

SA mobile startup helps informal traders compare and order stock

 By [Tom Jackson](#)

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South African startup Last Mile for BoP is rolling out a mobile application that enables informal traders - owner of “spaza shops” - to compare bulk prices and order stock from their phone.



Vgrigas via [Wikimedia](#)

Launched just over a year ago, Last Mile for BoP allows traders to search goods, order stock, and then have it delivered by local independent drivers with underutilised vans or pickups.

Founder Arnaud Blanchet told *Disrupt Africa* spaza shops in South Africa were highly inefficient, often out-of-stock, and regularly offered high prices to their low-income customers. Meanwhile, unemployment is high and business opportunities limited in townships and rural areas.

Using Last Mile for BoP's app, however, spaza shop owners can save up to 10% on the cost of their stock and offer more affordable prices to their customers. All of this can be done without leaving their shop, reducing the risk of out-of-stock products, while the app also provides basic business skills training. It has benefits for suppliers too.

“We collect detailed, accurate and live data through our mobile application to assist brands and wholesalers to improve their knowledge of informal markets and the distribution of their products,” said Blanchet.

“We offer a full range of services – banners, pop-up, notifications, first in search – to brands that want to increase their visibility and their sales in informal markets. Our app can also be used as a virtual sales representative to receive orders 24/7 and accept cashless payments.”

Collected data is also used to build informal financial statements for informal traders. These statements will help them to access the credit necessary to improve the distribution of social products like solar lights or clean cooking stoves.

“We will use our solution to foster the distribution of social products. For example, when we identify a spaza shop that is profitable and sells a large volume of candles and paraffin, we will give them access to credit if they accept to use it to sell solar lights and clean cook stoves to their customers,” said Blanchet.

All very ambitious goals for a startup that was initially formed in 2013, that for a year and a half focused exclusively on the distribution of social products like solar lights, clean cooking stoves, sanitary pads, water filters and fortified food.

“We learnt that the range of social products is too narrow to represent a financially sustainable business. We also realised that we would need a wider distribution channel and we would have to provide access to credit to foster the sales of social products,” Blanchet said.

“From these lessons came the idea of our mobile application for informal traders.”

In addition, the team also realised that the wholesale sector and distribution in informal markets needed to be modernised to answer the needs of its customers, and needed to adapt to the digitisation of the economy.

“This digitisation can also enable brands and companies interested in informal markets to finally have access to market data that is non-existent, or very expensive and difficult to collect today. Furthermore, mobile technology can offer them a more efficient and cost effective solution to improve their distribution in informal markets,” said Blanchet.

“We help wholesalers to stay relevant in the market by digitalising them and we assist brands to increase their sales in underserved and little known informal markets.”

Last Mile for BoP has been funded thus far by Blanchet, and recently received grant funding from the SAB Foundation and mLab. Its first pilot project was conducted in Langa and Dunoon, and enabled the startup to validate the interest of both the informal traders and brands for the mobile application. In just six months, more than R1 million of turnover was generated.

Today a closed beta test group of 150 spaza shops use the app, ahead of a public launch in August. The mobile application will be available in Cape Town first, and in Gauteng and Durban by the end of the year.

“The three main income streams are marketing fees paid by wholesalers and brands to increase the visibility of their specials and product range, commissions and discounts offered by wholesalers on bulk buying generated by the volume of orders received through the app, and the sale of market data,” said Blanchet.

“We sell live and geo-localised data about the goods bought by informal traders – what goods, at what price, where, when...”

He said, as with any innovative business, Last Mile for BoP needed to prove the added value of its solution to convince the different stakeholders to change the way they do business.

“It took some time to convince the first wholesalers to work with us,” he said.

That, however, is becoming less of an issue, and as it prepares for its formal launch, Last Mile for BoP is confident it has found a way to make trading within informal markets more efficient and cost effective for everyone involved.

ABOUT TOM JACKSON

Co-founder @DisruptAfrica. Tech and business journalist in Africa. Passionate about the vibrant tech startups scene in Africa, Tom can usually be found sniffing out the continent's most exciting new companies and entrepreneurs, funding rounds and any other developments within the growing ecosystem.

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