BUSINESS OVERVIEW:

Myshopper is a delivery service that allows people order and receive grocery products purchased from reputable stores in Nigeria using Myshopper’s web based platforms (mobile app and website) right from the comfort of their homes.

THE PROBLEM:

Nigeria has an enormous number of consumers and in recent years has seen an increase in the number of chain stores such as Shoprite, Megaplaza, Park n Shop etc. However despite the increase in both Nigerian’s propensity to spend and the number of stores to buy from, there is yet to be a widely popular and effective home delivery service for grocery products even in Lagos. This problem is further compounded by the fact that heavy traffic in Lagos sometimes makes it extremely inconvenient for customers to go to their preferred store to buy what they want, when they need it. They may therefore be forced to resort to alternatives such as local kiosks and open markets where purchased goods have less quality.

THE BUSINESS MODEL:

The idea is to create a delivery service that emphasizes speed, convenience and reliability following five steps:

Step 1: Consumer downloads our mobile app for free
Step 2: Consumer makes order via the mobile app
Step 3: Myshopper agent receives the order and calls the customer for confirmation
Step 4: A delivery man is sent to the consumer’s address
Step 5: The product is delivered and the paid for on receipt

WHAT’S SPECIAL ABOUT OUR SOLUTION........?

Delivery services involve intensive logistics and as a result not so many businesses in Nigeria specialize in it. However we have developed an effective model to handle this challenge. The model is briefly described below:

ACCESS: Most delivery orders will be made through our mobile app which will be available on all smart phones starting with Android, Blackberry, Iphones and Nokia Symbian phones as well as on our website. As a result, unlike most delivery services in Nigeria, orders will not be made via calls. This reduces the cost to the customer since the app is totally free and it improves service quality as there is no room for mistakes with the order.

QUALITY ASSURANCE: We plan to work with only a few reputable shops starting with Shoprite. This provides our customers with a Quality assurance promise since they would also know that we only buy from the most reputable stores.

SPEED: To ensure speedy delivery, goods will be transported via deliverymen on motorcycles. We will ensure we have a supplier within every 10km radius, thus we estimate that every deliveries will have an average life time of one hour i.e. the time from when a consumer’s order is confirmed till the time of delivery.

MODE OF PAYMENT: We will provide multiple payment options including a “pay cash on delivery” model that will allow people pay when they receive the product.

BRIEF MARKET ANALYSIS

The number of middle class – upper class individuals in Nigeria and indeed in Africa is on the rise. We define middle class using African Development Bank definition of per capita daily consumption of $2-$20 (2005) in purchasing power parity terms. The middle class in Nigeria is estimated to constitute about 15% of the Nigeria population. The number of people within this status quo is generally increasing in Nigeria and so is the income of the average middle
CONVENIENCE, SPEED AND QUALITY – ALL IN ONE DELIVERY SERVICE

class individual. Despite the increase in disposable income without a good delivery service to ensure that consumers always get the best quality from stores of their choice most Nigerians settle for products from low quality stores whenever they cannot go out to make purchases.

TARGET MARKET: Educated, middle to upper class Nigerians especially those within the ages of 20 – 45 who use smart phones, these customers are considerably tech savvy and comfortable enough to take advantage of our delivery service and have the willingness to pay. The estimate of potential customers who fall into this category in Lagos alone, is 200,000.

JUST ANOTHER BUZZ OR A REAL MARKET

The seeming lack of a popular and efficient delivery service may persuade one to believe that the service is not much sought for but that is not the case. The results of our market survey show that not only do people who fall within our target market want this service. They are also willing to pay for it. The following is a graphical illustration of the responses of people who filled our survey.

FINANCIAL ANALYSIS

PROFITABILITY

From the second graph above which is a reflection of the disposition of survey takers, we see that most potential customers are willing to pay between 500 and 1000Naira. Even more significant is the fact that over 75% of the potential customers are willing to pay over N500 and some are willing to pay over N2000 per delivery.

Apart from cash on delivery, we intend selling positions on the category listings to product owners. For example, a customer may have no preference between Ariel, Klin, Omo and Bimbo, when such a customer visits the detergents category they are likely to select the first of the detergents they see on the list. For categories with several listings, products that appear at the top of the list will likely make more sales hence we will “sell” those positions to the product manufacturers.

FINANCIAL ANALYSIS IN A MONTH

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>Sales Description</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of bike men (10)</td>
<td>N21,000*10 - N210,000</td>
<td>Number of trips 5 trips per bike per day</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>N5,000 *10 - N50,000</td>
<td>Average sale worth N5,000</td>
<td></td>
</tr>
<tr>
<td>Calls and logistics</td>
<td>N100,000</td>
<td>Base amount per delivery N550</td>
<td></td>
</tr>
<tr>
<td>Payment of Delivery men</td>
<td>N25,000*10 - N250,000</td>
<td>Added 8% per sale worth N400</td>
<td></td>
</tr>
<tr>
<td>Administrative staff (3)</td>
<td>N40,000*4 = 160,000</td>
<td>N70 * 5*10 *30</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>N65,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>N855,000</td>
<td></td>
<td>N1,125,000</td>
</tr>
</tbody>
</table>

Projected profit per month = N1,125,000 – 835,000 = 290,000

COMPETITION

Although delivery services are popular in more developed countries, delivery efforts in Nigeria are relatively sparse. However a few stores operate their own delivery service such as Debonairs, Park n Shop etc. However our closest competition is Speedmeals which also operates in Lagos and delivers food to customers. Sweet Sensation and store owned deliveries. Other firms that operate delivery services for a different category of products are Konga, Kasuwa, and Saburta, they share similar market with us but may not be regarded as close competition.

FUTURE TRENDS
We intend to start with just one Shoprite branch, as we grow we will expand to more Shoprite branches in Lagos and then work with other stores and eventually expand outside Lagos.

We also intend to implement Shopperman on other mobile platforms, on the web and as an SMS-based solution. As Nigeria goes cashless, we foresee a situation where people can pay even before delivery using online solution platforms.