# Less than 30% of Africa's e-commerce startups profitable

By Gabriella Mulligan

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Less than 30% of African e-commerce startups are profitable, as ventures tackle issues such as lack of funding, shortage of trust and logistical difficulties.



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This is according to the *Afri-Shopping: Exploring the African E-commerce Startup Ecosystem Report 2017* released by *Disrupt Africa*.

The report finds that the African e-commerce space is growing at an exceptional pace, with the number of startups entering the market growing year-on-year to reach a total of 264 ventures operating continent-wide.

Yet fewer than 30% of startups surveyed in the researching of the report said they were profitable, while funding for e-commerce startups has also proven inconsistent as investors are scared off by the long wait for returns.

Funding for e-commerce startups declined sharply in 2016, and though there are signs investor interest is picking up again in 2017, the funding available is not well distributed, with 90% of funds raised going to startups in just five countries.

Nigeria emerges as a stand-out leader for e-commerce on the continent, with 40% of Africa's e-commerce ventures located in the country. South Africa – whose startups compete with their Nigerian rivals for fundraising capabilities – and

Kenya also have developed e-commerce markets. The report also tracks e-commerce activity in another 19 African markets.

"It is evidently extremely fashionable to launch e-commerce startups in Africa, with platforms emerging in a variety of niches across the continent. The opportunities in the online retail space are obviously massive, but these companies face huge challenges too," said *Disrupt Africa* co-founder Tom Jackson.

"This report lays those challenges bare, both by using data collected over a number of years and from speaking to various startups. We think it provides entrepreneurs and investors alike with the full picture of what is an exciting but challenging part of the African tech scene."

"The extent of Nigeria's dominance of the African e-commerce landscape is one of the most exciting findings of this report – for the first time we have clear evidence of the outstanding trajectory of the country's e-commerce space as being driven by entrepreneurs. While South Africa and Kenya have typically stolen the limelight hitherto in conversations about tech entrepreneurship, this research makes it clear Nigeria is on the brink of huge e-commerce success – and will become the first African country to truly take retail online at a similar scale to Western markets," said Gabriella Mulligan, co-founder of *Disrupt Africa*.

The report analyses 12 key sub-sectors of the e-commerce space across a variety of African tech ecosystems, as well as funding trends, and includes results of a survey of African e-commerce startups. The full list of 264 African e-commerce startups is also being made available.

For more information or to purchase the report please visit disrupt-africa.com/afri-shopping-2017 or email Gabriella on gabriella@disrupt-africa.com, or Tom on tom@disrupt-africa.com.

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