The E-Commerce Supply Chain Management in African Countries: The Case of Jumia

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Abstract: This study draws the outlines of what will be tomorrow the landscape of e-commerce Supply Chain in African countries. Companies wishing to sustain their activity must strive to regularly adapt their strategy to follow changes in the behavior of their customers. E-commerce players are today faced with a double challenge. The first is to enhance the quality of services for e-shoppers who are increasingly demanding. The other important aspect is the implementation of an effective logistic solution, this includes the management of stocks and supplies as well as deliveries and returns.

The giants of e-commerce such as Alibaba (China) and JUMIA (Africa) have understood. They have invested heavily to take a competitive advantage over their counterparts, maximally optimizing their supply chain. In most cities, they become even logistics actors, internalizing of more the logistic function.

Keywords: Supply chain management, JUMIA (Africa), E-commerce, Logistic function

I. INTRODUCTION

The supply chain is facing a metamorphosis, offering more flexibility to the final consumer. After several years, e-commerce, which prospects are always favorable, could enter a phase of more moderate but certainly enviable progress in developing countries over the next three years. It will be accompanied by a reconfiguration of the landscape, distinctive markets. Already, some movements are at work: impact of the cross-channel on the organizational models of Supply Chain, the transformation of some process, new tools, strategic moves of the logistics service providers, the rise of m-commerce (especially in Africa).

According to forecasts of the World Bank, 6 of the 12 global economies showing growth between 2014 and 2017 are on the African continent. Therefore, it is not surprising to see a growing number of firms. With a growing population, the emergence of a middle class, the gradual democratization of the internet and mobile, Africa seems at first all conditions so that the sector of e-commerce develops there.

Online auction sites are in full progress on the continent. These new economic players provide services adapted to African realities and local needs while maintaining quality standards. Online purchases are little by little in the consumption habits of the population of major African urban centers. The classic distribution leaders must deal with this new situation.

Despite the absence of electronic payment systems, appropriate and low internet access, more and more African entrepreneurs are entering trade online or e-commerce. This dynamism is due to several objective factors and common to most of the countries of the continent: lack of quality commercial infrastructure, the increasing of people connected to the Internet, the creation of a new middle class young and eager for consumption, the ability of the population to quickly adopt technological innovations.

II. THEORETICAL BASIS

1. Omni-channel

The Omnicnannel is today the new model of customer relationship? Once again, many sales channels are involved in the sales process, but as suggests the term Omni, consumers are using all channels available to them. The customer can purchase using all channels and all the information on the purchase process will be available at all levels, ideally in real-time. Many retailers have already adopted this strategy. They integrate their online and in-store channel to leverage both their scope to the clients the advantage conferred by the Internet to increase their income.

2. Multi-channel

Multichannel was used in multi circuit distribution and sales channels. As the term suggests, various channels are involved in the business processes. Multichannel is characterized by processes in silos, meaning that channels exist side by side without interaction between them. Customers can't buy using several channels, such as order online and remove in-store. In other words, the channels are not integrated. From the point of view of the consumer purchase preferences, this model today shows its limits.
3. Cross-channel

Cross-channel is a strategy that is widespread in e-commerce, consisting to place the customer at the Court of the sign, regardless of the distribution channel it uses. It allows the different channels of distribution of a business (physical store, catalog, website, etc.) to work together rather than compete.

With the emergence of the Internet, many distribution companies have seen in online trade a complementary way to boost their sales. The first merchant websites are thus developed without direct links with physical sales locations. There was a talk of multi-channel strategy, where two channels of sale entered in competition with no interaction. This strategy is now exceeded by the cross-channel strategy. The latter merges online and offline by making each other's complementary sales channel. Thus, can a customer now discover a product catalog, order it on the web site and remove in-store?

The supply chain of the e-commerce in developing countries

1. The factors favorable to the emergence of e-commerce

Growth rate lightning predicted to e-commerce is the result of a combination of favorable factors that transformed little by little the African consumer habits, making them less challenging to modern technologies and more eager for brands and products international.

The dramatic breakthrough of mobile is the main engine: with 350 million mobile phones on the continent by 2017, the market of mobile services is booming. To date, nearly 12% consumers of French-speaking Africa have already made purchases via their mobile. Not to mention comparable breakthrough, Internet penetration on the continent has also paved the way for e-commerce for the 20% of Africans now connected to the canvas.

Paradoxically, this fertile ground for the emergence of the sector is partly because of shortfalls inherent to the African environment. Restricted access to traditional means of payment is the first brake to work around: in question, the banking rate very low in Africa (about 12%), opening a bank account is often restricted to a congruent portion of the population.

2. The impact of developments in e-commerce on the logistics chain

We hear more and more these concepts (Multichannel, cross-channel, Omni-channel...). They refer to the multiplication of distribution channels and their interaction. For many pure plays, therefore more question of merely collect online orders to be sent directly to the customer's home. May as well buy in store on the web and want to pick up his parcel in a relay point or directly in his mailbox. This implies a reorganization in depth of the chain in its entirety, the so-called SCM planning.

![Fig.1. E-commerce supply chain retail trade](http://indusedu.org)

3. How to find the balance between responsiveness and profitability

To preserve margins as possible, many e-commerce companies seek to reduce their stock while now excellent responsiveness and attractive delivery times, this last parameter obviously part of strategic logistics KPIs. The volume of sales is important, more inventory management is delicate. Selling online allows users to purchase 24 hours / 24 and almost anywhere in France, increasing considerably the number of orders. But the logistics perfectly set APS software used to achieve these objectives. These tools come in addition to the conventional ERP and allow to plan the activity of way closer to reality, they bring additional flexibility which was until then default to frozen management packages.

4. Delivery management

The web customers buy differently, wish to be delivered as soon as possible... And in the place of their choice! The latest studies show us that e-shoppers prefer delivery relay point. It, therefore, becomes essential to have a specific Transport Management System solution for dashboard capable of reproducing in a clear and straightforward way the complexity of follow-up and the management of transport logistics. Because if in the traditional trade customer goes to the goods with e-commerce distances increase because the product going to the consumer resulting in a reversal of the physical flow on the logistic part downstream.

5. The Warehouse Management System, for a high-performance warehouse

At the heart of e-commerce activity is obviously the warehouse, this platform that requires a flawless organization to respond to these new challenges that online sales offer e-tailers. Shop beauty products sought at attractive rates, will not prevail without a perfect management of the different flows linked to the supply,
storage, preparation of orders and shipping them. Is the responsiveness of the company towards its clients and in this field approximations have unfortunate consequences on the brand image of an online store quickly? The more developed and sophisticated WMS can categorize, group and organize the commands to improve the levels of productivity and profitability in the face of this increase in online sales.

III. METHODOLOGY

1. Ever shorter delivery times

Yet new practices two or three years ago are gradually becoming trends of the sector. The same-day delivery is democratized, as delivery in an hour. Amazon is one of the forerunners with its premium Now service.

More and more innovative startups are positioning themselves on the logistics of the final kilometer or the delivery of specific products (fresh, fragile...). Others focus on the sharing economy and the concept of crowd shipping which is to carry its parcels by individuals.

2. Urban logistics in full metamorphosis

This e-commerce growth, combined with the increase in urban populations, upsets the Organization of logistics at the heart of the cities. Warehouses of smaller multiply at the entrance of the large metropolises.

At the heart of the inner cities, fleets of electric vehicles, as well as delivery boys on the bike or on foot, patrol the streets. Storage of a new kind (hybrid, to floors...), as well as areas of original delivery (transformed into unloading docks parking locations), are also emerging.

3. Impact of modern technologies at the heart of the logistics trades

Robotization and automation are used to reduce costs significantly in the warehouses. Big Data and artificial intelligence also allow an improvement of the processes of the supply chain. Through the analysis of data, in real time and the machine learning, it is now possible to anticipate and predict stock management, optimize routes and thus reduce the time of delivery.

Changes the appearance of connected objects, be it in warehouses or customers, also structurally chain, storage up to after-sales. Tomorrow, those are deliveries by drone or by an autonomous car that will take place.

Case study: JUMIA Africa

The company founded in 2012 by AIG in Lagos, is now present in 10 African countries. Through innovation and the adaptation of the e-commerce model in the African market, JUMIA became a successful example and symbol of a connected Africa which started shopping online.

JUMIA cart is one of the most popular in Africa. For thousands of Africans in general, the carriage and the rest of the logo of the company are synonymous with bargains on the internet.

JUMIA arrived and did a risky bet to adopt e-commerce in Africa which had then only a few users. Worst e-commerce then rhymed with fraud and scam, and the task looked difficult to win the trust of customers.

1. The payment method "CASH ON DELIVERY"

JUMIA success relies heavily on the agility demonstrated by the company to adapt to local realities. Thus, far from copy and to impose the traditional Western model of e-commerce, JUMIA appropriated cultural differences to provide adequate service to its customers.

Cash on delivery payment is at the top of these adaptations. This payment method that allows the customer to pay the delivered article if it corresponds to his expectations, contributed substantially to the rise of the e-retailer.

2. Logistical challenges

Early on, the challenges related to the logistical activity requirements and the availability of the products proved to be persistent. However, the measures taken by the company quickly proved very effective. Upgrading providers then, the creation of an entity dedicated to the logistics with a fleet owner, helped ensure significant delivery delays. Then, the training of providers in the management of stocks and their shops on the platform (seller-center) has greatly improved the procurement process.

Finally, the search for international partners up the representation for several brands such as INTEX in August 2015 and Decathlon more recently in January, allows JUMIA products often found locally.

3. A positive impact for African companies

If the supermarket online today, assorted more 60 000 articles, it is thanks to this privileged relationship it maintains with the SME which sell on its platform. Since 2013, several of its suppliers had to hire additional staff to cope with the growth of their activities, stimulated by collaboration with JUMIA. Thus, implicitly, and more of its 300 employees, the supermarket online promotes the creation of indirect jobs.

Moreover, its marketplace has become a powerful tool for helping entrepreneurship. It reduces in addition to national geography (by expanding the catchment areas), the obstacles that may involve the creation and the physical installation of a trade for smaller entrepreneurs.
IV. FINDINGS

The world of commerce B2B (business to business) and B2C (business to consumer) is changing rapidly, and this trend will only increase in the coming years. Today, the customer aspires to a purchasing experience homogeneous on all channels of retail - online, offline, or a combination of the two.

The retail Omni means seamless integration of the customer experience across all channels of interaction - in-store, on the Web and via mobile devices. Because customers use virtually every channel available purchase, the companies should be ubiquitous. Now, the buying process is unpredictable. It became dynamic, carried by a strong rise of the Internet and mobile use, and features of more points of contact than before. Moreover, thanks to social media, consumers now have their word to say. They can compare the different offers and decide which suits them best. If a company is not visible or does not show a strong mobile presence online, it inevitably loses market share.

If these concepts delight the customers and now JUMIA followers, they also manage to seduce international brands.

V. CONCLUSION

With a population rapidly growing, the emergence of a large middle class and a growing number of Internet users, the evolution of virtual trade seems well partly on the continent. However, the lack of confidence in the payment system, the logistical challenges, or even the risk of fraudulent transactions is likely to be obstacles to the development of this new digital economy. So far, Africa online business represents only 2% of the global market, growth prospects remain promising in a continent where everything remains to be done and to build.

In addition, it is very important to consider green supply chain essential to the issues in the sustainable development process. The future is the ability to process information or big data, and share them effectively with the various interlocutors that are suppliers, consumers, and logistics operators.

VI. REFERENCES