



An Exploratory Study on Kenyan Consumer Ordering Habits

Final Report

June 2012

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Executive Summary

Weza Tele (Nairobi, Kenya) and iHub Research (Nairobi, Kenya) conducted a 2-month exploratory study in Nairobi beginning in March 2012 to understand various consumers' ordering and vendors' distribution habits. At one time or other, a consumer will place an order, make a payment for this order and receive the order. Given new trends arising in the supply and distribution sector, such as e-commerce and m-commerce, the study set out to understand the following: current habits in this sector; challenges experienced by both consumers and sellers; preferred methods of ordering and distribution of goods and services; the demand for an online mobile commerce solution. The findings of the research would inform Weza Tele and other e-commerce companies on the opportunities that lie in the management of the supply and distribution chains in the area of m-commerce. There were a total of 28 customer respondents and 21 seller respondents interviewed in various locations in and around the Nairobi Central Business District.

Key Research Findings

The major findings from this research are:

- **Ordering Trends:** Most consumers (82%) are currently making their orders manually and similarly, most sellers (85.7%) process manually placed orders. Despite majority of sellers (62%) having a point of sales (POS) system, many (95%) still received orders manually by writing on a physical piece of paper and later recording these sales in their system. Payment of these orders is also mainly via cash (90.4% of payments to vendors) followed by mobile money payments (mostly the M-Pesa payments). Each consumer places at least one order a day while the number of orders received by vendors is largely dependent on their core business.
- **Distribution Trends:** Current delivery trends are not deviant from the ordering trends. 71.4% of customers interviewed currently either queue or wait for their orders to be prepared and take them with them after payment. Delivery of ordered goods is not a common method of distribution of ordered items (only 3.6% of customers said they waited for their goods to be delivered to them). Deliveries are mainly made for orders that are placed via a phone call or online and are conditional, based on the location of the customer.
- **Preferred ordering methods:** Despite the frustrations of manual ordering, many consumers and sellers (35.7% and 42.9% respectively) still prefer the process to remain manual as it is a more trusted method

and there is a guarantee of the quality of goods received. A mobile phone system is least preferred with 90% of consumers interviewed favoring it less than the e-platforms and phone call orders. On the other hand, all the seller respondents were averse to the e-platform methods preferring the mobile phone system instead for its efficiency.

- **Preferred distribution methods:** Consumers would prefer if their orders were delivered to them (50% of consumers), or they pick-up when ready (32%), as compared to them coming in to queue to receive their orders. These methods, they believe are timesaving and eliminate the issue of wrong orders respectively. The sellers on the other hand prefer to deliver the goods or that the consumers queue to pick up their goods (38% each for sellers and buyers). Some businesses require the consumers to come in physically because of consultation and it would not be possible to use means such as the phone call orders.
- **Preference for a Mobile commerce solution:** Most customers (71.4%) and sellers (81%) are interested in a mobile commerce solution where one can manage the entire distribution chain: make orders; payments and deliveries of these orders. However, many would still like to see a demonstration of such an application before they decide to use it.

Challenges and Recommendations

In terms of challenges faced by consumers, most of these were due to the length of time it takes to receive an order as a result of the very manual aspects of the ordering and distribution processes. The sellers also face technical difficulties when the systems they have put in place fail.

In as much as there may be automated solutions to ease some of these challenges and improve the experience of the consumers, it seems like there is a need for providers of these solutions to dispel the trust issues as they market these products as well as come up with feasible mechanisms to guarantee quality of goods received that have been ordered via their platforms.

Background

E-commerce or electronic commerce is the purchasing, selling, and exchanging of goods and services over computer networks (such as the Internet) i.e. transactions or terms of sale are performed electronically. Contrary to popular belief, e-commerce processes do not just occur on the web only. In fact, e-commerce was alive and well in use in business-to-business transactions before the invention of the internet, back in the 70s. Such transactions back then were made via an intranet, or Value-Added Networks (VANs), known as Electronic Data Interchange (EDI).

E-commerce can be broken into four main categories:

- B2B - Business-to-Business,
- B2C - Business -to-Consumer,
- C2B - Consumer-to-Business, and
- C2C - Consumer-to-Consumer.¹

Over time and with the increased penetration of the mobile ecosystem, a new subset of E-commerce has come up, M-Commerce, which stands for Mobile Commerce, and refers to commercial transactions being conducted over cellular and mobile devices. M-commerce has created new opportunities such as the ability to purchase physical goods in a mobile online store or through mobile applications that interact closely with the physical store's point-of-sale system. This is an advantageous mechanism for commerce as it bypasses the checkout process, which includes queuing and physically waiting to order and purchase goods.

Mobile Payments also known as mobile money, generally refer to payment services that are operated under financial regulation and performed from or via a mobile device.² These mobile payments can be integrated into the e-commerce and m-commerce platforms to provide a convenient mechanism to pay for the good and services on the online platforms. These 3 aspects (e-commerce, m-commerce and mobile payments), together, form the E-commerce eco-system.

According to the latest Communications Commission of Kenya (CCK) statistics³ there is a significant increase in the number of mobile subscribers in the country, up from 26.49 million subscriptions recorded during the previous quarter, to 28.08 million mobile subscriptions as of January 2012. This represents a mobile penetration of 71% of the total

¹ Prof. Channa G., Solapur, <http://virenderjangra-gnit.blogspot.com/>

² Mas, I. and Radcliffe D., Mobile Payments go Viral: M-PESA in Kenya; Bill & Melinda Gates Foundation, March 2010

³ Quarterly Sector Statistics Report, 2nd Quarter, Communications Commission of Kenya, October-December 2011/2012

population. Similarly, data services and usage still continues to remarkably increase with a recorded 6,152,687 Internet subscriptions up from 5.4 million during the previous quarter. This actually represents an estimated number of 17.38 million Internet users in the country i.e. Internet penetration by these figures now stands at 36%, an unbelievable 95% increase from the previous year.

These figures show that there is clearly potential for adoption and increased usage of e-commerce transactions in the market. Further, the m-commerce is also presented with a great market as 98% of the Internet access is driven through 3G/EDGE/GPRS, essentially, a mobile device.

The CCK latest report also takes a keen focus on mobile payment and related statistics. They report that there are 18.9 million mobile money transfers recorded from about 70% of total mobile subscriptions that are also subscribed to mobile money services. It is worth noting too that Kshs. 176 billion worth of deposits were made to 47,997 agents over those three months.

To strengthen the significance of these numbers are the mobile payment companies that have capitalized on these opportunities arising and are dominating money transfer services in Kenya. Among the key players and stakeholders in the industry is M-PESA (M for mobile, Pesa is Swahili for money), a small-value electronic payment and store of value system that is accessible from ordinary mobile phones. M-PESA has seen exceptional growth since its introduction by mobile phone operator Safaricom in Kenya in March 2007.⁴

Other notable mobile payment services and companies that exist include:

- **Pesapal:** Pesapal is an e-Commerce platform whose focus is on Kenya. It is built to work seamlessly with Kenya's main mobile payment services, that is, Airtel's Mobile Money and Safaricom's M-Pesa
- **KopoKopo:** KopoKopo offers a software-as-a-service platform that enables microfinance institutions to integrate one or multiple mobile money systems with their core banking software on a pay-as-you-go basis.
- **M-payer:** MPAYER is an application tailored for businesses and organizations that would like to accept and manage cash and/or mobile money payments with need for real-time customer feedback experience.

Currently in many commercial business that deal with ordering and delivery of products or services, there are day-to-day problems of long queues, order delays, payment and delivery management, costly brokers in the middle of the distribution channel, and orders placed by calling that are inefficient and cumbersome. For example, most restaurants and eateries in Nairobi face these problems, which lead to customer dissatisfaction, complaints, costly brokers, and inefficient order and delivery management. Thus, desiring

⁴Mas, I. and Radcliffe D., Mobile Payments go Viral: M-PESA in Kenya; Bill & Melinda Gates Foundation, March 2010

to tap into the over 26.4 million mobile subscribers, many businesses are interested in showcasing their products online, as well as allowing their customers to place orders through their mobile phone in a bid to increase not only market but also the efficacy of these ordering and distribution channels.

Weza Tele, in collaboration with iHub Research, conducted a research study to demystify current and potential consumer ordering and delivery habits, especially with regards to the mobile commerce space in Kenya by first evaluating and understanding the consumer ordering habits and the delivery/distribution mechanisms currently in place.



The Partners

Weza Tele

Weza Tele is a visionary firm that leverages on technologies such as, USSD-the focal technology, Mobile Web, and SMS to provide order management, distribution, tracking, circulation and validation solutions. Weza Tele also offers reliable customer service, support and maintenance to its clients. Their core objective is to provide innovative solutions to supply chain problems, with an emphasis on order management, validation, and tracking.



iHub Research

Findings on the participation of African researchers of ICTD in academic publications highlight emerging concern for African researchers and their low level of representation in formal academic literature. Dismayed by such low levels of research stemming from Africa, iHub—



Nairobi's Tech Innovation Center—decided to develop a research arm to facilitate local research capacity building and to conduct local qualitative and quantitative research in Africa. iHub Research works from within the nerve center of Kenya's technology community. The organization has expertise in technology research and facilitates local ICT research capacity in the region. iHub Research brings information on technology and its uses to the technology community, enabling entrepreneurs and developers to make better decisions on what to build and how to build it.

Research Objectives

The main objectives of this research therefore are:

1. Investigate current consumers ordering and delivery habits
2. Identify potential for injection of mobile commerce into the existing ordering and delivery mechanisms.

Research Methods

Specifically, this research aimed to address the following 5 questions to determine the current ordering processes being utilized in the service chain.

1. What are the current ordering processes in place?
2. What are the current delivery/distribution processes in place?
3. How do consumers prefer to order for their products/service using the different platforms, e.g. Mobile phone devices, Desktop, Pick up, phone call orders?
4. What would people order using their preferred platform?
5. What would consumers prefer their orders to be delivered or pick up?

Research Methods

Mixed methods were used to conduct this research, which included In-depth interviews, survey questionnaires, observations, and desk research for the initial literature review.

Sample Design

Originally, the research was to target a sample size of 36 research participants that would comprise of:

- 20 individuals from restaurants and coffee houses (10 management + 10 customers) around CBD and Ngong road
- 10 individuals from the community, e.g. in Bishop Magua building
- 2 individuals from supermarkets (preferably Uchumi and Nakumatt)
- 4 individuals from distribution/delivery companies (Nitume, MamaMikes, Rush Nairobi, Petty Errands)

However, at the end of the research data collection, 49 respondents from different business environments were interviewed i.e.: Restaurants, Pharmacies, Clothes Stores, Delivery/Distribution Companies, Grocery Stores, Coffee Shops, Supermarkets and Electronics Shops.

Of these respondents, 28 were customers of the various business as well as general customers, and the remaining 21 respondents were business owners and sellers.

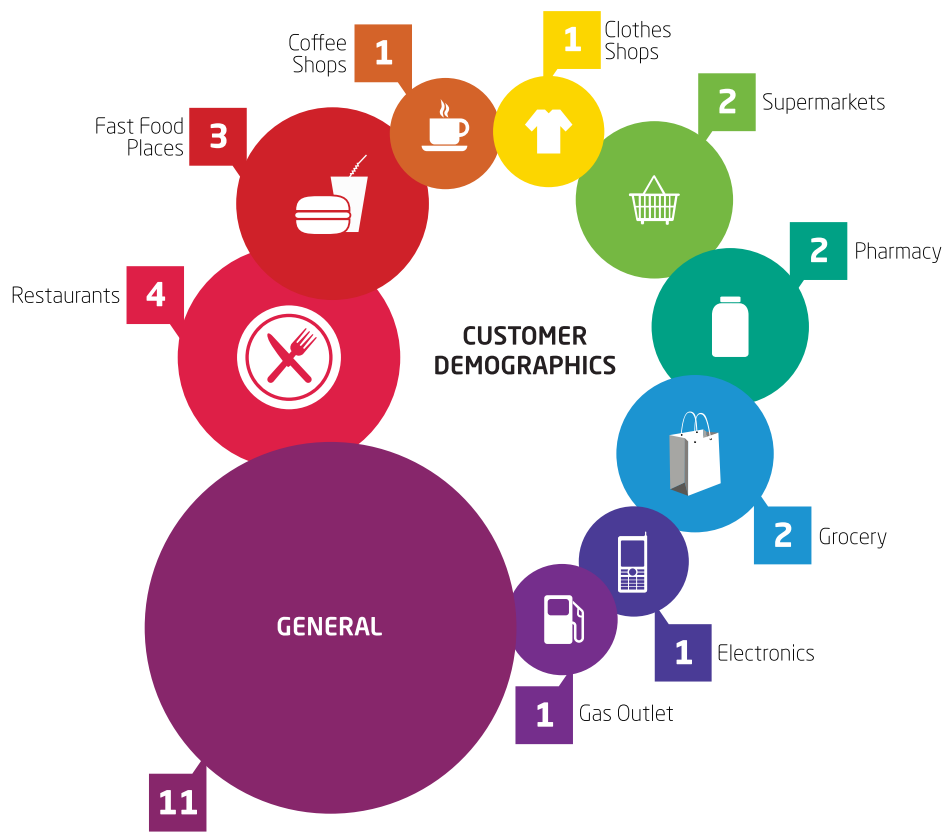


Figure 1.0: Respondent Demographics (Customers)

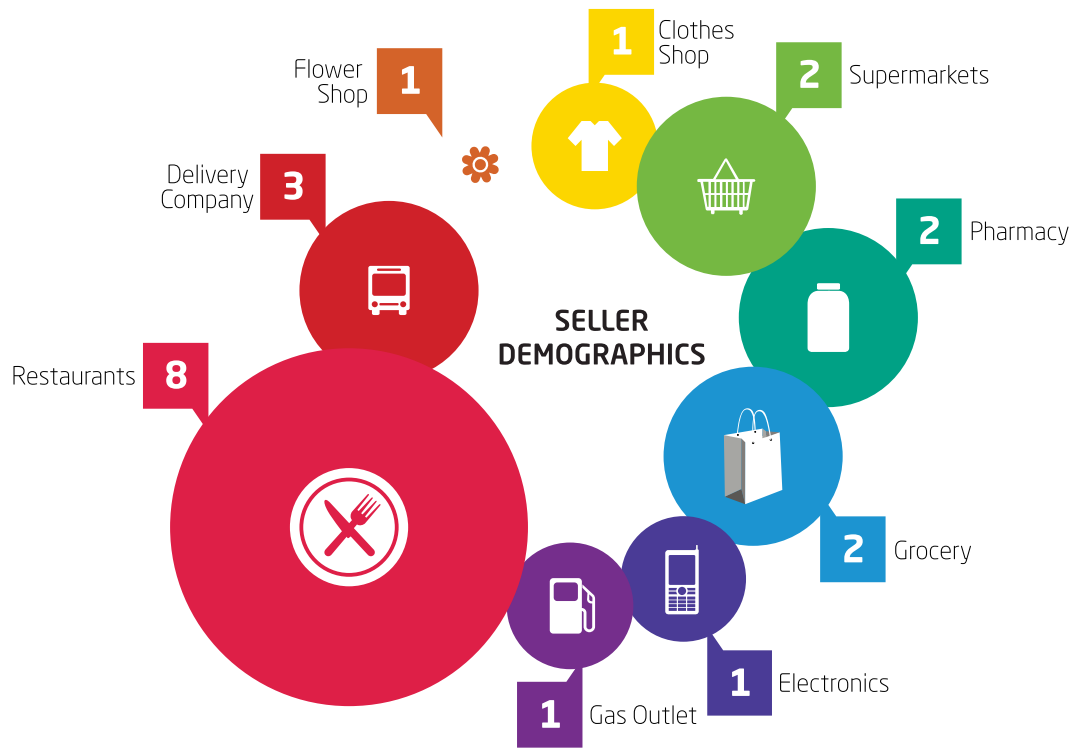


Figure 2.0: Respondent Demographics (Sellers)

Main Findings

Current Consumer Ordering Habits

Physical orders, followed closely by the phone call orders are most prominent features of consumer ordering behaviors. Payment by cash is the most dominant means of paying for orders although more and more customers are also using the credit card payment methods when they place their orders at the different stores. A growing trend observed in this research is that of making payments for orders via mobile payments systems, the most popular being the M-Pesa service. Mobile payments were ranked third by the respondents interviewed in the survey in terms of popularity.

Vendors have not yet embraced automated ordering systems despite the fact that more than half of them have point of sale systems installed in their business. They first take orders manually on a piece of paper before keying them into their systems afterwards.

All consumers make at least one order a day. On the other hand, the number of orders received by vendors on average, is largely dependent on their core business, with large retail stores such as the supermarket recording the highest number (up to 100 orders), while more specialized stores such as the pharmacies and grocery stores only recording less than 50 orders in a day. Despite some businesses having deliveries as their core business, they also still registered very few orders

Most orders are paid for physically/manually

Majority of consumers generally place their orders physically at the shop as they are buying the item and make their payments immediately after in cash. These orders are manually taken in by the vendors, which may then be keyed into a point of sales system or manually recorded in a ledger book.

82% of the customers interviewed stated that currently they walk in, are served and then pay immediately afterwards. Of these walk-in customers, 82% of the consumers pay for their orders in cash while 8.7% of the consumers pay by using either cash or M-Pesa (mobile money) and another 8.7% use either cash or a credit card.

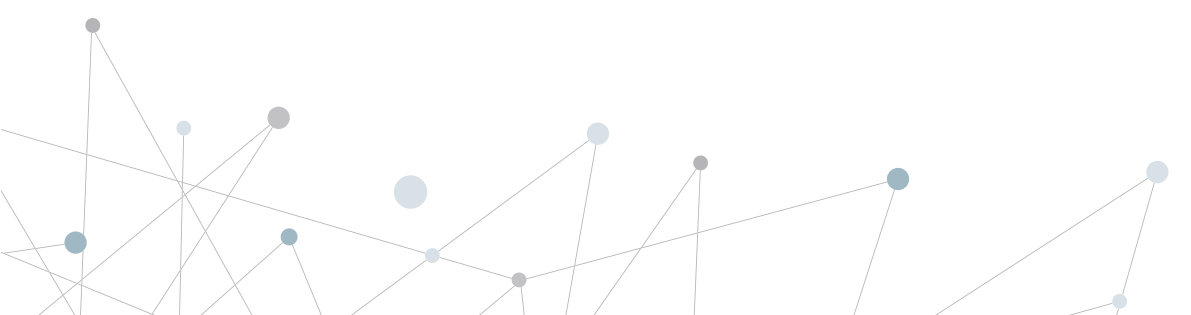
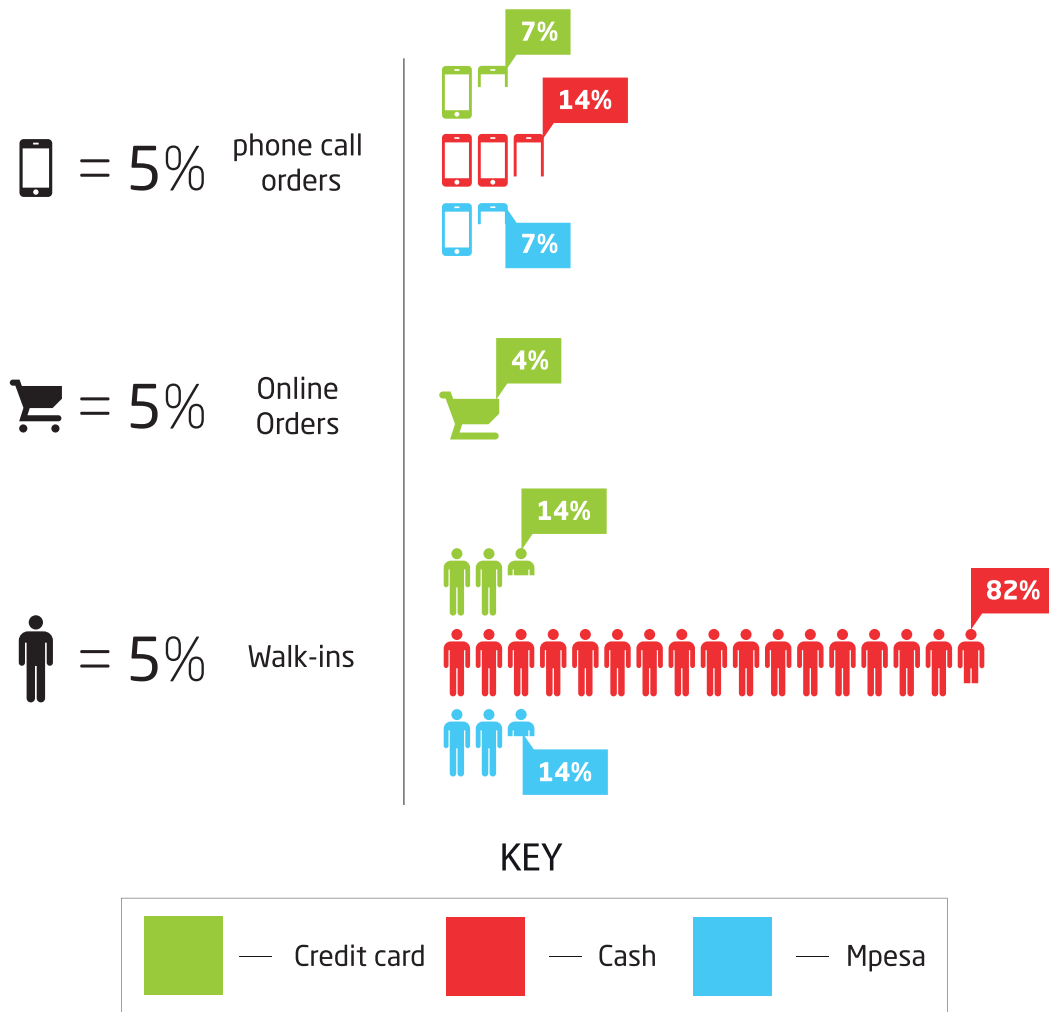


Figure 3.0: How consumers make and pay for their orders



7% of respondents place orders through their phones by calling the vendors, but also place orders physically to the store. These orders, they reported, are paid for either by cash, credit card or M-Pesa. An equal percentage doubles up physical ordering with phone call orders, which they pay using M-Pesa, cash or credit card. The online platform was not popular with only one of the respondents stating that they made their orders online and paid for these using a credit card or cash.

The vendors interviewed corroborated these findings that walk in's dominated the current ordering habits with 85.7% of these stating that most of their customers came physically to their shops or stores to make their orders. Of these, 44.44% said that phone call orders also played a big role in how their customers placed their orders. 14.2% vendors stated that they receive orders through, call, email/online platform and SMS as well.

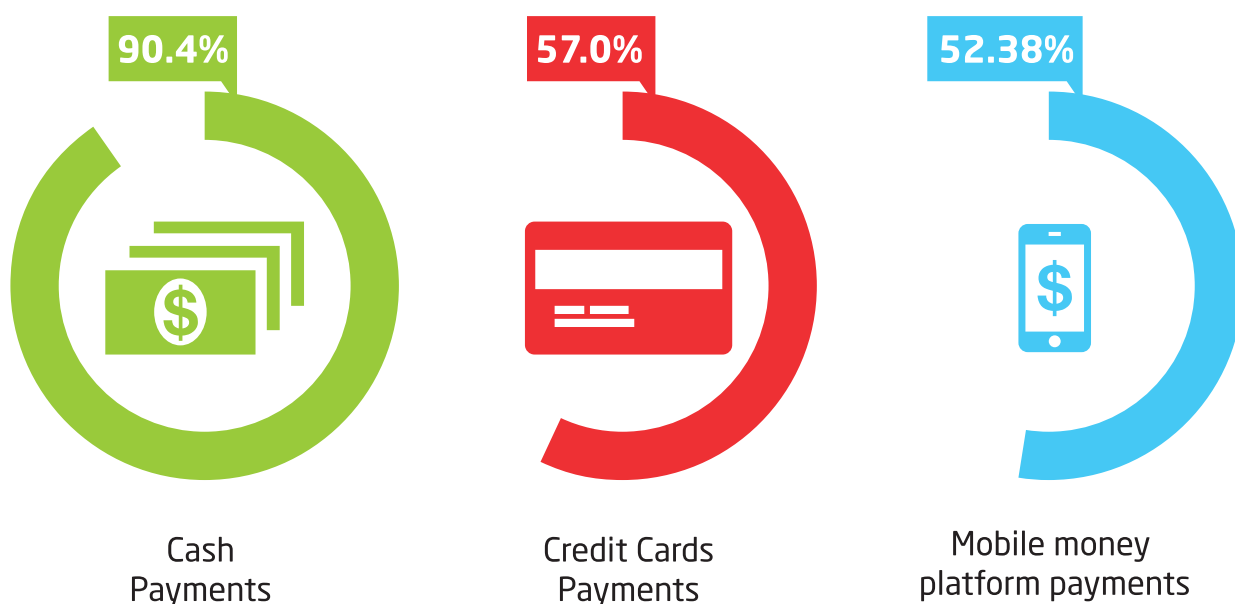


Figure 4.0: How vendors receive payments for ordered goods

Furthermore, 90.4% vendors receive payments via cash regularly with credit cards as the next most common method of receiving payments for services rendered or goods ordered. Of the 21 sellers interviewed, 57% said that they received credit cards as supplementary methods of payment. M-Pesa was third most popular, with 52.38% of vendors stating they also received payments via the mobile money platform.

Most (95.2%) of the vendors reported manually receiving orders with the remaining vendors, an online retail shop, stating that their ordering system was automated because all their processes occurred online. Of the 20 vendors with manual systems, 60% stated that they first received the orders, recorded them in a ledger or a piece of paper physically, before keying them into their machines later. The remaining 40% described their manual system by stating that customers physically came in and personally made, collected their orders or had them delivered to them.

Regardless, 62% of the total vendors have a point of sales system (POS) that automates their sales processes. The modal POS was a system called Micros, which was used by 30.7% of these vendors. The second most popular was the ERP and ISALES systems used by 15.3% of vendors each. Other POS that received mentions include Cistech, the Barclays/KCB merchant points, EPOS and Navison.

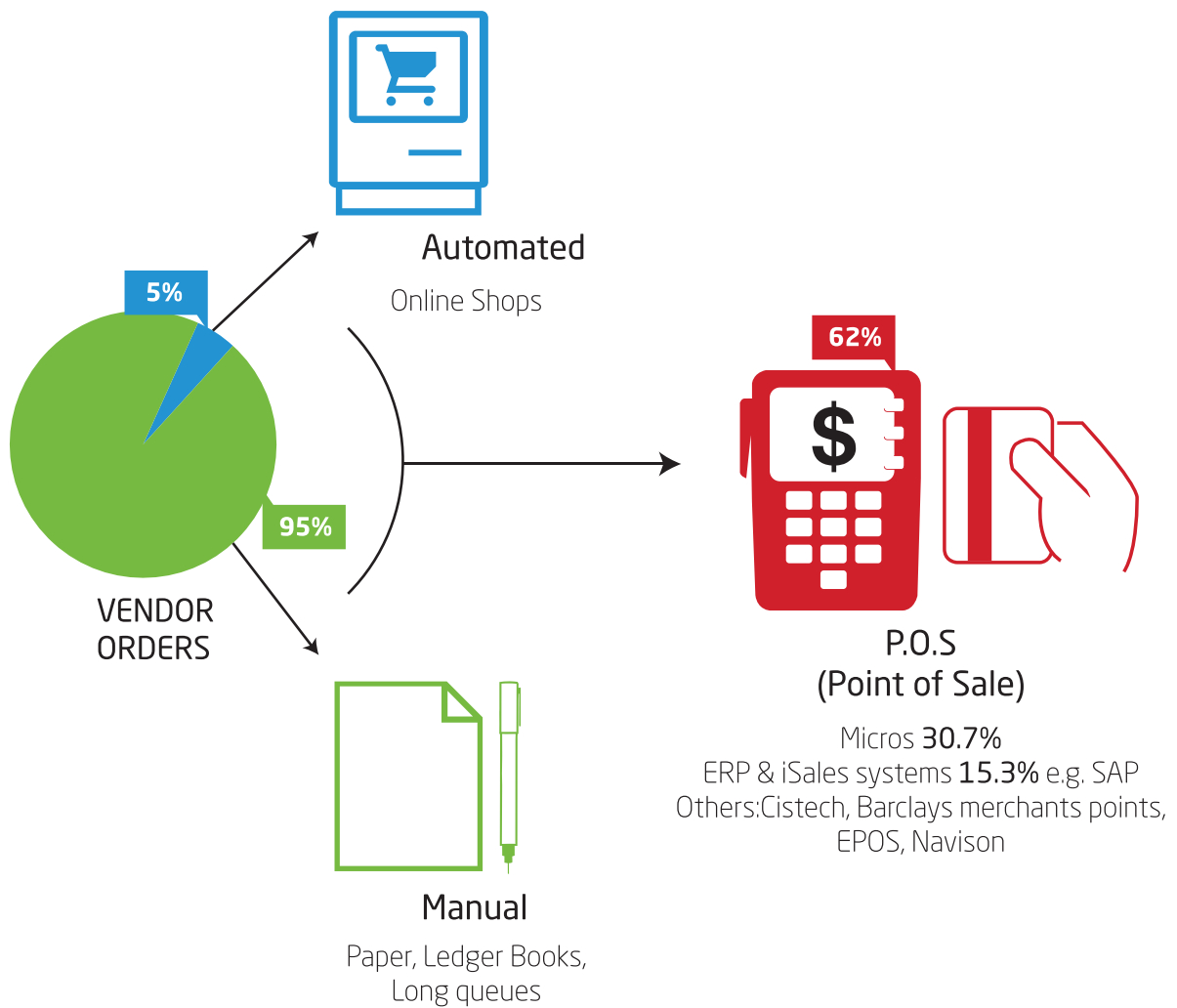


Figure 5.0: Manual vs. Automated Vendors

Number of orders received in a day dependent on core business

Most customers make at least an order a day with vendors recording anywhere between 5 to over a 1000 orders placed with them daily, largely dependent on the nature of the business.

All customers interviewed stated making orders at least once a day. 75% of the consumers reported that they only made an order a day, while 17.85% stated making orders twice a day. 7.14% stated that they made at least 3 to 5 orders daily.

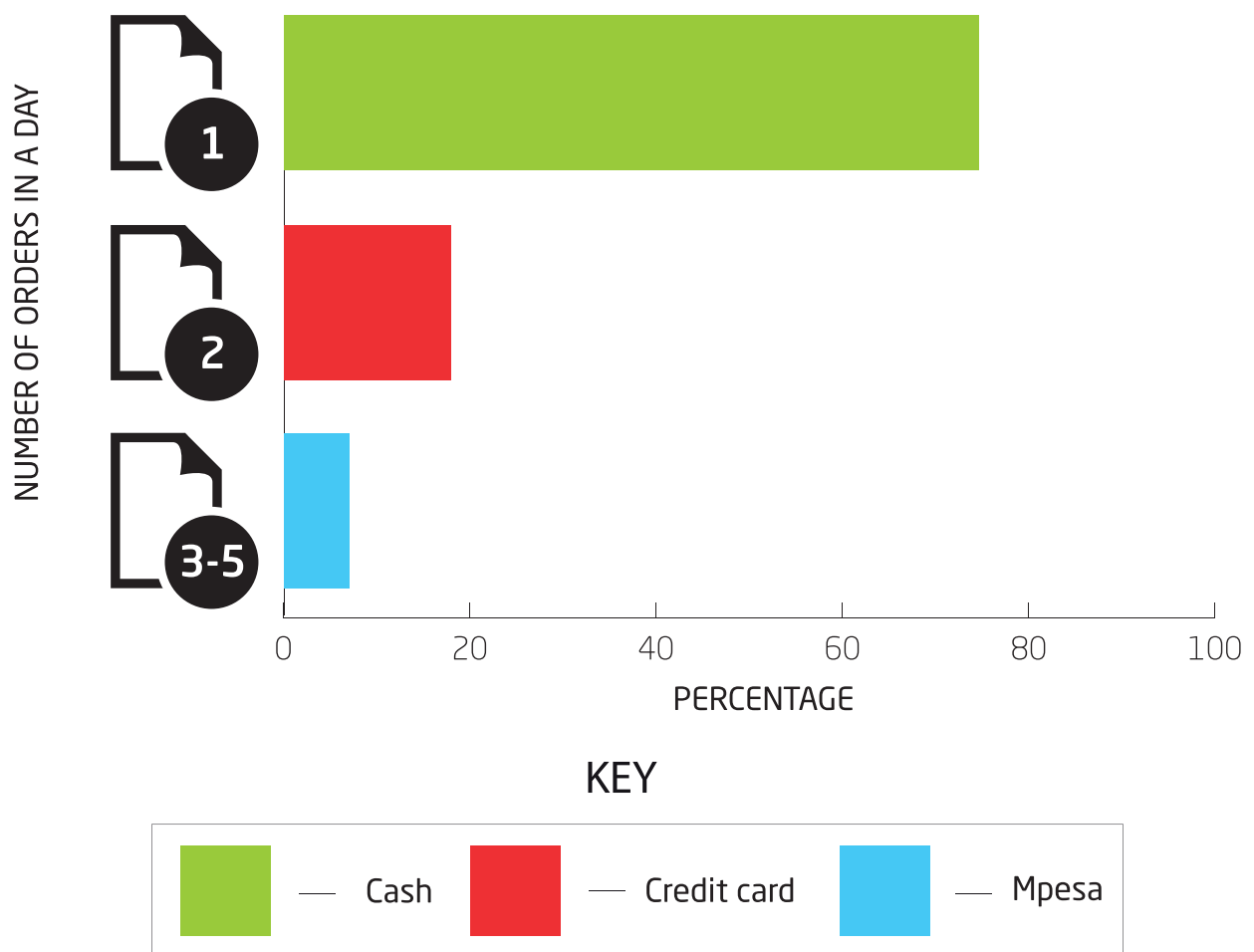
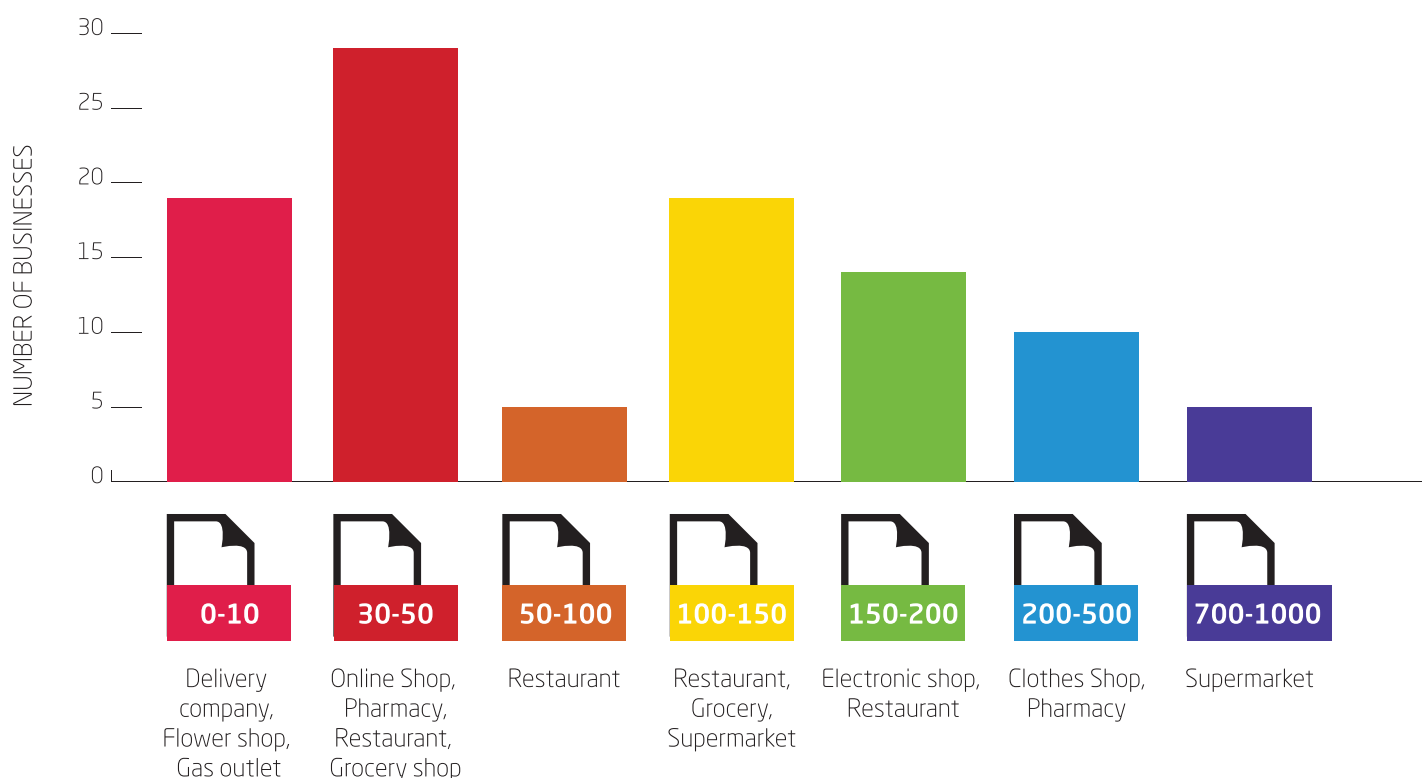


Figure 6.0: Average number of orders placed by consumers in a day

The vendors on the other hand received varying amounts of orders, depending on their core business. The busier vendors with a larger clientele base such as the supermarkets recorded orders reaching up to 1000 in number.

Majority of the medium scale business (29%) such as the grocery shop, the pharmacy and a few restaurants receive 30-50 orders a day. The companies interviewed whose core business is making deliveries, had surprisingly few orders processed in a day, i.e. 0-10 orders. The other restaurants and pharmacies interviewed recorded 150-500 orders received in a day.



NUMBER OF ORDERS RECEIVED BY A BUSINESS IN A DAY

Figure 7.0: Average Number of orders received in a day by various businesses

Current Delivery/Distribution Processes in Place

Current delivery trends are not deviant from the ordering trends. Particularly, as customers prefer to make their orders physically, as expected, they either queue or wait for their orders to be prepared and take them with them after payment. Delivery of ordered goods is not a common method of distribution of ordered items with only one consumer stating that they waited for their orders to be delivered while majority of the vendors also reported that they made less than 10 deliveries in a day.

Nevertheless, customers who favor the delivery method of distribution are those whose orders are typically placed by phone call. These customers leave instructions on where and when they would like the deliveries to be made and often make payments after the deliveries have been made. However, the deliveries are conditional, based on the location of the customer with most sellers only distributing with a 5-8km radius of their business.

Queuing most popular method of receiving orders

Most of the consumers queue to obtain their orders, and often have to wait to receive their orders for a period of time between 5-20 minutes.

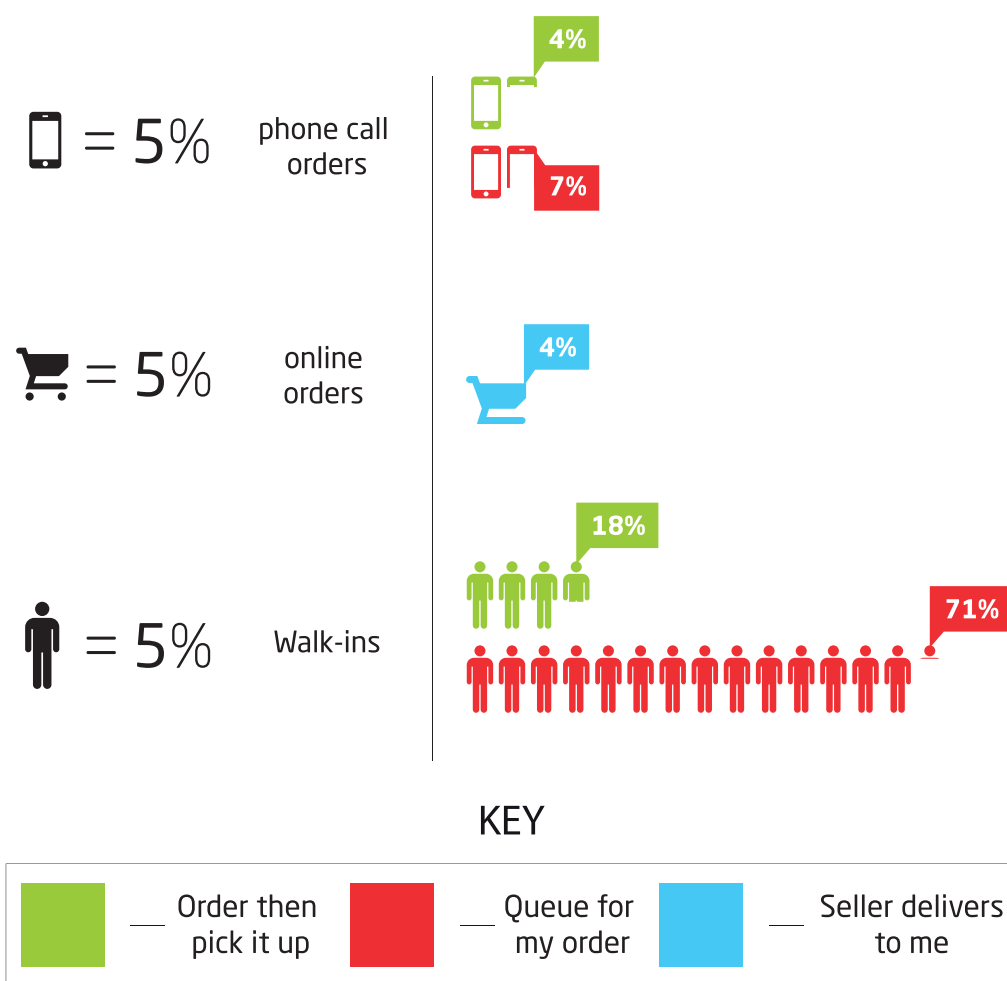


Figure 8.0: How consumers order and receive their orders

71.4% of the customers interviewed said that they mainly queued to wait for their order. All of these are customers who had previously stated that they physically walk into the shop or store to make their orders. Most of them (90.47%) also stated that they usually waited between 5-20 minutes to receive the orders they had placed. This was also mentioned as a common occurrence by vendors with 57% of them stating that their customers often queued to obtain their orders. Two of the businesses provided a seating area for these customers to wait from.

Only one consumer stated that they wait for their order to be delivered by the seller, a process that usually takes 10 minutes after the order has been placed online. The remaining consumers (25%) stated that they would make the order prior and then walk in to collect the order afterward when it was ready for pick-up. 42.85% of these had mentioned that they generally placed their orders by phone and all of them stated it took anywhere between 5 minutes to half an hour to pick-up these orders.

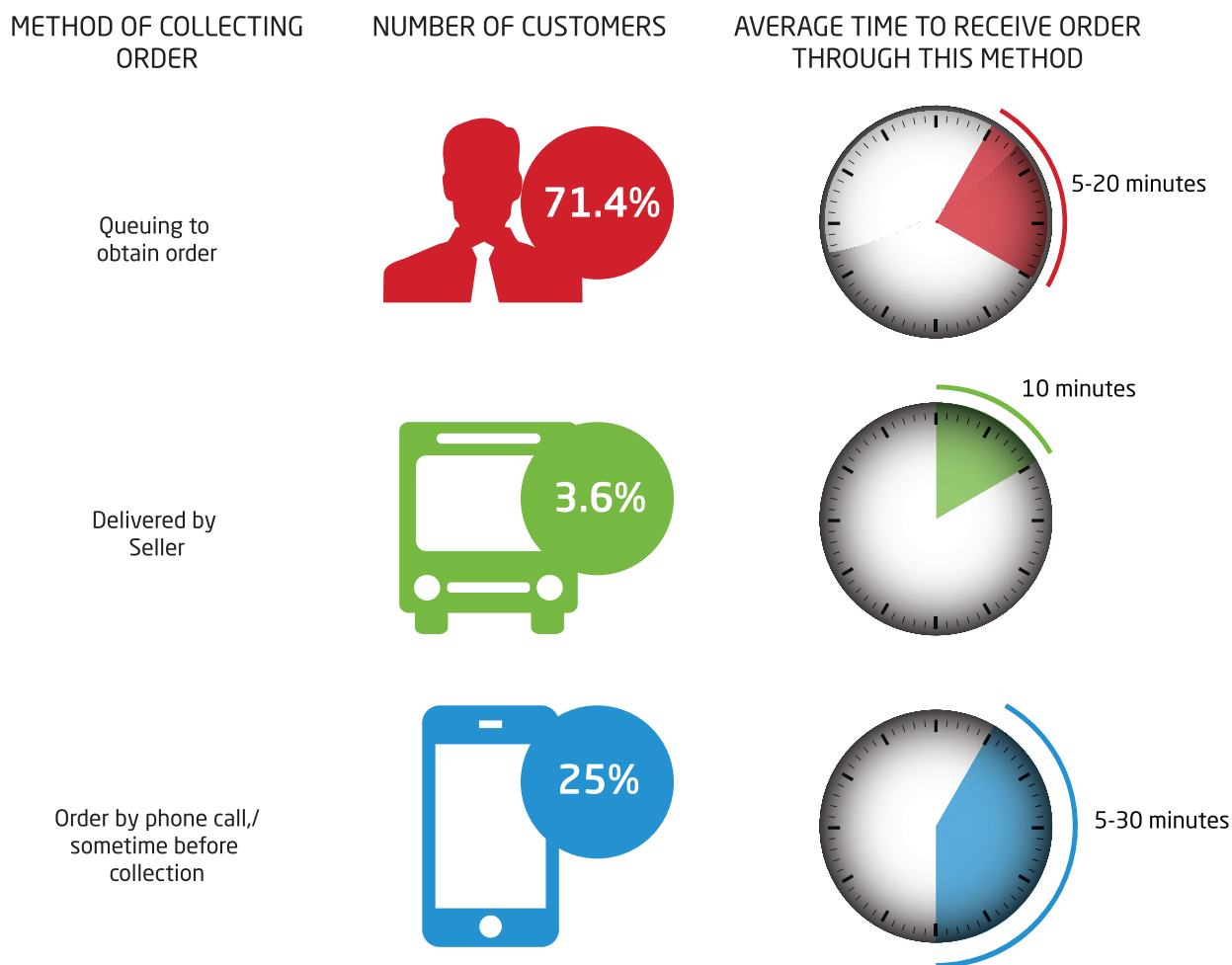


Figure 9.0: Average time it takes to receive order via the various methods

Many vendors also provide an option for delivery of orders placed beforehand. 80.9% of the vendor respondents stated that they did give their customers the option of personalized delivery, depending on the location of the customers. Regardless, this was not a very popular means for collection of orders with 82% of the vendors stating that they only made less than ten deliveries in a day. 9.5% other vendors each had between 30-50 deliveries (an online shop) to make in a day and 60-150 deliveries (a restaurant) respectively.

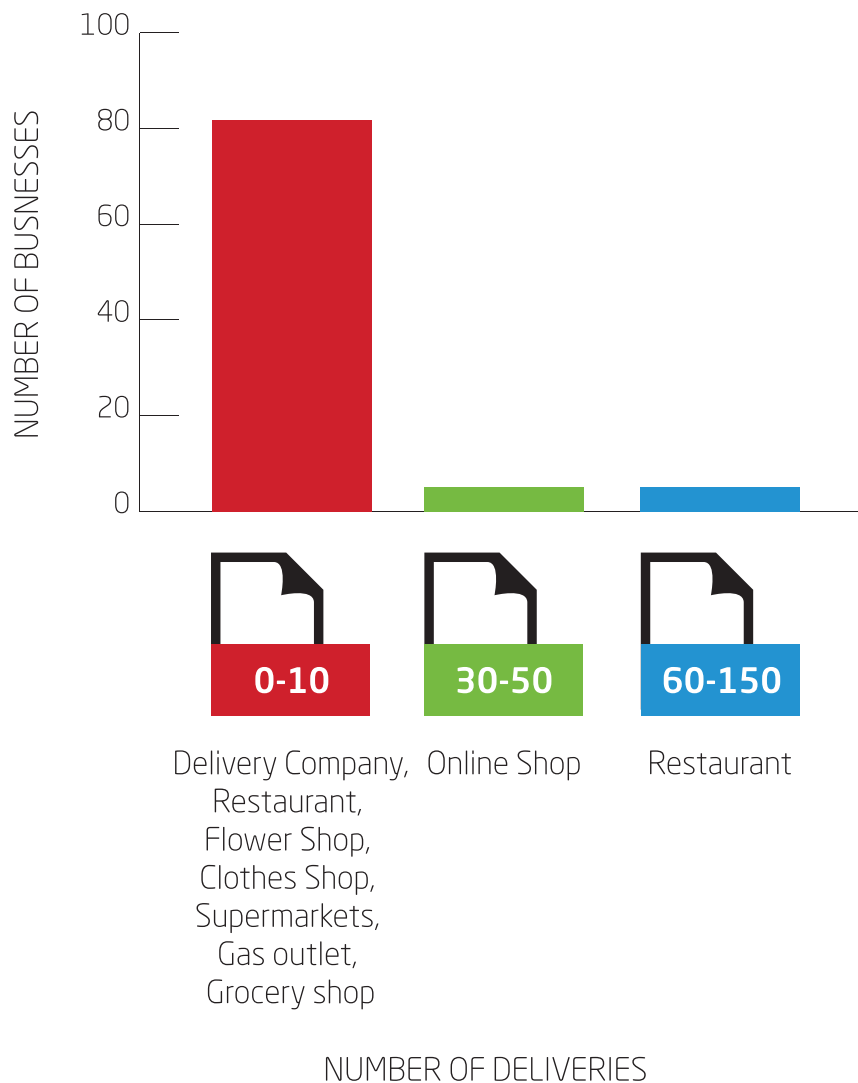


Figure 10.0: Average Number of deliveries in a day by various businesses

Phone call orders mainly distributed by delivery

Customers who need to pick up their orders may have placed their orders prior through a phone call and wait up to thirty minutes before they come in to collect their orders. According to the survey, most of the orders (76.4%) made for delivery were made via phone calls to the vendor together with instructions for delivery, after which payments for the order were made upon receipt of the goods.

Only one vendor received their orders and payments on an online platform with instructions for delivery; their core business operates from this online platform. The remaining three vendors had their customers walk in, place order and pay for the goods then wait for the orders to be delivered according to the instructions left behind. These were mainly the large supermarkets interviewed.

Delivery of orders mainly within a 5-8Km radius

The orders come with instructions for delivery which normally is within Nairobi (the environs of the business) even though others have a country wide distribution network and may also deliver anywhere in the world through partnerships with established courier services such as EMS.

58.8% (n=10) of the vendors who do deliveries, mainly made the deliveries within a 5-8 km radius of the business, or the environs of Nairobi. 2 other vendors made deliveries up to upcountry as well, while 3 made deliveries both within the country as well as abroad, as far as US and South Africa. One vendor enlisted the services of a courier company to ship abroad deliveries that were not within Kenya.

Location of customer greatly influences deliveries

The time it takes to make deliveries mainly depends on the location of the customer. 50% of the vendors approximated about one hour to make a delivery while those who do deliveries only within Nairobi stated that it took an estimated time of 15 minutes to 20 minutes to make the deliveries. A couple of the vendors stated an allowance of anywhere between half a day to a full day to ensure the delivery reached the customer. 12 vendors (70.5%) who do deliveries have in their employment 2-10 employees to handle these deliveries while 2 other vendors have about 20 people to assist with deliveries and another, more than 40 people. These companies with large staff numbers dealing with deliveries are those that receive high traffic of orders for delivery and have a fully-fledged distribution infrastructure. One vendor actually outsources all its delivery process to a courier company.

A trend observed from the interviews was that motorbike riders and delivery vehicles did majority of the delivery with 70.5% of the vendors relying on these means for their deliveries. One company makes use of the courier vehicles while the other sends their staff on foot to make these deliveries to areas that are close to the business location.

Location of customer greatly influences collection of orders

Only one grocery shop and one pharmacy among the interviewed sellers stated that they did not have an option for pick-ups. The other vendors who allow for pick-ups receive different numbers of requests to do pick-ups: 31.5% of vendors receive less than 5 requests; 31.5% vendors have 6-10 customers doing pick-ups daily; 10.5% vendors have 11-20 customers coming in to collect their prior orders and 15.8% others 20-30 customers. The average amount of time it takes these vendors to prepare orders for pick up is 15 minutes. Most of the vendors stated that this largely depended on the availability and nature of the product that has been ordered. 9.5% vendors each take about 20-30 minutes to prepare items for collection while a similar number require at least an hour to do so.

Similarly, the vendors reasoned that the time it took for customers to collect their items was variable to the location of the customer placing the order. 7 of these vendors, (36%) stated that it took their customers one hour to come pick-up their ordered items; 4 other

vendors (21%) gave half an hour as an estimate for the time it took their customers to come in to collect their ordered items.

It is observed that according to the information collected from these vendors, all the orders for collection were ready before the customers coming in to collect them.

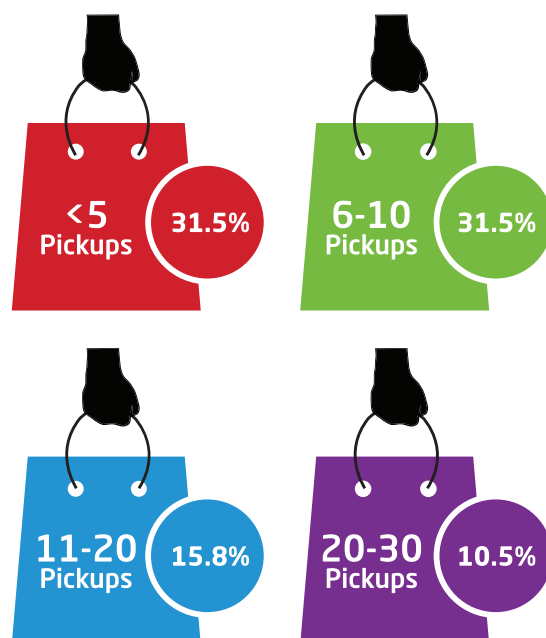


Figure 11.0: Pick-up Requests received daily by various businesses

Challenges With Current Ordering and Distribution Processes

In terms of challenges faced by consumers, most of these arose as a result of the very manual aspects of the ordering and distribution processes. Customers complain of having to wait in long and disorderly queues to get their orders. Further, the sellers face technical difficulties when the systems they have put in place fail. Further, many of them are sometimes not able to handle the number of orders coming in with requests for delivery. Payment defaults are also reported challenges

Faced by Consumers

The current ordering and delivery processes have not been without their challenges with 85.71% of the interviewed consumer respondents stating that they experience frustrations with current ordering systems.

The greatest challenge faced by these consumers is in relation to the length of time they wait before they are served. Several (42.8%) of the consumers complained that they waited for a long period of time before they could make/receive their orders. Another major challenge that arose with regards to the current mechanisms in place was that those who queued for their orders stood in long queues that were sometimes disorderly with overcrowding around the counters contributing to this issue (41.6%). Other chal-

lenges that consumers face include; difficulty in locating items they require; regular price fluctuations without warning; failure to process credit card payments.

Of the four users who do not receive challenges with their current ordering processes, one of them orders for items online while three are walk-in customers who had also stated that they pay in cash.



Figure 12.0: Challenges faced by Consumers

Faced by Sellers

76.19% of the sellers interviewed reported facing several challenges with regards to the ordering and distribution processes they have in place as well. 31.25% of these sellers face challenges with the technologies that they have in place to assist in the ordering and distribution process stating that sometimes they experience system failures, or slow systems which may result in long wait and queues to receive orders.

18.75% other sellers stated that sometimes they were overwhelmed by the number of deliveries that they had to make or orders they receive, and find themselves under capacity to handle all the orders coming in. 18.75% others mentioned that they faced difficulties whenever their stock was is short supply or not there at all.

31.25% sellers moreover stated that some customers delayed on making payments or defaulted altogether. In addition, they also complained that it confused them when their customers were undecided and changed or withdrew their orders completely.

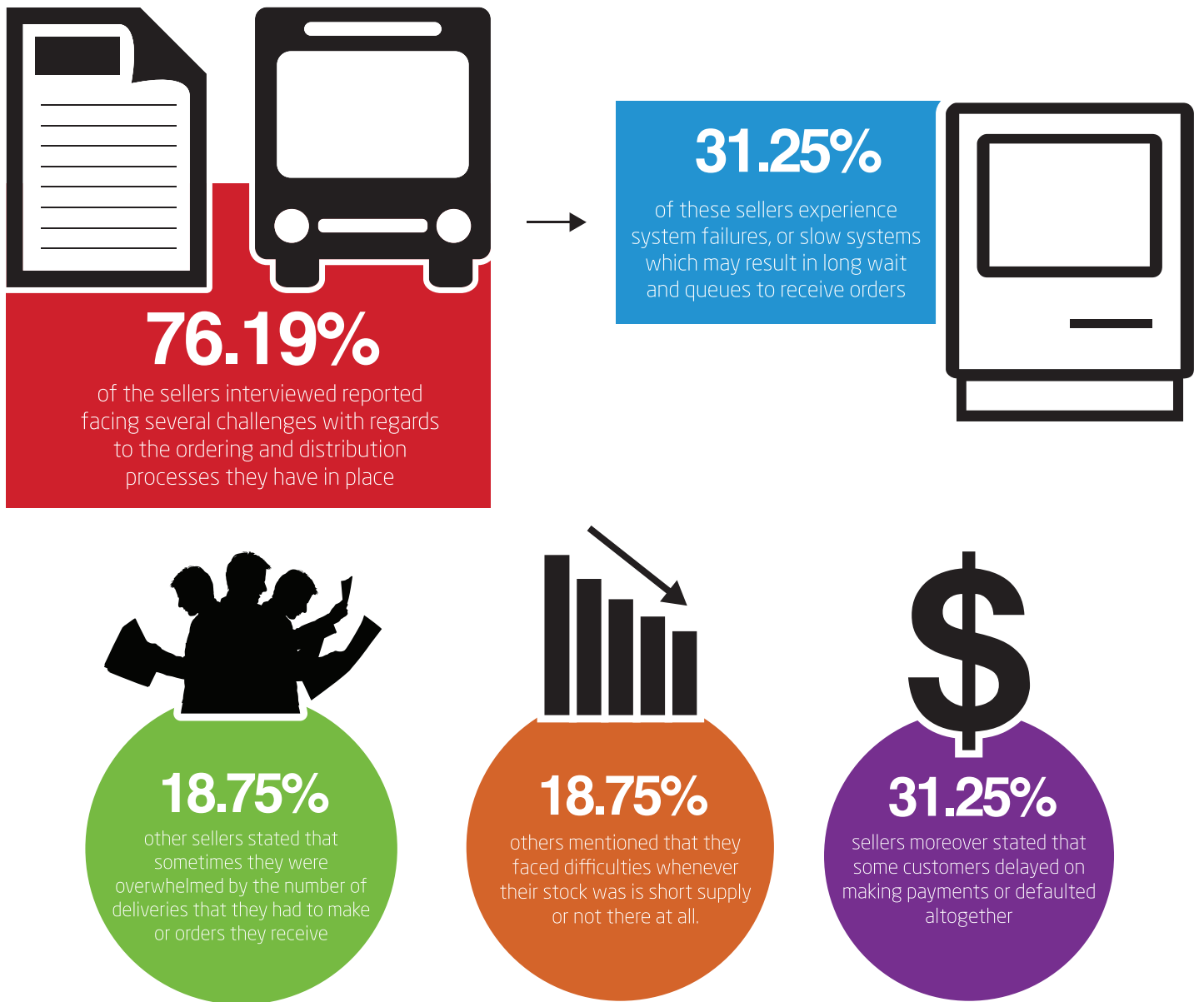


Figure 13.0: Challenges faced by Sellers

Preferred Platforms for Placing Orders

Most consumers and sellers wish for more efficient ordering mechanisms to ease the challenges they currently face when ordering. Some vendors believe that the delivering services are costly to the business and would wish to stop these.

Despite the frustrations of manual ordering, many consumers and sellers would still prefer the process to remain manual, stating trust and guarantee of the quality of goods received; they are able to verify their orders before purchase. A mobile phone system is least preferred with consumers favoring it less than the e-platforms and phone call orders. On the other hand, the sellers are averse to the e-platform methods preferring the mobile phone system instead for its efficiency.

Consumers and Vendors wish for more efficient systems in place

Based on the challenges mentioned in the previous section, some consumers wished for better ordering processes than those that they actually used. 21.43% of them would prefer a system that was much faster to avoid time wastage and overcrowding when it came to queuing. 14.29% of customers further preferred that the orders they place be delivered in a timely manner, with one of them talking about paying for that order via M-Pesa. 7.14% would like it if the retailer called them whenever their orders were ready. Another 10.71% would prefer if the retailer expanded the space of their premises and 7.14% a well stocked and well organized business premises. 7.14% of consumers also stated that they would enjoy making phone orders, one using an order number system, one online orders and one other anything that did not involve him queuing for his order.

Vendors wished for more efficient systems to handle the ordering service to delivery process in their businesses. 19.05% sellers wanted to introduce more vehicles and motorcycles to speed up and increase the efficiency of the delivery processes in place. 9.52% other vendors however, wanted to stop doing deliveries because it was costly for the business. 19.05% of other vendors also suggested a possible system for automating stocktaking and therefore increasing the efficiency in receiving supplies and orders. 23.81% vendors proposed finding a way to serve and attend to customer deliveries better with two suggesting the use of tools such as the mobile phone.

Greater preference for manual ordering systems

In terms of actual ordering platforms, regardless of the frustrations experienced in current ordering systems, most of the consumers still prefer to use a manual ordering system i.e. queuing to place your order. 35.71% consumers stated that they would prefer this method giving the main reason of a guarantee of receiving the correct order. Other reasons given include that they are used to manual ordering, and won't need to pay extra or waste time for delivery or phone calls. 32.14% consumers said they would prefer placing their orders via phone call orders due to certainty of delivery and faster deliveries. 21.42% consumers preferred E-commerce or a desktop platform stating that it was an easier, faster and safer route to use while the least popular was a mobile phone ordering system with only 10.71% consumers preferring it, saying that it was faster and presented you with a menu of what is available.

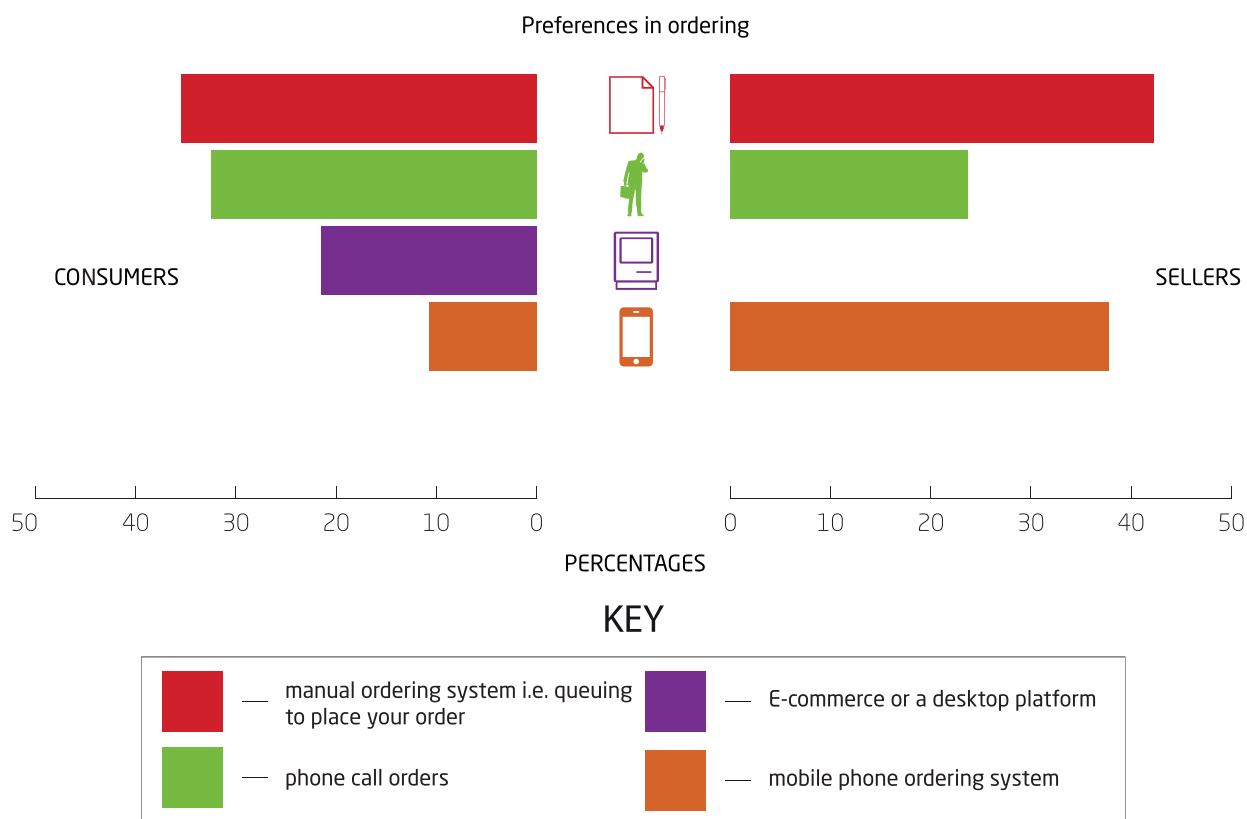


Figure 14.0: Methods Users Would Prefer To Use To Order

Majority of the sellers (42.86%) favored the manual ordering with most of them reasoning that it was best because their customers can get to see goods before ordering, reducing the number of complaints of wrong orders. Others preferred this method as the primary business require for consultation (medicines from a pharmacy) or fitting (as is the case of the clothes store). 23.81% vendors also preferred the phone call orders system claiming it to be a straightforward line of communication with client, therefore, making it easier to describe orders.

None of the sellers interviewed were interested in the e-commerce/desktop platforms but 38.1% of them said they would like to implement the mobile phone system ordering stating that it would make the process easier and save on time. 7.14% of these said they would prefer it primarily because they would like to try it out. Only one seller would prefer an SMS ordering system because they could use the SMS received to reference the transactions.

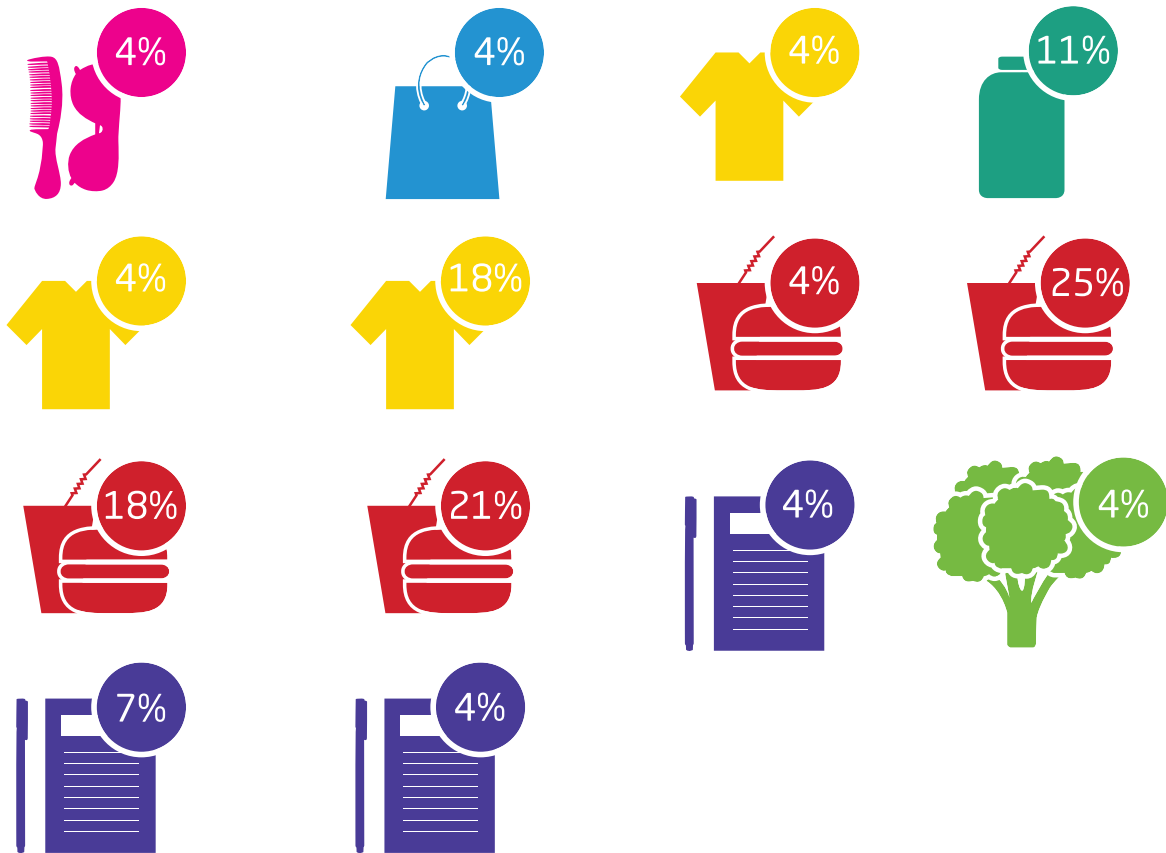
Among the items that interviewed respondents said they would order using these preferred platforms include: clothes, hair and beauty products, food stuff, medicine, groceries and stationeries' with the biggest reason cited being that these were items they were to use.

E-COMMERCE/DESKTOP
PLATFORMS

MANUAL ORDERING E.G.
QUEUING TO PLACE YOUR
ORDER

MOBILE PHONE
SYSTEM

PHONE CALL
ORDERS



KEY



Figure 15.0: Goods Users Would Prefer To Order on the Different Platforms

Majority of the sellers stated their prime business goods as the items they would like their customers to order via the preferred platform stating that it was the only items they dealt with.

Preferred Distribution Mechanism for Ordered Items

Most of the consumers would prefer if their orders were delivered to them, or they pick-up when ready, as compared to them coming in to queue to receive their orders. These methods, they believe are timesaving and eliminate the issue of wrong orders respectively.

The sellers on the other hand prefer to deliver the goods or that the consumers queue to pick up their goods. Some businesses require the consumers to come in physically because of consultation and it would not be possible to use means such as the phone call orders. The businesses that have not implemented deliveries, condition on introducing the option with expansion of the business and would rather do it themselves than engage a delivery company due to cumbersome logistical issues.

Delivery option most Preferred for receiving ordered items

50% of the customers surveyed would most prefer if their orders were delivered to them while 32.14% most preferred to pick-up their orders when they were ready. 17.86% customers most preferred queuing to receive their orders. Of those who preferred the deliveries to be done directly to them, 14.29% cited laziness as the main reason for preferring this option and one stated that he would often forget to go collect his orders. However, the remaining 78.57% believed it was a time saving process as some were too busy to go collect their orders and others thought it cumbersome to travel to and fro to collect their orders.

The customers who most preferred to pick up their orders mostly believed that this method would eliminate the problem of wrong deliveries as they could scrutinize the goods they ordered before paying and leaving. 33% of these also thought that it would eliminate the process of waiting to receive order if they came to collect it once it was ready and hence time saving. Similarly, the customers who would prefer to queue stated that it was easier for them to change their orders especially if what they received were not what they had in mind when they came in to purchase. One of these respondents particularly believed by queuing he could save money that he would otherwise pay for delivery of the same article.

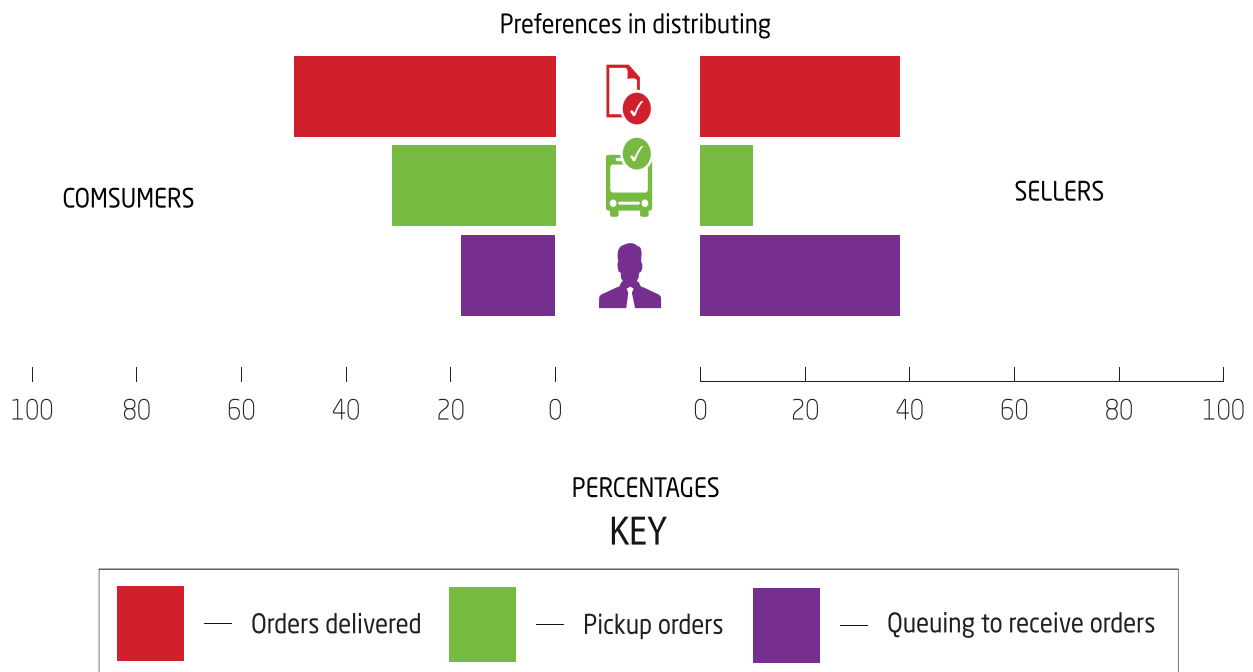


Figure 16.0: Methods Users Would Prefer To Use To Receive Their Orders

In terms of preferences for distributing customer orders, 38.1% vendors most preferred to deliver the customer orders. 75% of these stated that they would like to ensure their customer satisfaction and 37.5% others also stated that deliveries was their core business and definitely preferred the method. Another 38.1% vendors on the other hand preferred that their customers queue for their orders with one of them stating that they did not want to be held liable for any eventualities from the delivery process such as damaged goods in transit. 25% vendors thought that by letting the customers queue, they would give them a better service experience while 14.29% vendors preferred if their customers were free to choose goods physically as it also promoted impulse buying therefore increasing their business.

9.52% of the vendors would like if their customers picked up their ordered goods to ensure customer satisfaction and adequate preparatory period for vendor to prepare for the goods while another 9.52% did not have any particular preference stating that they would go with whichever platforms their customers liked.

Those who had not yet implemented deliveries into the businesses, only 36.36% were considering to do so with 27.27% basing this on the condition of the business growing. Others like the pharmacies require the patient to come in for consultation and did not think this as a feasible idea. While one other did not have adequate resources in terms of delivery vehicles.

Only one of these vendors would then consider working with existing companies that do deliveries as their core business to distribute your products/services to your customers. This vendor thought it advantageous to maximize on the delivery companies existing resources to solve their delivery issue. The remainder thought it as a cumbersome complicated process that would also prove to be expensive in the long run to outsource delivery

Preference for a Proposed Mobile Commerce Solution

Great Customer Interest in Potential Mobile Solution

The interviewer proposed the idea of a customized mobile solution to the customer and vendor respondents that would integrate ordering and distribution processes. Essentially, this proposed solution is a mash up of the entire distribution chain from ordering to payment to distribution of orders and is supposed to ease the challenges faced in these processes.

71.43% of the customer respondents showed interest in such a solution with the remaining 28.57% saying that they were not interested in it. Only one respondent who particularly said he was not interested stated the reason, 'No, I want to be sure that what I have ordered for is what I will receive... these systems tend not to give me the confidence of surety.'

One of the respondents interested in this solution said it was conditioned on the fact that there were no extra charges for such a service while the others said it was helpful to manage expectations especially with regards to the status of their order as it is being delivered. In terms of reliability, another 80% respondents believed it would be a reliable system as it was time saving. 10% however were not sure, as they had never tried such a system before.

46.43% customers foresaw such a system being a cause of frustration and cited the following reasons for this:

- It could become a slow system if there were numerous users on it
- There may be some form of system failure
- There was no guarantee of obtaining what you order for and in a timely manner
- A customer would not be able to negotiate prices on such a system.
- Customers are not accustomed to it and some may not know how to use it

Conclusions

Current ordering verses Preferred ordering habits:

The more versatile the services and goods offered coupled with the size of the business, it seems, the more the orders they receive. With all consumers stating to order at least once a day, each faced with frustrations, it shows that there is great potential for any form of intervention in the distribution chain.

However, based on the responses received, despite customers currently make orders physically, a system that has been marred by challenges such as long waits for orders, there was no remarkable difference in their preference of ordering system, with the consumer still preferring the physical queuing system that allows them to manually place their orders. This has been shown to be as a result of lack of trust in the virtual mechanisms of placing orders, primarily because the customers do not seem to think they have a guarantee on the quality and accuracy of the order they will receive.

In the same light, customers are also wary of making payments prior to reception of goods for the same reason, preferring instead, to making payments by cash upon delivery.

Phone call ordering and mobile money payments seem to be a potential area to exploit given that more and more consumers are adopting these mechanisms as they go about ordering and receiving their orders from the vendors. E-platforms remain largely unpopular with few customers currently using it to order and even fewer wanting to use it to order.

Current distribution vs. Preferred distribution habits:

Regardless of the fact that customers still want to manually place their orders, there is potential to switch from the current queuing methods for collection to adopting more and more delivery services as most customers want to embrace delivery systems of distribution. This could be as a result of the frustrations that arise when the customer has to wait for long to collect their orders. This shows potential for growth in deliveries in the distribution chain.

Potential for a mobile solution

There is a marked potential for a mobile solution that cohesively mashes up the entire distribution chain from ordering to payment to distribution of orders with majority of respondents believing it to be a very reliable and attractive to market solution. However, most of these respondents foresee frustrations arising from the actual delivery of the goods and system failure but reserve further opinion of the system until they have tried

out the mobile commerce system.

Moreover, so as to solve some of these challenges and foreseen frustrations from both the sellers and consumers, it is necessary to address the main points of concern for the virtual methods of ordering and delivery processes. Particularly, there needs to be a way in which to guarantee the quality of the products received by those who would place orders on an online or mobile platform and an organized micro-distribution system of the ordered goods ensuring an effective eco-system that mashes up the entire distribution chain from ordering to payment to distribution of orders to make the virtual ordering processes work efficiently. Building this eco-system is considered to be the most difficult approach which myorder hopes to solve.

It is necessary to note that the conclusions from this research are not representative and Weza Tele in collaboration with iHub research will conduct the next phase of the research based on a wider survey capturing trends and preferences in different areas in Kenya so as to have a conclusive view of the consumer ordering habits and potential of having a mobile platform that helps customers order goods from shops around them for delivery or pick up. This will be enhanced through the myorder platform and in-house distribution manpower and partners in place.

