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Digital Tools and Platforms as the New Marketplace: Driving Digital Business in Africa

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1 Introduction

Innovations and technological advancements are forcing Africa's emerging economies to replace the traditional brick-and-mortar model with digitalised operating systems. Technological tools and platforms are the new marketplace for buyers and sellers to become aware of the advantages

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and opportunities of these systems that will drive their business activities (Chursin et al., 2021; Peter & Dalla Vecchia, 2021). The argument for digital tools and platforms as the new marketplace has gained traction in recent years with the proliferation of social media platforms that can be used to conduct business (Dolega et al., 2021; Rejeb et al., 2020). Social media platforms such as Facebook, WhatsApp, Twitter, Instagram, Telegram, YouTube, and LinkedIn, are used for different functional, hedonic, and economic gains; the most popular in Africa being Facebook (Omotosho, 2021).

The increased importance of social media can be found in the accelerated growth of Africa's internet-based economy, which is estimated to contribute US\$115 billion (45%) to Africa's Gross Domestic Product (GDP) in 2020, with an expected progression of US\$180 billion by 2025 and US\$712 billion by 2050 (Omotosho, 2021). Given the opportunities for optimising business performance and the availability of a digitally skilled youth population, the continent has the resources to rule the internet economy for many decades to come. This book has further emphasised and promoted African businesses' usage and adoption of digital tools and platforms through theoretical and empirical rigours of the authors' contributions. This chapter aligns with the documented reality of the digital marketplace findings in the book, emphasising the future role of digital platforms to drive business in Africa. Recommendations are also made for businesses in Africa.

2 Digital Tools and Platforms as the New Marketplace

Digital tools and platforms are becoming the foundation of social and economic development, propelling economic growth and reorganising social and economic structures by drawing on new skills, patterns of operations, and personnel (Ablyazov & Rapgof, 2019). One such reorganisation is found in the twenty-first-century market and marketing structures. Traditional stores are being replaced with digital platforms, and conventional media (e.g., newspapers, television, and radio) are

losing ground to social media (Ighobor & Adewumi, 2021). New business models are adapting technological advancements that are changing the nature of relationships between businesses and consumers (Rossotto et al., 2018). Consumers can now contribute to the value of products and services through their feedback; businesses are gaining a better understanding of their markets through constant interaction with consumers.

The digital space is driving the fourth Industrial Revolution (Schwab, 2016), and Africa's businesses cannot afford to be left behind. Despite disruptive challenges in the short-term, research shows that the long-term values are underestimated (Sturgeon, 2021). Digital innovations embedded in the internet, social media, mobile apps, and other forms of digital communications are part of billions of people's everyday lives (Dwivedi et al., 2021). It influences their choices of product engagement, purchase behaviour, brand loyalty, and other marketing-related outcomes. Tools such as artificial intelligence, chatbots, augmented reality marketing, electronic word of mouth, and digital content marketing are also being utilised to promote an organisation's product and service offerings (Adamopoulou & Moussiades, 2020; Dwivedi et al., 2021).

The current African business climate is dominated by small and medium-sized enterprises and is a hotbed for growth in the digital service delivery landscape. The convergence of information and technology, including virtual reality, augmented reality, and digital and social media platforms are rapidly creating a new market (Aliu et al., 2019; Fuchs & Horak, 2008). Consumer preferences are changing, highlighting the need for a shift in the ways firms perceive and serve their customers (Eigenraam et al., 2018). Thus, with the rise in Africa's consumer segments characterised by different tastes, values, and shopping patterns, enterprises utilising digital tools can effectively deliver services, and in turn, offer greater value to their customers (Gielens & Steenkamp, 2019; Moe & Ratchford, 2018; Plessis & Boon, 2004).

With a digitally-inclined youthful population in Africa, businesses on the continent are encouraged to adopt models that will appeal to their target market. However, it is quite worrying that fewer than half of the population in Africa use the internet and only 24% of her population shop online (Kolade, 2021). One of the biggest challenges to digital businesses in Africa is that the populace believes more in cash transactions,

with about 95% of all transactions done in cash. Cash payments are peculiar to the brick-and-mortar business paradigm. Some online stores also encourage cash transactions by introducing the pay on delivery services—all in a bid to offer innovations that meet consumers' needs.

Africa's businesses must continue to adopt digital service delivery despite the current low percentage of people who shop online. It is the responsibility of an organisation to develop strategies that will attract consumers, stimulate online purchases, and grow the economy. With appropriate strategies, businesses in Africa can drive digital service delivery on the continent. Contributions in this book offer actionable recommendations for the adoption of digital tools and platforms in Africa.

3 Driving Digital Business in Africa

Digital tools have been adopted in different social and economic spheres for different purposes. In Africa, micro, small, and medium-sized enterprises (MSMEs) constitute more than 90% of the continent's businesses and about 50% of GDP (Muriithi, 2017). Many of these businesses do not have an online presence and are dominant in offline marketplaces (Kolade, 2021). For example, Alaba International Market in Nigeria is the largest electronic market in the country and has about 10,000 merchants who still operate brick-and-mortar businesses (Kolade, 2021). Despite this traditional approach, Alaba continues to generate about \$4 billion in turnover yearly (Kolade, 2021). Markets such as Alaba are predominant in Africa, but they serve only non-digital consumers. A more strategic plan to serve consumers who prefer a digital platform would increase profitability.

The offline market is saturated in Africa, and business owners and managers must become aware of the opportunities in the digital space. Business managers and owners must understand that digital platforms and tools unlock innovative pathways leading to business growth and expansion, and remove limitations associated with traditional brick-and-mortar stores (World Bank, n.d.).

With digitalisation, business is everywhere, unlimited by geographical space. To achieve this broader scope of operation, businesses must

identify the resources they need to drive digital business delivery in an African market. First, small, medium, or large-scale enterprises must understand that the younger generations—Generation Y (born between 1982–1999) and Generation Z (born between 2000 and 2012)—have a stronger digital presence (Adeola et al., 2021; Mahmoud et al., 2021). The business that offers products and services that can be purchased online must focus on that population. Traditional physical stores need not completely give way to digital markets. There are generations of consumers who still prefer brick-and-mortar model business establishments.

The market opportunities in Africa are enormous: Africa's ratio of 66,000 people to 1 formal retail store in Africa (compared to the United States' ratio of 400 people to 1 store) shows that the continent's consumers are still underserved (Leke & Sibanda, 2019). Digitalising businesses can close this gap and promote the incubation of more retail stores such as Jumia, Takealot, and Konga, which are the top three digital retail stores in Africa (Johnson et al., 2020). Currently, there is an increase in the number of small and medium-sized businesses in Africa taking advantage of social media platforms such as WhatsApp, YouTube, and Facebook—valuable catalysts for their growth potential (Musinguzi, 2021). The reality of the economic growth via digital business rests in the availability of digital skills. The lack of digital development skills and user competencies in an organisation is a formidable barrier to the adoption and smooth delivery of online services; hence, upskilling of human resource capacity is crucial. Reducing the level of digital illiteracy across the board is also an essential step in the right direction towards ensuring that digital opportunities are fully harnessed in Africa.

Governments in African nations should partner with corporate organisations to empower and equip older populations with basic technologies such as mobile phones, an effort that would increase digital inclusion and promote the usefulness of digital resources for their daily activities. With the increased availability of products and services ordered online, the challenges experienced by consumers in remote areas can be ameliorated with last-mile delivery (Kolade, 2021). The availability of digital skills, education, and a focus on the target market will stimulate the successful

adoption of digital tools and platforms for business operations. Businesses must choose technological tools and platforms that most appeal to their business, customers, and resources. A gap between the availability of skills, financial resources, the choice of technology, and the platforms or tools that appeal to the target market will not yield a positive digital adoption.

Several start-ups in Nigeria are taking advantage of opportunities in the digital space to position their business to their consumers and are enjoying the profitability and associated growth outcomes. An example is Mitchell Elegbe, CEO of the Nigerian start-up Interswitch, who responded to the challenge of carrying a huge amount of cash for various transactions. Now, individuals can pay for services using Interswitch enabled platforms (Leke & Sibanda, 2019). It is interesting to note that the digital space for businesses in Africa is still enormous, with online sales covering less than 1% of total retail sales (Leke & Sibanda, 2019). Hence, the opportunity is there for businesses to go digital while still serving their brick-and-mortar consumers. Though infrastructural challenges might exist, the availability of digitally skilled personnel, a targeted consumer base, an educated population, and sufficient financial resources would give businesses and entrepreneurs the platform to succeed.

To contribute to the preceding discussion, Table 13.1 presents the findings from the contributors in the book on digital tools and platforms for comprehensive digital service delivery in Africa.

4 Recommendations for Businesses in Africa

Businesses in Africa, irrespective of size, should not ignore the digital revolution in the world. The Covid-19 pandemic shined a spotlight on the reality that there will always be hindrances to the availability of brick-and-mortar stores. It is strategic to have both physical and online stores to meet the needs of a diverse population, such as is found in Africa. Consumers in Africa are underserved in the retail sector, and the ratio of a consumer to a retail outlet is worrying. Businesses that position their brands beyond geographical limitations can expect to enjoy a border-free expansion. Africa is open for business, and digital tools and platforms offer the markets that entrepreneurs must consider.

Table 13.1 Driving digital businesses in Africa

	Themes/title	Findings
Chapter 2	Ethical Social Media Marketing in Africa	<ul style="list-style-type: none"> • Ethical social media practices must be adopted to ensure the effective performance of digital businesses. • Legal requirements and ethical standards to act as a guide to African marketing organisations using social media platforms
Chapter 3	Opportunities and challenges of social media marketing for small and rural-based entrepreneurs: experience from Vhembe district in the Limpopo province of South Africa	<ul style="list-style-type: none"> • Wider audience, access to the target audience, low-cost and effective marketing, deeper customer interaction are the opportunities for social media marketing for small and rural-based entrepreneurs in Africa • Poor internet connections, lack of access to adequate resources and lack of sender-receiver relationship was identified as a major challenge • Government subsidies of internet costs and aggressive efforts to upgrade the internet network coverage in rural areas will ease the challenges
Chapter 4	Influence of Facebook usage on organisational performance in Ghana: the pivotal role of social capital and salesperson extra-role behaviour	<ul style="list-style-type: none"> • Facebook usage significantly influences the financial and non-financial performance • The utilisation of Facebook for customer service and marketing activities is critical to improving both financial and non-financial performance • Performance of organisations that encourage salespersons' social media service behaviour differs significantly from organisations that do not

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Table 13.1 (continued)

	Themes/title	Findings
Chapter 5	Examining the impact of value-driven social media content strategies and product type on social media behavioural engagement: <i>Evidence from Nigeria</i>	<ul style="list-style-type: none"> • Different value-driven social media marketer-generated content strategies are required to drive consumer engagement behaviours for search (vs. experience) products • Managers must ensure that their social media marketing strategy is informative and/or hedonic value-driven if they are to succeed in facilitating customer behavioural engagement
Chapter 6	A self-concept interactionist model of social media-reputation	<ul style="list-style-type: none"> • Customer engagement advances customer experience and perceptions held in the minds of customers • ‘Skills and abilities’; ‘occupation and hobbies’; ‘gender’; and ‘experience’ impact heavily on the formulation of policies that, if well managed and communicated through social media, have implications for the management and development of corporate reputations.
Chapter 7	Africa’s digital marketplace: the role of customer engagement in Africa	<ul style="list-style-type: none"> • Customer engagement can lead to a positive shift in buying behaviour, loyalty, and brand reputation for African businesses • Creative advertisement, informative and emotional appeals are critical antecedents to positive user responses in social media advertisements

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Table 13.1 (continued)

	Themes/title	Findings
Chapter 8	Digital financial inclusion— M-PESA in Kenya	<ul style="list-style-type: none"> • Mobile money services offered by telecom firms have been instrumental not only in achieving digital financial inclusion but also in stimulating economic growth • Financial inclusion as one way of alleviating poverty and stimulating economic development
Chapter 9	Fintech, Cryptocurrency and Blockchain Technology: <i>Towards Promoting A Digital Africa</i>	<ul style="list-style-type: none"> • The rise of Fintech and related technologies has constituted a serious challenge for policymakers in Africa • With more non-banks entering the Fintech space, collaboration between banks and non-bank regulators is crucial to developing appropriate policies to guide and nurture the growth of Fintech. • This would include policies on data protection.
Chapter 10	Role, characteristics and critical success factors of big data (BD)— implications for marketing in Africa	<ul style="list-style-type: none"> • Big Data is playing a significant role in marketing, and companies can have a competitive advantage through big data exploration and utilisation • The characteristics of Big Data include value, variety, volume, variability, veracity, velocity, and valence • The critical success factors of Big Data are IoT, statistical application, business intelligence, data mining, cloud computing, IT environment, digitalisation, e.t.c

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Table 13.1 (continued)

Themes/title	Findings
Chapter 11 Driving business performance through customer value management practice: <i>a case of digital tag channel in an emerging mobile market</i>	<ul style="list-style-type: none"> • For consumer firms to optimise revenue potential from the large customer base, campaign management tools that are integrated with all digital channels must be in place. • As digital channel expansion continues to change the way the brands engage with their customers, brands need to continuously identify customer segments based on their behaviour, the needs and preferences of each segment along different channels to drive a profitable business
Chapter 12 Fostering a Digital Learning Ecosystem in Nigeria	<ul style="list-style-type: none"> • Successfully implementing digital learning ecosystems is hinged on strategically thinking through creating, adopting, and implementing new digital learning ecosystem solutions • The ecosystem, made up of different biotic and abiotic components, is geared to effectively and efficiently deliver on learning outcome expectations

To have a successful digitalisation process and outcome, entrepreneurs and businesses in Africa must identify a problem just as Interswitch has done and ensure solutions that are offered in the form of internet-accessible services. When a service rendered electronically solves a major problem of the targeted demographic, that technological innovation has a greater chance of success; hence, technological adoption for delivery of services should be based on the need of the market and the target consumers. Businesses must first understand the target market the digital service will serve, and then put in place necessary plans to ensure a positive outcome.

Also, businesses must invest in the digital skills of their employees to leverage the growth and profitability on the strength of digital platforms. When the needed digital skills are fully in place, businesses can harness

the opportunities in the digital space to communicate new service offerings, engage consumers, develop new products, and influence consumers' purchase behaviours towards their brands. When recruiting new employees in contemporary organisations in Africa, digital skills and competencies should be part of an employer's job description. As a way of developing the employability of the populace, governments that invest in educational opportunities that focus on digital skills and competencies can utilise this skill base to empower the young and the old.

Aside from investment in education in digital skills and competencies, digital infrastructure is also needed for businesses to thrive. The type of infrastructure will depend on the nature of businesses and their products or services. Technology firms, therefore, must develop user-friendly tools that meet the needs of the market. Market in this context is focused on the B2B dimension. Technological tools that will drive the digitalisation of Africa's businesses must consider all the varied forms of social and cultural barriers that can be found on the continent.

5 Conclusion

There are great opportunities for more digital businesses in an underserved African market. Digital tools and platforms are available to enhance the digitisation of businesses in Africa; however, digitisation should not be about jumping on the bandwagon. Businesses must understand the needs of their market, exploit digital opportunities, and evaluate the costs and human resources before adopting digital tools and platforms in their businesses. A core message that cuts across all the chapters in this book is that Africa is open for business and digital tools and platforms are the new marketplace.

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