
Innjoo



Launched in March 2015

Source of traffic

JUMIA offers an excellent framework to witness the increase in the number of people accessing internet via smartphones. The number of shoppers purchasing on the website using mobile devices has grown from 5% in August 2014 to 13% in April 2015.



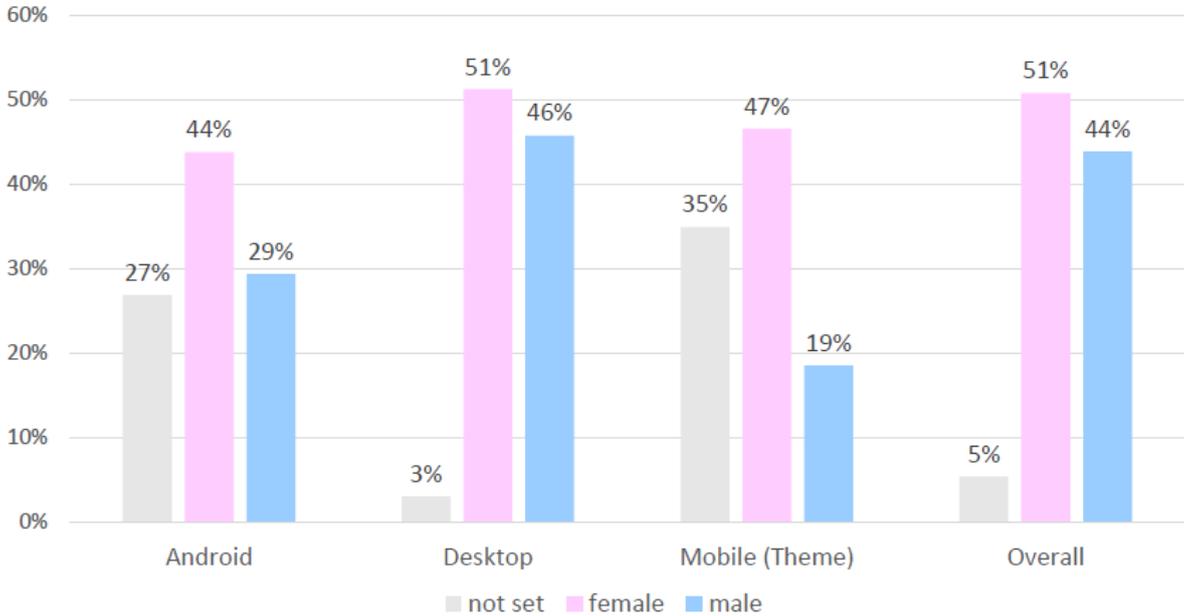
(Source: [JUMIA](#) Côte d'Ivoire)

As shown in the above infographics, purchases are mostly made through desktops/PCs.

JUMIA 74% of the traffic originating from mobile comes from Abidjan, 23% from inland, and 3% from outside of the country. In terms of unique visitors, mobile monthly unique visitors represent a third of the total monthly unique visitors recorded.

In addition, the statistics revealed that the majority of smartphone traffic comes from Android devices; Samsung leading the ranking with a staggering 44% of the traffic against 5% for Apple.

Gender repartition based on the device used



(Source: [JUMIA](#) Côte d'Ivoire. Order Book. January 1st –August 31st 2014. Net items.)

Regardless of the type of device, women remain the most prominent shoppers.

Payments

As many countries in Africa, the majority of the Ivorian population is unbanked. Officials estimate the banking citizens to represent only 12% of the total population. Although e-commerce generally requires electronic funds transfers, JUMIA succeeded in Côte d'Ivoire as in the other countries where it operates, to create a new business model where cash payments are largely accepted through cash on delivery (COD).

Thus, more than 95% of the payments made for products ordered on the website are made by cash remittance upon delivery.

However, counting on the rise and rapid adoption of mobile money, JUMIA is allowing customers to pay for their purchases through MTN mobile money platform.

It is important to note that according to data from JUMIA order book between January 2014 and August 2014, the average basket price was higher for orders made through PC/desktop.

VI. CONCLUDING REMARKS

Côte d'Ivoire's macroeconomic environment and its regained stability predict a positive development for the country in the upcoming years. Government policies and investments from local operators will play a major role in the spread of internet throughout the country.

With almost 100% penetration rate for the mobile telephony, the West Africa country has already started to operate a shift towards smartphones; like some of its counterparts in East Africa. This shift is the result of the decline of device prices favored by the entrance of new competitors proposing top-notch functionalities at cheaper rates. It is also the result of the installation of actors like JUMIA that seek to enhance the purchasing power of consumers while offering the best products. In addition, the smartphone has become a less pricey option for acquiring an internet connection.

Today, the Ivorian Government sees the smartphones as a major opportunity for bridging the digital gap and its adoption is already contributing to reduce it. In 2012, the internet penetration rate in the country was less than 1%. At the end of 2014, that rate rocketed to 20% with 97.63% of internet subscribers using mobile technology, mainly smartphones. Also, early data for 2015 indicate that the number of subscribers to a 3G mobile Internet access has jumped again to reach 7 million subscribers, thus nearly 32% of the population. This is a great tendency which creates a strong framework for the democratization of internet and an ecosystem with new possibilities for entrepreneurs and businesses. Mostly, it can sustainably affect GDP growth as revealed by a McKinsey study stating that every 10% of broadband penetration drives GDP up by 1.1 to 1.1 points.