

Executive Summary

The rapid digital transformation underway in Africa has the potential to have an equally transformative impact on women entrepreneurs. Although Africa boasts a higher incidence of women entrepreneurs compared to men, women-owned (WO) businesses across the continent tend to be smaller, have lower average sales, and have fewer employees (World Bank 2019).

The exponential growth of e-commerce in Africa presents an opportunity to close gender gaps by opening more markets to WO enterprises. Between 2014 and 2020, the number of online shoppers in the region grew annually by an average of 18 percent, compared to the global average of 12 percent (Davarpanah 2020). Similar trends could bring the value of the sector from \$20 billion in 2020 to \$84 billion by 2030—a milestone which may have already been accelerated by the high demand for online shopping catalyzed by the COVID-19 pandemic (Statista 2020).

Yet, advances in disruptive technologies do not always translate into advances in gender equality, and to date, there is limited research that has investigated women's

participation or their success on e-commerce platforms. This report seeks to address this knowledge gap with the first large-scale, sex-disaggregated analysis of e-commerce sellers in Africa and to shed light on the following key questions:

1. How are women entrepreneurs participating and performing in e-commerce?
2. What are the opportunities and challenges for women entrepreneurs selling on e-commerce platforms?
3. Is there a business case for e-commerce platforms to invest in women entrepreneurs?

To answer these questions, the research team conducted in-depth interviews with sellers, as well as global and regional e-commerce experts; undertook surveys of representative samples of men and women sellers in Côte d'Ivoire, Kenya and Nigeria; and conducted an analysis of data from Jumia, one of the region's largest e-commerce platforms.

Findings and Recommendations:

This study found that by closing gender gaps by 2025, the e-commerce sector could add nearly \$15 billion to the total value of the sector in Africa by 2030, providing a powerful business case for e-commerce companies. Achieving this growth will require, first, that more women start selling online and, second, that their sales perform as well as men. The points below highlight key findings on how women are currently engaging in digital commerce and how to put women at the center of the e-commerce sector in future.

1. How are women entrepreneurs participating and performing in e-commerce?

1.1. WO and men-owned (MO) businesses report different motivations for turning to e-commerce.

While men and women are equally likely to report that Jumia helped them grow their business, more men reported joining an e-commerce platform to start a new business, while more women joined to grow an existing one. Additionally, women were more likely to report “flexibility” and “supplementing existing income” as key benefits of selling online, suggesting that many women are using e-commerce to overcome barriers to labor force participation and earnings equality.

1.2. Women entrepreneurs are actively participating in e-commerce but require support to grow.

On the Jumia platform, 35 percent of businesses in Côte d'Ivoire and 51 percent of businesses in Kenya and Nigeria were owned by women. When comparing the presence of formal business ownership between the Jumia platform and national statistics, WO businesses were better represented on the Jumia platform in both Kenya and Nigeria.

There are some similarities that translate from the broader economy into e-commerce. For instance, WO businesses on the platform are more likely to be microenterprises, whereas most large businesses, including Jumia's key accounts, were owned by men. WO businesses also tended to have lower revenues and fewer employees than MO businesses.

1.3. COVID-19 has largely reversed the successes of WO firms.

Comparing the second and third quarters of 2019 to the same period in 2020, as

COVID-19 spread, WO businesses experienced a 7-percentage point drop in sales, while MO businesses experienced a 7-percentage point rise in sales. Reversing this trend will be key to ensuring women can compete in the digital economy post pandemic.

2. What are the opportunities and challenges for women entrepreneurs selling on e-commerce platforms?

2.1. Women are leveraging e-commerce to enter more profitable sectors where they have been historically underrepresented.

Women entrepreneurs currently dominate the fashion category; however, that segment is characterized by high-competition, low-differentiation potential, and lower margins, making this category challenging. However, there is evidence that women also use e-commerce to enter higher-value segments.

The electronics category accounted for the largest share of total sales on Jumia. While men typically sold more in the electronics category, the opposite was true where women outpaced men in this product segment. This trend continued during the pandemic, although women's average sales in the category decreased more than those of men.

The World Bank found that sector switching is one key path for women to close earnings gaps, suggesting that high-earning categories on e-commerce can boost performance for women entrepreneurs in the long-term (Alibhai, Buehren and Papineni 2015).

2.2. Women cite greater access to markets and greater flexibility as key benefits of e-commerce.

A large number of men and women agreed that selling on Jumia helped them grow their businesses. Thus, market access is a key benefit of e-commerce for women, who are more likely to face a smaller customer base offline. In addition to the specific business support services offered by Jumia, women were more likely than men to value the intangible benefits of selling online, particularly as this provides greater flexibility and more time with friends and family.

2.3. Women face financing gaps which platforms are well positioned to address through

emerging fintech offerings. WO businesses were more likely to have started with personal savings and were less likely to have received a loan from a financial institution. After start-up, only 7 percent of WO businesses received a loan via the Jumia platform, compared to 11 percent of MO businesses. Women requested smaller average loans and were more likely to have their applications approved. This suggests that targeted financing represents a key opportunity for e-commerce platforms to grow their seller base, while also closing gender gaps.

2.4. Women are less likely to invest in paid promotion for their products. Men were 12 percentage points more likely than women to take advantage of paid offerings such as advertising. Additional support in marketing products and tracking the effectiveness of sales strategies could encourage more women to take advantage of such offerings and increase their sales. Platforms can also support women in increasing uptake of product promotional services through time-bound preferential rates or trial periods that could help women compete online.

2.5. Women entrepreneurs are more likely to value training and business support. Men and women had similar responses on questions about the ease of using of platform features, as well as success along the seller journey from registration to product delivery or returns. However, when asked about which Jumia services they found most helpful in the last 12 months, 48 percent of women, versus 40 percent of men, cited training. Similarly, 24 percent of WO firms reported that Jumia helped their business to manage profit and loss, compared to 17 percent of MO firms. E-commerce platforms could support women entrepreneurs to increase their profitability by providing additional training through their platforms.

3. What is the business case for supporting women entrepreneurs in e-commerce?

3.1. Closing gender gaps in sales performance on e-commerce platforms by 2025 could yield nearly \$15 billion billion in platform revenues by 2030. If the status quo continues, the value of the African e-commerce market is expected

to reach \$84.5 billion in 2030. While women's individual average sales currently lag behind those of men — in part due to the pandemic — if women's gross merchandise value (GMV) reached parity with men by 2025, this study estimates that nearly \$15 billion of additional market value would accrue by 2030.

Thus, for every year in this period that gender gaps remain unaddressed, the sector loses about \$3 billion of potential value. Women's success in e-commerce prior to the pandemic suggests that reversing COVID-19 related drops in sales and bringing the GMV of WO and MO businesses to parity is an eminently achievable goal.

3.2. Attracting more women customers is key to e-commerce growth. While this study focused on e-commerce sellers, emerging evidence shows that targeting women customers is also key to growth. New sex-disaggregated data shows that the pandemic led customers to shop more on e-commerce platforms and that women were more likely than men to have discovered a new online store where they will continue to shop after the pandemic (Kantar 2020).

3.3. Platforms are well-positioned to support women entrepreneurs. From digital access to business skills, women entrepreneurs across the region face disproportionate barriers to success. This study highlights concrete opportunities for e-commerce companies to support WO businesses. Selected actions include:

- Collect and tag sex-disaggregated data on sellers to enable ongoing analysis and provide targeted support to WO businesses;
- Ensure that women entrepreneurs are aware of, and can access, emerging fintech offerings such as platform-administered loans, to address existing financing gaps;
- Build on the early training success by adding more content and expanding outreach to WO businesses; and
- Incentivize women sellers to use paid platform features, such as product advertising, and to enter high-value segments, to increase their competitiveness and success rates on the platform.

The Case for Gender Equality in E-commerce

IFC's new research Women and e-commerce in Africa shows that if women's sales reached parity with men's the value of the African e-commerce market could increase by nearly

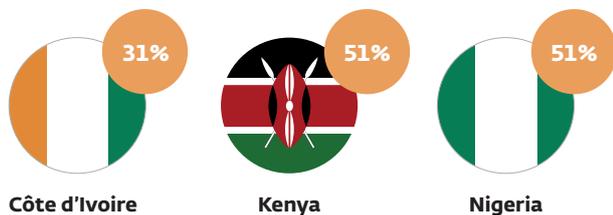
\$15 Billion

between 2025-2030.

In other words, companies lose out on just under **\$3 Billion** for each year of delayed action on gender equality.

Where are we?

Women are active participants in e-commerce, with the following levels of business ownership on the Jumia platform:



But women are more likely to:

- Own microenterprises
- Have fewer employees
- Have lower individual sales

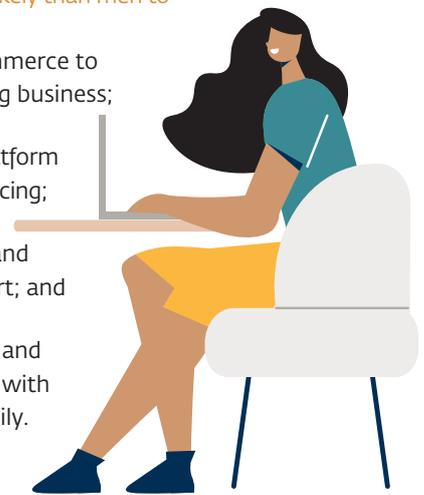
E-commerce platforms can provide the support needed to help women entrepreneurs grow and thrive.

E-commerce is helping women succeed in the digital economy.



Women were more likely than men to

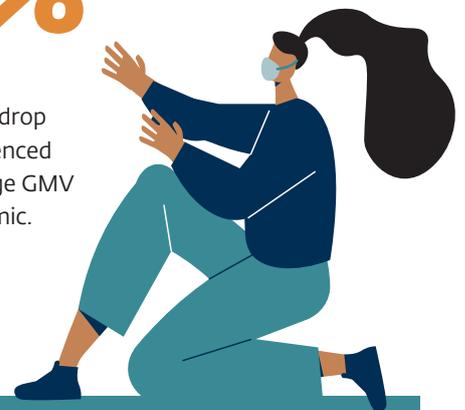
- 1 Come to e-commerce to grow an existing business;
- 2 Benefit from platform sponsored financing;
- 3 Value training and business support; and
- 4 Value flexibility and additional time with friends and family.



Covid-19 Disproportionately Impacted Women

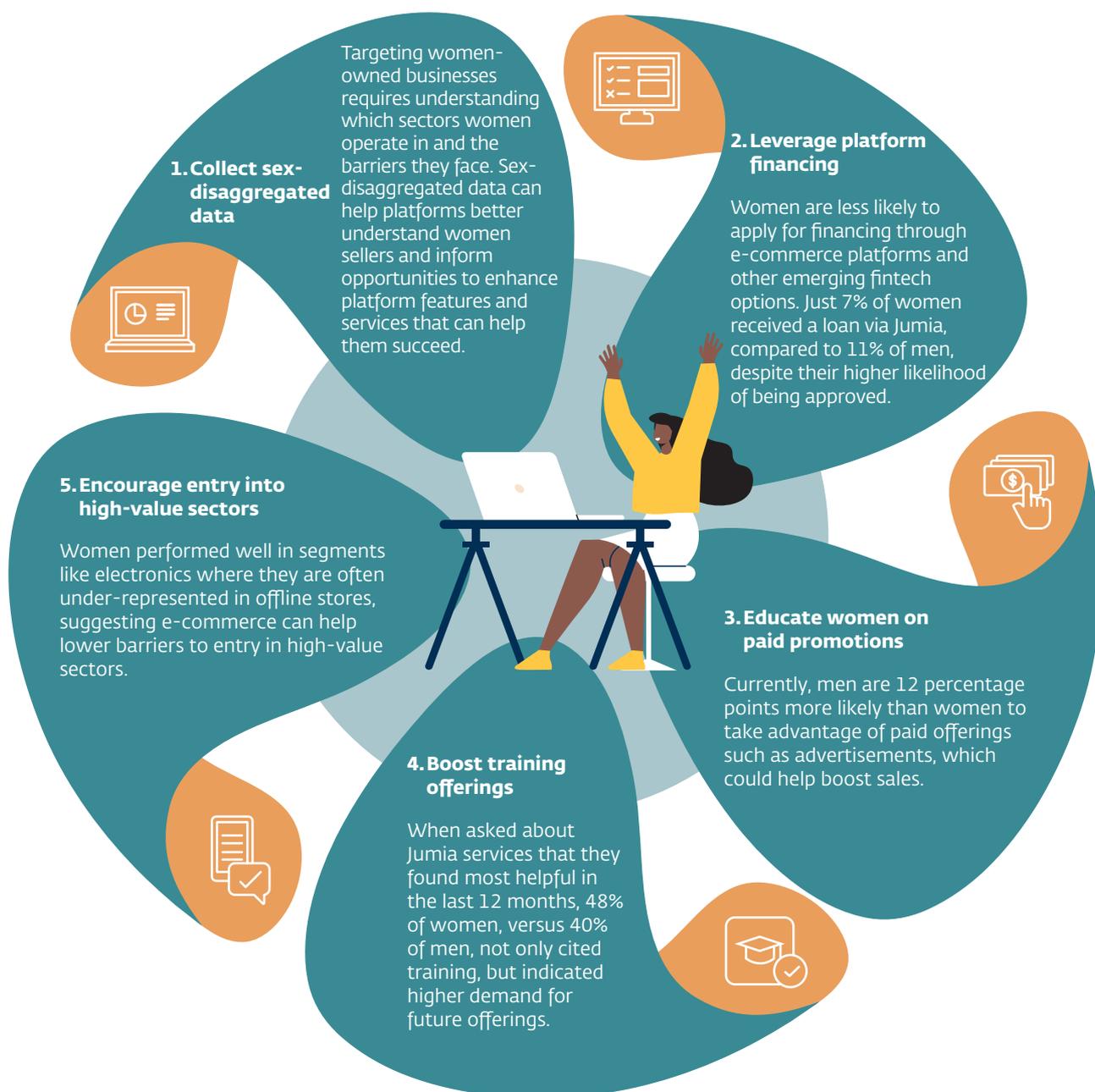
↓ 7%

Women vendors experienced a 7% drop while men experienced a 7% rise in average GMV during the pandemic.



Reversing this trend will be key to ensuring women can compete in the digital economy following the pandemic.

How do we get to gender parity in e-commerce?



Boosting women's success on e-commerce will require providing additional training, expanded financing options and support their entry into higher value sectors.