

# Uqalo Research

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## Online African Fashion and Craft Platforms

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## INTRODUCTION

Creative talent in Africa is blooming. This is evidenced by the growing presence of African design at international events, on the backs of high profile individuals such as Michelle Obama, as well as the ever-increasing number of websites for individual African brands. Also evident are online African fashion and craft platforms which aggregate talent and enable it to access global markets.

At the same time the African diaspora wants to connect with their heritage.

However, it is difficult using the Internet to sell African fashion and craft and there are numerous challenges to successfully sustaining such platforms.

The purpose of this research is to explore the online African fashion and craft platform space; to see who is active in it; which business models they are using; the challenges they face and how they have adapted their approach to overcome these challenges.

'Platform' here refers to a website that gives African designers and artisans (also referred to collectively as producers) the means to connect to global markets.

The product focus is on African fashion and crafts from or inspired by Sub-Saharan Africa, including clothing, accessories, gifts and homeware, but excluding any large online platforms with a wide/general product offering.

This research is based on online research and 20 interviews conducted face-to-face and by telephone and Skype.

## PLATFORM CATEGORIES

### Business Models

In order to gain better insight into how these platforms operate, it is helpful to categorise them firstly in terms of their business models. It became clear that there are two principal business models:

- The marketplace model, where producers have their own dedicated storefront on the platform or where the platform links the consumer directly to the producer's own website.
- The curated model, where only a selection of the producer's products is chosen for sale via the platform. This also includes platforms where collaborations/co-designs with designers form the curated collections of the platform.

However, within these two models, there are many variations in terms of how the platform is run:

- In the case of the marketplace model, some platforms take on the entire back-end process including orders, payments, shipping and distribution, while others expect the producer to assume all or some of these responsibilities. Most work on a commission basis, taking a percentage of sales.
- In the case of the curated model, many platforms work on a wholesale basis, buying stock upfront. This overcomes some of the logistical challenges, but increases the financial burden on the platform and can slow growth.
- Others work on a part-payment upfront or full payment after fulfilment basis, depending on the level of the relationship with the producer.
- Some start off as a platform for producers and then add their own brand in time, sometimes minimising the number of producers marketed on their site or even ceasing the marketing of other producers altogether and launching a new brand entirely.

- Others start off as a brand and then become a platform to promote other designers, alongside their in-house line.
- Then there are platforms that have both an online platform and a physical store. (See: The value of a physical presence: Page 9)

### Location

Platforms are run either:

- From outside of Africa - predominantly from the USA, Canada, UK and Europe. In most cases this is because the founders, whilst of African heritage or born in Africa, were either raised and/or educated outside of Africa and see the value of basing themselves close to their target market. However, a number have long-term goals to establish a permanent presence in Africa, not only so that they can support their designers more effectively, but also because they see the potential to develop a market within Africa. (See: Growing the African market: Page 10)
- From within Africa - predominantly South Africa, Kenya and Ghana. While they have the advantage of being on the ground, making it easier to deal with infrastructure and production issues and to build relationships with their producers, setting up distribution networks within global markets is a major challenge.
- Some have permanent representation both outside and inside Africa. (See how this works for Soko: Appendix one, Page 16)

## Platform location & business models

PLATFORM	LOCATION	BUSINESS MODEL
Afrikrea	France	Marketplace
Agnes and Lola	UK	Curated/own brand
eShopAfrica	Ghana	Marketplace
Ichyulu	Kenya	Curated
Kipfashion	Finland	Curated/own brand
KISUA	SA	Curated/own brand
Kudu Home	Belgium	Curated/own brand
Kuwala	Canada	Curated
LaBré	USA	Curated/own brand
LUKSMART	Canada/Rwanda	Marketplace
Luxoca	Ghana	Curated/own brand
Moonlook	France	Curated
Mudanga	South Africa	Marketplace
OniBEspoke	South Africa	Curated
ONYCHEK	USA	Curated
OXOSI	USA	Curated
Peek	South Africa	Marketplace
Sapelle	UK	Curated/own brand
Soko	Kenya/USA	Curated/own brand
Zuvaa	USA	Marketplace

## CHALLENGES AND SOLUTIONS

Understanding the supply chain and finding smart solutions to keeping costs down and delivery times short are fundamental. Platforms must find solutions that work in the African context and be prepared to adopt different approaches for rural and urban areas.

### Shipping

Postage from Africa to international destinations is unreliable and expensive and can result in the cost of a delivered product exceeding its perceived value.

For some platforms, such as Kudu Home in Belgium, teaming up with an e-fulfilment warehouse delivers attractive postal rates. Others choose expensive courier services because they are reliable.

Another way for African-based platforms to keep costs down is to register their business in the country from which most of the orders are generated, to bulk ship to that country and then use the local lower-cost postal system for final delivery.

Sending products from one African country to another is often more expensive than sending them to the West, and duties and taxes within Africa can also be considerable. Platforms such as Ichyulu, which is based in Kenya, face these problems.

Sourcing country selection is also important. Moonlook founder, Nelly Wandji, who operates from Paris, sticks to designers from a range of African countries where she can be assured of adequate consistency in the supply chain. Her long-term solution is to have sourcing offices in Africa.

### Infrastructure

Poor road infrastructure, inconsistent internet connectivity, and erratic water and electricity supply affect the supply chain in many African countries. They slow down production and increase costs.

### Design and production

Transport and availability of materials, as well as cost and quality of fabric, are obstacles commonly experienced by the designers and artisans.

On the other hand, consistency of design and reliable and timely delivery are the problems faced by platforms in dealing with some of their producers. In addition, long lead times from producers lead to orders falling through.

Clothing designers are also not always aware of sizing standards for other markets, which means products have to be returned, fulfilment is delayed and customer service is compromised. This requires intervention and education from platform owners. Designers also need guidance as to the kind of fabrics that will work for international customers, to ensure that they are more wearable, for example heavier fabrics that suit the northern hemisphere climate.

## Taking control of the supply chain

South African-based platform KISUA takes care of development, manufacturing, production and distribution processes to ensure consistently high quality and timeous delivery of orders. KISUA, which creates exclusive capsule collections in collaboration with African designers, alongside its in-house line and global collaborations, has distribution centres on three continents – Africa, America and Europe – from where it services its global customer base. Most of its sourcing and production takes place in Africa. <sup>1</sup>

<sup>1</sup> <https://kisua.com/about-us/meet-kisua>

## Legislation

Labelling and safety regulations also present challenges. Labelling has to be standardised to meet international regulations. Clothing labelling has to have washing instructions. Toys have to be tested for safety and flammability. Cosmetics have to be laboratory tested and must list all ingredients.

## Quality control

Most emerging African designers have had little or no exposure to international quality standards. Kodjo Isaiah, founder of Kipfashion in Finland, resolved this by setting up a logistics team to control quality and shipping from Benin, Gambia and Nigeria.

Many platforms first sample new designers and then spend time teaching them about international market requirements. Some also put people on the ground just to do quality control, like Soko in Kenya which uses roving quality assurance officers and two field offices to do pre-validation of products. Soko also overcame quality issues in the electroplating of jewellery, by taking this process in-house to the company's central offices in Nairobi. (See the case study on Soko in Appendix one, Page 16).

## Payment

To secure orders, platforms need reliable, secure payment gateways and a variety of payment options. This requires investment in the back-end of the site.

There are hidden expenses in managing payment gateways and this comes as a surprise to some platform owners, who don't have basic knowledge of technology. As many have limited funds, they cannot rely on outside help and often learn through trial and error.

Paying producers in Africa is challenging. Some African countries don't accept PayPal payments, for example, so the more expensive channels such as Western Union, Money Mart, MoneyGram and mobile money options have to be used. Some African countries also limit the amount of money that can be transferred in a single payment. All these issues have to be resolved so that the producers feel they are being paid what is due to them and the platform owners can still cover their costs and have a profit margin.

**'We need to train the customer to accept that these are not commodity products. They are unique.'** Kwesi Blair, COO, OXOSI, USA

## Market

The main markets for African products are in the West. Many potential customers in these markets are still not convinced that a quality product can be made in Africa. There is also the misconception that because Africa is poor, a product from Africa should be cheap. However, apart from the challenges and costs already mentioned, the labour cost of a product made in Africa is often higher than people imagine, usually because of the high labour content and low productivity.

Platforms need to educate the consumer about the value of unique handcrafted pieces.

The fashion designers on these platforms usually only produce a limited number of each piece, so only a few people in the world can own a similar garment. Kelechi Anyadiegwu, founder of Zuvaa in the USA, uses pop-up stores as an opportunity for customers to learn more about the design process and to be able to meet designers in person.

Western consumers expect high quality and quick delivery. OXOSI uses trunk shows (a 'first look' at new products) to give its customers the chance to engage and ask questions, and to build trust in the consistency of the designer.

To engender customer loyalty, platforms need to manage customer expectations about delivery times from the outset.

### Education and support

By ensuring the right product quality, platforms can change negative perceptions and the consequent resistance to buying African products. This most often necessitates a commitment to ongoing education and additional support for producers.

- Platforms must build relationships with designers/artisans. For example, if a client orders a garment in a specific fabric and the designer runs out of that fabric, it is not acceptable simply to substitute fabric. The problem is often rooted in the financial constraints of the producer who may only have sufficient funds to buy a limited quantity of a particular fabric. In these instances the platform may have to look at options such as advancing funds to the producer.
- Most emerging African designers have little experience managing ecommerce. Basic issues have to be addressed, such as the importance of providing quality photography of their products for the platform and in some cases providing access to photography services.
- Another common misalignment is the producers' poor understanding of the difference between a wholesale and retail price. Some expect platforms to pay a retail price for their goods. Ichyulu takes designers through the process to give them more insight and uses the blog section of its site to educate on a variety of topics.
- Feedback is invaluable and in some cases this includes communicating very detailed specifications, such advice on finishing, as well as trends and colours that match up to the international fashion seasons.
- Afrikrea, a marketplace based in France, built tracking tools into the back-end of the platform allowing producers to see customer ratings and best sellers. The goal is to enable producers to see how they rank amongst others on the platform and eventually how competitive they are within the fashion industry as a whole.
- Zuvaa (USA) employs technology to track how designers react to customers and ensure they are giving them a quality experience. Founder Kelechi Anyadiegwu travels to Africa to meet with designers and gain a better understanding of what they need from the platform.

## Support on the ground

Olivier Twagirayezu, founder of LUKSMART (a marketplace for African fashion and art operating out of Canada) is committed to investing his time in bridging the gap between the perceptions of the producers and the realities of the market they want to access. He believes this is the way to move the African fashion industry ahead. 'We must get close to our producers. By educating and facilitating we can overcome the challenges. Currently African producers are reactive, not proactive. We need to help them to change.'

For some, like Twagirayezu, this means making long-term plans to move back to Africa - in his case, Rwanda. By having a constant presence in Africa and being able to talk to producers on a daily basis, he is confident that he will be able to train them more effectively. LUKSMART already offers video training for producers via the site, but accessing this can be a problem for some who don't have adequate connectivity to stream these training sessions.

## Funding

3<sup>rd</sup> party funding is difficult to obtain before a platform reaches scale and this is problematic when the founder has another fulltime job.

Common consensus amongst the founders is that it takes 3 to 5 years after launching to get to a point where the business has proved itself and investors can be approached to help with expansion.

## Enhancing business skills

The South African platform Peek, launched in February 2017 by the Cape Craft and Design Institute (CCDI) to showcase South African craft and design products to local and global audiences, works on a simple search and connect model that is free of charge to producers.

The CCDI bridges the knowledge gap by offering a variety of low-cost workshops to enhance the business skills of emerging designers/artisans and equip them with the best chance of success. 'We educate them to innovate, keep ahead and have a marketing plan to keep their brand top of mind.' *Fran Stewart, Market Support Programme Manager for the CCDI.*

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## INSIGHTS

### MARKETING

The tools which platforms use to increase their exposure and ultimately their sales are varied, but all aim to engage regularly with their customers and potential customers in a way that inspires them to become loyal supporters and not just once-off purchasers.

**Social media:** Social media connects platforms to their target markets instantly and is a low-cost way of getting traffic to their sites. However, social media requires constant input to be effective. Lola Remi, founder of Agnes & Lola in the UK sees Instagram as her biggest ‘driver’, as well as an extension of her personality. She believes that it is vital to convey who you are beyond the products, which is why she chooses to manage her brand image herself.

**Pop-ups:** Many platforms use pop-up stores to give customers the chance to see and feel the product and to meet the people behind the brand. If the focus is to drive online sales, pop-ups must be used sparingly.

Moonlook founder, Nelly Wandji (France) has used pop-ups to test the market and the efficacy of her supply chain. Zuvaa founder, Kelechi Anyadiegwu has undertaken an international pop-up tour to expand her customer base outside of the USA.

**Content:** Website content supports the business and brand building. Effective content requires ongoing commitment to keeping the site fresh and appealing, as well as content creators who understand what the consumer is looking for.

Video content is effective in communicating the story behind the brand. One such example is OniBEspoke (South Africa), which features a video campaign called *I am what I create, I am an African*, highlighting the people behind the scenes who make the products.

Platform blogs are also used as a tool to educate customers about Africa and to get them to aspire to wearing African fashion, even if they are unable to afford it at that point.

**Collaboration:** Kenyan-based platform, Ichyulu collaborates not only with designers, but also with creative consultants who help put the product in a different context, for example in social media content created for African Fashion Week. The thinking is that although a lot of people are used to shopping online, they still need to see the product on someone like themselves, to see how it can be styled in a different way and to give them confidence in wearing it.

### Demonstrating the power of social media

Zuvaa founder, Kelechi Anyadiegwu (USA) has tapped into the power of social media, and in particular Instagram. (Anyadiegwu launched Zuvaa in 2014 with just \$500. In 2016 Zuvaa achieved sales of \$2.3 million.) Zuvaa has 204 million followers on Instagram and counting. ‘It’s all about understanding what our customers want to see and providing the right context.’ Anyadiegwu uses this tool to create excitement about African fashion and design. Her commitment to this process is evident in Zuvaa’s multiple postings on Instagram every day, featuring different designers. Zuvaa has 78 designers actively selling on the platform and over 30 more in the pipeline.

### THE VALUE OF A PHYSICAL PRESENCE

Some platforms believe in the addition of a physical store to bolster their platform’s online presence - a place where customers can touch and feel the product and the owner can connect with customers. Daphne Kasambala of Sapelle in the UK has witnessed this in her London store, where customers frequently stay longer to hear more about how the textiles are made.

Kodjo Isaiah, founder of Kipfashion in Finland, sees his next big step as having stores in major cities such as New York and Dubai, so that the many people outside Africa who want African goods can experience

the continent's creativity first hand. Over the next five years he plans to seek investment to make this a reality. In the meantime he will use pop-up stores to serve as a physical presence and drive traffic online.

Thandi Mbali Renaldi, founder of Kudu Home (Belgium), is also aiming to open a store. She sees an opportunity to merchandise herself in Brussels, where retail space is relatively inexpensive and where, although there is a strong interest in African goods, there is very little authentic African homeware available. She is convinced of the necessity for both an online and a physical presence to grow the business.

Three years after the launch of her Moonlook platform, Nelly Wandji opened a store in the prestigious Golden Triangle of Paris. The idea is to position African fashion differently from how it is currently seen in France and to break down the misconceptions about what Africa can produce by showcasing well-made products. The Moonlook store is conceptual, with both a gallery and a corner store to display the designers' work. 'To attract customers you have to be online and to convert the customer into a client you have to be offline. If the price point is above €300, customers want to touch and see the product first.'

## Understanding what the market wants

'It's all about trends,' believes Moulaye Taboure (founder of Afrikrea, France), who was born and raised in Mali and has spent the last ten years in France. 'Africans follow the rest of the world. We must accept that. We need to stop telling Africans to wear African fashion just because they are African. We need to create some inspiration for them about African fashion.' Afrikrea's tagline is 'Wear the African revolution.' Moulaye is adamant that unless people wear African fashion it is meaningless and that you can't make people wear it out of guilt. The only way things will change is if Africans can buy things they like and wear them often - fashion that is not just for occasions, but can be worn every day. 'Not westernised, but *casualised*.'

### GROWING THE MARKET IN AFRICA

Is there the potential to sell African design to people within Africa? There is a growing middle class in Africa, but are these more affluent Africans well disposed towards buying products from their own continent?

As regards branded product, as in all developing economies, African consumers want to buy international brands because they are well-known and regarded as high quality.

As good quality local brands are developed and promoted within Africa, local consumers will buy local, particularly as they begin to see that people in the rest of the world also appreciate African products.

One of the obstacles to getting Africans to buy local fashion is the long-standing tradition of African consumers buying fabric and having a local tailor copy a particular style. They do not yet see the value of paying for a local ready-to-wear product.

Platforms recognise that they have a role in educating Africans about Africa and creating a sense of valuing their own people. Lungi Morrison of OniBEspoke (South Africa) believes that it is a question of taking the products and platforms to these markets and making them 'fun, sexy and desirable.'

In some countries the growing appreciation of what is in their 'backyard' is apparent. When she visited Nairobi, Kelechi Anyadiegwu (Zuvaa, USA) observed how hard Kenyans push the concept of 'made in Africa' and promote African brands.

For other platforms it is about creating partnerships to help develop the African market and drive the online industry forward. For example, LUKSMART owner Olivier Twagirayezu (Canada) aims to work with tech companies to overcome telecom challenges in East Africa.

## PRODUCT OFFERING

Online African fashion and craft platforms are discovering that customers are not just looking for fashion or accessories or crafts or homeware, they want a range of lifestyle products. While not everyone necessarily wants to wear African fashion, many appear to like African design.

For Ivy Dapaah-Siakwan of Luxoca in Ghana, it is about understanding and satisfying customer demand. She believes that customers like to show off their lifestyle on social media and she wants to tap into this by providing more lifestyle products, in addition to fashionable, affordable clothing.

The idea is to provide a one-stop shop for consumers who want to have access to the best of African design on a single website. This concept is embraced by Lungi Morrison, founder of OniBEspoke in South Africa, who has a curated selection of accessories, interior décor and art pieces and plans to move into bigger furnishings as the business grows.

**‘The made in Africa element is very important. If it is not made by an African, there must be some connection to Africa.’ Daphne Kasambala, Sapelle, UK**

## MADE IN AFRICA

There are a number of questions around this issue: Was the product made in Africa? Were the materials sourced in Africa? Is the designer/artisan African or of African heritage?

Customers want to know where the product came from and who made it. They are looking for transparency in the supply chain and ethical practice in the production process.

In terms of materials, sourcing from Africa is challenging, particularly when it comes to fabric, where there are often quality and availability issues. Designers are concerned about where fabric comes from, but cannot always get a reliable answer from the endless chain of suppliers.

Across the spread of platforms used as the basis of this research, not all designers/artisans are based in Africa, but in the case of those who are not, almost all have a direct connection with Africa through their heritage.

Some platforms prefer to position themselves as African-inspired. Afrikrea’s focus is ‘Made of Africa’. Most of this platform’s producers are based in France, originating primarily from West and Central Africa.

Most platform owners want to develop and empower people in Africa. It is not just about ecommerce, it is about telling the story of Africa through the designs and providing insights into the peoples, places and creativity of Africa.

South African-based platform KISUA aims to provide a sustainable platform for African artisans and designers to access the international market. KISUA applies strict sourcing standards, predominantly sourcing fabrics from African suppliers. KISUA also supports local manufacturing by local businesses and communities and tries to create more economic opportunities for women. <sup>2</sup>

<sup>2</sup> <https://kisua.com/about-us/meet-kisua>

## CONCLUSION

### KEY FACTORS TO A SUSTAINABLE PLATFORM:

**Control over the supply chain:** ‘Success depends on having a strong relationship with your logistics and shipping companies.’ *Kwesi Blair, OXOSI, USA.* ‘Without that you will fizzle out.’

**A long-term view:** Many platforms choose to progress slowly even if it takes them longer, so that they can try and avoid costly mistakes.

For Sapelle (UK), which has passed the 5-year mark, it was about ‘trial and error’ in the first three years and then slowly expanding the business. Like many other platforms, Sapelle was confronted with problems with suppliers like: *the fabric has been stolen from my warehouse and I can’t fulfil your order in time.* After overcoming such challenges founder, Daphne Kasambala has spent time working on her business plan and is confident of the next phase.

**Technology:** Businesses need to harness data to assess how well the business is doing and where it is falling short. Drawing on his substantial expertise in technology, Olivier Twagirayezu, founder of LUKSMART (Canada) uses data to decide where to grow his business and how to run the platform efficiently. He employs technology to track every aspect of the business from security, to quality control, to customer service.

Soko’s unique mobile-to-web solution has revolutionised its supply chain, by using the smartphone to connect independent artisan entrepreneurs directly to Soko and its global customers. <sup>3</sup>

(See the full Soko case study: *Leveraging technology to change lives* in Appendix one, Page 16)

**Skills:** Most platform founders and management teams are extremely knowledgeable, skilled individuals with years of experience in leading global businesses. Some run their platform in tandem with a paying job.

<sup>3</sup> <https://shopsoko.com/pages/impact>

## WHAT IS THE MOTIVATION TO START A PLATFORM?

For most it goes beyond simply developing a profitable business. There is a very tangible emotional component - a deep-seated desire to give something back to Africa, to see the African fashion and craft industry thrive, to create jobs, to make a difference to the lives of local communities and to show the world what Africa can offer.

'I am extremely proud of my African heritage. I love seeing what is emerging out of Africa... the thought that an item that has been made in a small hut in Swaziland can land up in a loft apartment in New York... There is a human face behind all my products.' *Thandi Mbali Renaldi, Kudu Home, Belgium.*

When Brenna Moore, founder of LaBré (USA) spent time in Ghana she became aware of the great appeal of African fabrics. She knew that she wanted to do something with African-inspired fashion. She believed it would be a good way of creating jobs in Ghana.

For Chekwas Okafor of ONYCHEK in the USA, the motivation is to celebrate those people who are going through the hurdles of creating and manufacturing in Africa - designers who are 'reinventing how we see traditional African fabrics' and making them into pieces that are wearable on any occasion. That is why his focus is on brands that are in line with the made in Africa concept.

Moulaye Taboure of Afrikrea in France sees a revival of interest in all things African in all areas - not just fashion, but also music and art. His goal is to show that Africa can motivate people everywhere to make beautiful things inspired by Africa.

Through its curated capsule collections KISUA wants to take the customer 'on a journey to experience contemporary African culture with stories ranging from fashion, music, art and literature.'<sup>4</sup>

OXOSI aims to give customers a new perspective on the African experience, which the founders have termed *Afromodernism*. For Kwesi Blair of OXOSI it is a movement, with the African diaspora supporting the modern African identity.

Zuva's goal is to promote African economies. Founder, Kelechi Anyadiegwu believes strongly in the importance of investing in the designers they work with and making sure they have the right support to promote growth. 'Our vision has always been to expose Africa to the world.'

<sup>4</sup> <https://mg.co.za/article/2014-03-19-online-shopping-for-customised-african-designs>

## SOME LESSONS LEARNED

**‘You can’t underestimate the customer experience.** Make them part of something beyond the transaction. Understand what they want and see how you can extend the relationship.’ *Kwesi Blair, OXOSI, USA*

**‘Be open to change.** Producing in Africa, while it is a wonderful dream for many, the reality is very different. You have to accept what you can’t control.’ *Lola Remi, Agnes & Lola, UK*

**‘Consistency is the most important thing online.** Online customers have to trust you first before they buy.’ *Kodjo Isaiah, Kipfashion, Finland*

**‘Agile thinking and flexibility.** Go with the flow.’ *Daphne Kasambala, Sapelle, UK*

**‘Don’t think too much. Do what you need to do and make adaptations as you go along.’** *Nelly Wandji, Moonlook, France*

**‘Don’t make assumptions about what the customer wants.** Get feedback from them.’ *Kelechi Anyadiegwu, Zuvaa, USA*

**‘It’s not enough just to have a product and put it online.** You have to keep coming up with new ways to present your products.’ *Thandi Mbali Renaldi, Kudu Home, Belgium*

**‘Customers come for the product first.** Then they come back for the designer. The buyers come because they love what they see. If you nail this, they come back again.’ *Moulaye Taboure, Afrikrea, France*

**‘Take ownership of your business.** I have a mentor, but I make the decisions. I am the boss.’ *Breanna Moore, LaBré, USA*

**‘Make sure you have a sustainable model and grow from there.’** *Veronica Nnensa, Kuwala, Canada*

## ACKNOWLEDGEMENTS

**Photo Credit** (Page 1): zuvaa.com (Designer: Mangishi Doll Studio, Zambia)

### Interview participants

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## APPENDIX ONE

### SOKO CASE STUDY: Leveraging technology to change lives

*From an interview with Soko Co-Founder, Ella Peinovich on 12 May 2017*

**‘Our technology component is unique.  
To join fashion and artisan-related manufacturing with technology has not been  
done to the extent that we have done it.’**

**Founded:** May 2012

**Location:** Nairobi, Kenya and San Francisco, USA

**Co-founders:** Gwendolyn Floyd, Catherine Mahugu, and Ella Peinovich

**Product:** Hand-crafted jewellery using, wherever possible, locally-sourced and eco-friendly materials, such as recycled brass and reclaimed cow horn and bone.

**Motivation:** To provide equal access to opportunity for marginalized artisans from emerging markets and help align their products to the international fashion consumer, allowing them not just to reach the global market, but to compete in it.

*Although the artisan craft sector is the second largest employer in the developing world, it is also one of the most marginalized. Millions of artisans, who can only access local markets, are unable to earn enough to support their families and their businesses. 5*

**Initial model:** Marketplace - ‘We started off thinking we were just going to be an online platform connecting artisans directly with consumers, where artisans would upload their goods to sell to the international market.’

**First challenges:** On launching Soko’s first website in October 2013, the co-founders soon realised that the perceived value of the goods and actual value of the goods was misaligned between consumers and artisans. ‘The artisans were not producing a product that sold consistently to the market.’ There was also a lack of good photography and storytelling. ‘The artisans had beautiful designs, but that didn’t come across.’

They also realised that it wasn’t sustainable to sell one-off products from the artisan communities.

**From marketplace to full service curated brand:** At that point, they decided to internalise the process and to manage the marketing, the presentation and the storytelling. They also decided to do multiples of certain products, to create a smaller, more curated collection. ‘As soon as we did that, we launched our own brand.’

Soko introduced its own micro collection in 2014, selling multiples to wholesalers, as well as online to consumers. ‘This was the first real pivot of the company.’ Recognising the need to handle not just the marketing, but also the quality control, the packaging and the logistics, Soko moved from being a simple marketplace model to a full service curated brand and manufacturing organisation.

‘Once we had started curating and offering products that appealed to the international market, the next big challenge was to capture a larger market. ‘We needed to maintain quality, speed and low cost overheads at scale.’

**Unique mobile-to-web solution:** To enable the platform to grow and overcome the barriers that artisans faced, Soko developed a proprietary mobile app that uses the technology that is 'already in their hands'. Via a smartphone, independent artisan entrepreneurs are connected to Soko in a 'virtual factory' - a mobile phone-driven supply chain that coordinates opportunity, production, and fulfilment. Artisans use their personal mobile phone as a business tool to receive purchase orders from customers around the globe, manage delivery and inventory, and receive payment directly via mobile money, without the need for a bank account. Soko ties all this into an internal web-based solution that manages inventory, fulfils orders to customers on time and manages all the payments.

Soko also employs roving quality assurance officers and has two field offices, where artisans can come for pre-validation of their products and logistics can be centralised for the regions with a high concentration of artisans. Soko does the final check, inventory management, validation, electroplating, assembly, packaging and fulfilment from its central office in Nairobi.

**'What our platform does is match real-time international orders from retailers and consumers with outsourced marginalised artisan talent in developing countries.'**

**The benefits of Soko's virtual factory:** This mobile-enabled 'virtual factory' operates at a fraction of the cost of traditional production, as there are no overheads or salaries, resulting in increased revenue for the artisans. Soko artisans retain 25-35% revenue compared to the industry standard of 2-3%, effectively earning up to 5 times more than they did before working with Soko. 6

The over 2100 independent artisans in the Soko network all work in their own workshops under their own terms. 'It is a much more dignified living, with a greater earning capacity.'

**Solving production problems:** After the despatch of one of its first really big orders from one of the largest retailers in the US, Soko was alerted to a problem with the quality of the electroplating, which up to then had been done by a third party. The order had to be recalled and re-plated, fortunately without losing the business. The solution was to take this element of production in-house. 'By building up this specialisation in our own team, we were able to elevate the quality of our product.'

**Competence at both ends of the supply chain:** 'Being a platform that buys from artisans in Africa and sells principally into the US market, it is important that we develop competence at both ends: a centralised office in Kenya to support artisans, as well as one in San Francisco to facilitate fulfilment to customers on that end. I don't think a lot of platforms have this.'

**Understanding the consumer:** 66% of Soko's consumers are considered millennials (25 - 35 years-olds). They live primarily in urban areas and are predominantly in the USA. 'We attract what would be considered a mainstream fashion consumer, but also those who are a little bit more purpose driven.' These are people who don't want to compromise on price and aesthetics, but do want to know that what they are buying is ethical.

**'We are redefining the aesthetics of ethical fashion; offering high quality, contemporary design paired with handmade techniques and sustainable materials.'** 7

**More support for artisans:** In addition to economic empowerment for its artisans, Soko also assists them with asset financing, skills development and capacity management. 'We have built a number of enterprise tools on our mobile solution, so that they can check their costs and wages, see their historical

payment details and track how much income they have made.’

**Building the retail network:** Soko has a network of 400 retailers globally. ‘Being on the ground in the US has been helpful. Gwendolyn (Floyd) has done an incredible job in business development and building relationships with larger retailers. Trade shows were the biggest mover for us to be able to sell into boutiques and stores. But we had to be persistent. The first trade show is not going to be the big money changer for you.’

85% of Soko’s sales are to larger boutiques and wholesale clients, with direct to consumer sales only forming a small part of current sales. ‘It is a great way to sell and we are starting to get great traction online, but it is still only a small fraction of our sales.’ Soko now also has its own flagship store in San Francisco.

**Partnerships that work:** Soko’s partnership with the United Nations, was a ‘huge boon to our direct consumer channel’. Half of Soko’s online sales in 2014 were due to that partnership, whereby Soko donated half of the proceeds of a bracelet set to the United Nations Trust Fund (UNTF) to raise awareness and funds for End Violence Against Women. The bracelet is still sold by Soko, with a different area of focus by the UNTF every year. This and other partnerships have also helped Soko build up a more purpose-conscious consumer base.

**Team skills:** Together, the three co-founders brought a wealth of expertise to the platform. ‘A big part of our success has been having a founding team that is really well rounded. We are able to cover all areas of the business.’ Gwendolyn Floyd has been in the US, focussed on the sales side, while Ella Peinovich and the Kenyan co-founder, Catherine Mahugu have been in Kenya focussed on working on the challenges of the supply chain. Amongst them, they have the technology expertise and the product expertise for the design of the product.

‘We had the competence, as well as a unique strategy to solve the problem. Investors really found our solution quite refreshing, compared to the more traditional artisan engagements they had been involved in. They found our technology refreshing because of the human element.’

Soko has the unique combination of a woman founding team with a technology and artisan focus. ‘This allowed Soko to differentiate itself in the investment space, but also to be a winning combination. And we have been able to prove that.’

**Lessons learned:** Flexibility and tenacity. ‘At all the pivots, those moments that could have failed us, if we had given up at any one of them, we wouldn’t have the company today.’ For Ella Peinovich it is all about maintaining the passion for the cause - building up solutions for the artisan community. ‘As long as we are focussed on that goal, that passion, we will find the solutions we need.’ As part of this process the founders constantly look at ways of making the platform more efficient, more successful in reaching its goals. ‘Things are constantly evolving, but they are only getting better. We are really excited about the future.’

**‘We chose Africa as the place we wanted to work. It is not the easiest. It is not the most competitive from a product point of view. But we are passionate about the continent. We are passionate about our artisan community. There are always going to be challenges, but you just never give up. You keep moving forward.’**

<sup>5, 6, 7</sup> <https://shopsoko.com/pages/impact>

## APPENDIX TWO

### Platform to own brand - 4 stories

#### Agnes & Lola, UK

*In some cases, inconsistency of design and unreliable delivery from designers has pushed platforms to move away from showcasing designers to creating their own brand. Agnes & Lola founder, Lola Remi, wanted to be able to control the aesthetic and the price point: 'One of the biggest challenges with younger designers was consistency from season to season...and deciding to change their price points at their whim. When I was trying to keep the prices mid-range, they would come in at the higher end.' After six years of investment into the platform, she has turned her primary focus to her own brand, Ife's Closet where the design, production and pricing are in her hands.*

#### Kudu Home, Belgium

*After initially running Kudu Home as a platform where she spent a lot of time and money championing African designers, founder Thandi Mbali Renaldi found that she was becoming a 'shop window', allowing other retailers in Europe to leapfrog over her and approach producers directly. 'I realised that it was detrimental to my brand, that my brand is the one gathering all these things together to create a certain look and style.' Faced with this conundrum, she made the decision to concentrate on Kudu as a brand that curates homeware, decor, accessories and lifestyle goods from the African continent, wherever possible in partnership with local artists and communities. <sup>8</sup>*

#### Luxoca, Ghana

*Designers often undervalue the platform in terms of how it can help build their own brand and sometimes even undercut the platform by neglecting to support online sales of their products. 'Once I had packaged the designers beautifully online, they still didn't understand why it was in their interest to refer clients back to the platform. They carried on selling directly to customers.' Ivy Dapaah-Siakwan, founder of Luxoca. Consequently Luxoca is now primarily promoting its own brand, although Dapaah-Siakwan is 'leaving the door open to African designers.'*

#### Sapelle, UK

*Sapelle positions itself as a mid-price point brand. 'A lot of the time we see prices from wholesalers and designers that don't match up to this. There is a concentration around premium pricing, but not necessarily premium product. This has pushed us in the direction of our own brand.' After 5 years in the business as a curated platform for designers, Sapelle is reassessing its direction and moving towards a more dedicated design function, as well as working with third party partners who have proven themselves in the past. 'That's the model we will look for going forward.' Daphne Kasambala, Founder, Sapelle*

<sup>8</sup> [kuduhome.com/about-kudu](http://kuduhome.com/about-kudu)

## APPENDIX 3

### Fair trade model

eShopAfrica founder Cordelia Salter is one of the pioneers of online platforms for African artisans. In 1999, having moved to Ghana, she saw the opportunity to use her background in technology and development to create jobs and help traditional Ghanaian artisans build sustainable businesses by being a 'honest broker' for them, connecting them to international markets via the platform.

Salter was determined to apply Fair Trade principles. However, these principles, while aiming to support and protect artisans, do not always reflect the realities of running a platform business. 'With Fair Trade there are strict rules about the percentage that should go to the artisan.' When it comes to very low value items like beads, this means that there is nothing left for the business to invest in running the site and marketing it to potential customers. 'The artisans are steeped in African economy and it is difficult to convince them of the viable entry price for their goods. They often undervalue their worth.'

Salter was using personal funds to market the platform in order to get volumes up, taking no payment for herself, but she was not prepared to step away from the Fair Trade model. She was also confronted with instances where suppliers were not applying Fair Trade principles themselves in terms of how they treated their employees.

Despite the challenges, eShopAfrica continues to provide a 'good opportunity for artisans' and has also enhanced communication between different parties – via the site's message board, for example, bead makers can connect directly with jewellery makers to establish a relationship and ensure that they each get what they want out of it.