

E-COMMERCE IN CAMEROON



From paper to online, marketplace to web shops and physical cash to electronic money; e-commerce brings a fresh impetus for doing business in Cameroon.

Ngangfen Divine Alangeh

Denis & Lenora Foretia Foundation

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DENIS & LENORA
FORETIA foundation

The 21st century has witnessed dramatic transformation in the financial sector as advances in IT have created new ways of handling financial transactions through various e-commerce platforms. The commerce world and Cameroon's business sector in particular is being digitized, such that any type of business (commercial) data is transferred across the Internet. As a result, different types of businesses from consumer based retail sites, through auction or music sites, to business exchanges of goods and services are traded between individuals and companies electronically. It is currently one of the most important aspects of the Internet to emerge, as online business is absolutely convenient on 24-hour availability, with no barriers of time or distance and a generally efficient customer service. E-commerce could operate in all four of the major market segments in Cameroon: business-to-business (supplier management, distribution management, and channel management.), business to consumer (Online shopping), consumer to consumer (Auctions sales) and consumer to business (requesting information through web platforms).

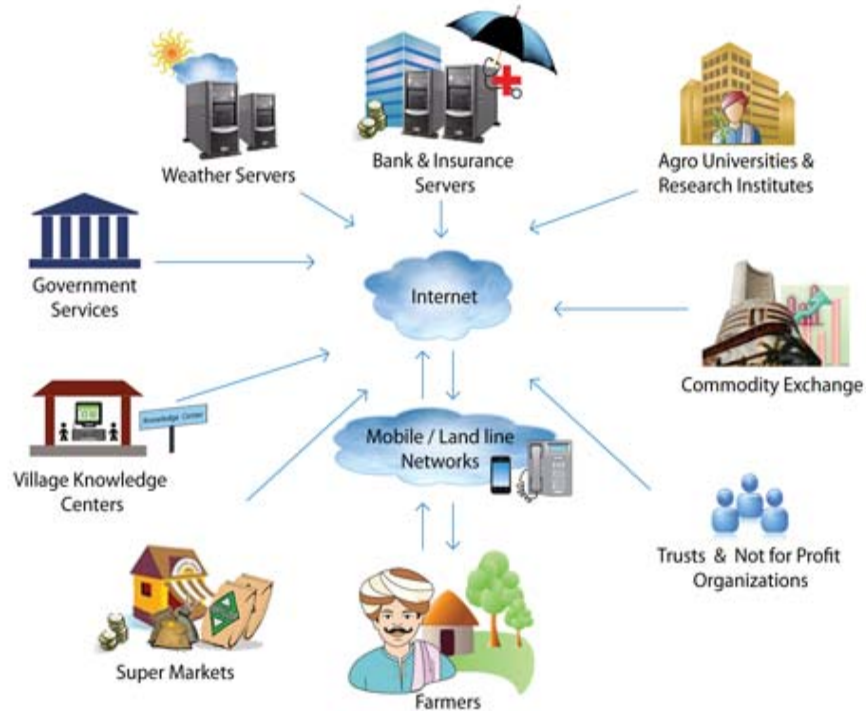


Figure 1: The Internet as a multi-business facilitator

Almost any product or service can be sold and bought via e-commerce websites, from agricultural products to books and music to financial services and plane tickets though the transaction is incomplete without delivery. According to THE EGEEK, an online Tech Information resource, e-commerce is directly linked to technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange, inventory management systems and automated data collection systems. In urban Cameroon, electronic changes have engulfed all areas of financial markets through e-finance, e-money, e-banking, e-brokering, e-insurance, e-exchanges, and even

e-supervision. Previously, mobile phones have been at the advantage of small business operators and a few farmers but today, these can effectively switch to modern internet technology. There is the need for updated market information, government regulation and product advertisement to be made available to producers and business operators. Commercial banks are trying to introduce e-banking systems to improve their operations to suit the needs of Small and Medium sized Enterprises (SMEs), reduce costs and increase productivity. Developers are working day in day out to produce customized software to meet the needs of their customers who are bent on increasing sales of their products.

Meanwhile, security, trust, cost of service, usefulness, accessibility, age, gender, education and marital status all have significant influence on customer attitude and hence the general adoption of e-commerce in the country. Understanding the concept of e-commerce, its advantages and challenges as well as the solutions to problems faced in carrying out electronic transactions in Cameroon would encourage individuals, small business operators, industries and even foreign investors to create a more efficient business environment both for themselves and the country.

Is E-Commerce right for SMEs: A Guide for New Businesses

Every marketing activity takes time, cost and energy to be fully carried out. From the Doing Business 2014 report on Cameroon, the International Chamber of Commerce national committee in the country offers services whose purpose is to promote trade, International investment, the market economy, international and national trainings in Banking, Finance, Green Business, Information Technology, e-commerce and e-learning. The government is also carrying out many initiatives to encourage the use of ICT and internet technologies for business startups, growth and expansion. For business owners who are willing to make e- investments, the payoffs can be large:

- Customers have more choices and customized options.
- The time and cost of search are saved since one doesn't need to go to market place regularly.
- The market place expands from local to national and international standards.



Figure 2: Customized Technology would yield more benefits for users

E-commerce is still growing in Cameroon, but there have been some success stories that show the country is ready for it. According to the International Telecommunications Union reports in 2013, voice expenditure in the country has dropped from 73% of mobile budget to 55%, while data has increased from 12% to 36%. At the beginning of 2014, voice stood at 53% and data at 48%. SMS expenditure remains steady at 20%. Older citizens (46-55) are clinging to former business methods and are reluctant to accept new e-commerce trends. E-commerce solutions should therefore be made to suit the youthful populations more. According to Globex Cameroon, an e-commerce giant in the country, there are more than 100 additional hard and soft skills that are also expected from the next generation leaders. It is therefore vital for business operators to have the right mindset and facts to consider when creating an E-commerce solution for business:



Figure 3: An Agricultural SME making use of internet services for business.

- The need to consider people living in different regions, towns and villages when going online so as to know if and how targeted customers see their product or service as well as check out competitors to see right and wrong approaches.
- Users should be able to get around business sites easily and quickly. They need to find what they want, pay for it, and get convenient shipping or delivery options. Using lighter web platforms and making the checkout process simple is an added advantage.
- Customers want to know you care about their business and welfare. E-commerce platforms should best solve their needs and interests.
- Broken web links make customers angry. If a first-time customer runs into a broken link, he or she won't come back to the business site. Web links therefore should be efficient.
- Make delivery easy and affordable if possible, starting from closest environs.
- Find tools that help improve innovation; new products, package deals, and special offers. Research should be carried out for the best E-commerce tools to help manage the electronic business processes. The team of online staff should be innovative and flexible.
- Search engines (Search Engine Optimizations), E-mail marketing, bulk SMS services and offline marketing should be put to use so as to increase the number of visitors to the site.

Some disadvantages of applying e-commerce techniques include:

- The implementation cost is very high initially when establishing the infrastructure.
- Electronic commerce requires highly structured Internet protocols.
- Insufficient security and inadequate search facilities are the most common problems in e-commerce.

However, successful e-commerce sites require a smooth, efficient system and the commitment to make regular improvements and maintenance. In Cameroon, small meeting groups and “njangi” houses could organize themselves to carry out their activities properly such that their members could contribute even from far off locations. The moment one decides to open an online store for buying and selling of their favorite stuff, or in short an e-commerce website, numerous necessary and unnecessary questions come to the mind about resources, design, price, security etc. The e-commerce software decided upon will be the foundation of the entire e-commerce site, therefore it’s important to check and know all of the features so as to choose the best e-commerce platform. With more and more e-commerce software available in the market one can build an e-commerce website of any size: from a small web store to a virtual shopping mall. An e-commerce service should be such that it removes much of the complexity involved in setting up a shop, combining 100% product compatibility with a single billing relationship. In effect, it should be a dynamic content management site so as to permit information exchange between business operators and their customers.

Towards E-Commerce

Recently in early 2014, the government announced that by 2015, businesses in Cameroon should be online so that the country could benefit more from e-commerce and accelerate its business development. Electronic commerce has experienced explosive growth in urban Cameroon by transforming traditional practices of doing business into modern, simplified methods. Many money transfer agencies are using the internet for sending and receiving money in just a few minutes. In Commercial banks, huge investment in telecommunication and ICT networks and various e-banking services can be seen as efforts towards measuring up with national and global standard. The reasons for this include increased competition among banks themselves, increased customer demand, new market entrants, derived minimal cost and better service delivery. Many companies are now advertising their products online via websites and social media such as Facebook and Twitter. Current e-commerce activities in Cameroon include:

- Finding, buying and selling goods and services (Bank card Payment mechanisms)
- Financial transactions involving the direct transfer of funds between persons
- Building the online presence through maintainable web platforms and
- Using social media and web SMS for advertisement.
- A number of local and international companies are now providing online financial services in the country. The major local companies include Mobile Money Cameroon SA, BICEC E-Pay Box while some of the international companies include Union Bank of Africa and Afriland First Bank’s I-Card Virtual Pay Cash and BelCash. The use of electronic bank cards and the sprouting of Automatic Teller Machines (ATMs) in every nook and cranny of towns and cities is testament to the electronic explosion that grips the entire society.
- A few companies like Globex Cameroon Limited, Wasamundi and Njorku offer the creation of web based businesses with online financial transaction systems for their clients. These options

provide opportunity for consumers in and out of Cameroon to pay for services on web points bearing electronic card logos.



Figure 4: Electronic Banking; a major facilitator of E-Commerce

Though relatively new in Cameroon unlike in other African countries like Nigeria and Ghana, electronic banking has built up over the last three years and has seen customers of commercial banks increasingly becoming receptive. Banks offer varied options in internet service, mobile telephone banking service and the electron card, including the Carte Visa Electron Essentiel with a maximum withdrawal capacity of 250.000 FCFA (US\$ 500.00) a day and 500.000 FCFA (US\$ 1.000) a week. Other card options offer better opportunities, such as the Carte De Retrait Lion with a maximum withdrawal capacity of US\$ 2000(1.000.000FCFA) per day. Cameroon's leading commercial banking giant, BICEC, offers three visa electron cards: BICEC Visa Electron, with a maximum withdrawal capacity of 1.000.000 FCFA (US\$ 2.000) a week, BICEC Classic with a withdrawal capacity of 2.500.000 FCFA (US\$ 5.000) in just one week and BICEC Gold that provides the opportunity to withdraw up to 5.000.000 FCFA (US\$ 10.000) per week, the ECOBANK Card etc. These cards permit users to be able to withdraw funds at any location where a branch is found as well as checking credit, making payments and other financial transactions. There are some security issues encountered though the PayPal system provides fraud protection for both business owners and their customers. Carrying out business transactions electronically in Cameroon provides numerous competitive advantages over former methods. When implemented properly, customized e-commerce software is often faster, cheaper and more convenient than the traditional methods of trading goods and services. However, the adoption and diffusion of e-commerce is far from uniform, especially between the urban and rural areas. With successive generations of information technology in the country (1G, 2G, 3G and 4G), all having significant roles in business processes, keeping pace with emerging gadgets in today's digitized market is a daunting task for both producers and consumers. Some organizations often use the excuse that they are too busy running old tasks rather than making e-commerce a priority.

They ignore that the poor and slow business process could be responsible for the current business inertia.

Challenges

E-commerce can be a very rewarding venture, but not overnight. The findings of a group of African Business Forum staff and other financial experts in 2013 on Cameroon show that 28.6% of SMEs is in the graduation state while 1.6% is in the expert state.



Figure 5: SMEs could obtain exponential growth of their businesses as they move online

Also, it is stated that 55% of the SMEs in Cameroon complain of the internet penetration rate, 72.1% complain of lack of ICT skills, 89.1% complain of poor ICT infrastructure, 92.2% complain of no availability of credit cards, 84.5% accept they don't know about the laws governing online financial transaction and thus are not ready to risk their money online, 90.7% complain of lack of delivery infrastructure for goods purchased online and more than 98.4% complain of lack of delivery services in case they wish to engage in business to business e-commerce transactions. Despite the fact that the literature on internet banking is abundant with studies carried out mostly in the country's urban and sub-urban areas, the concept is underrepresented in rural communities made up of farmers, petty-traders and other small business operators. The efforts aimed at developing better and easier electronic banking systems seem to have remained largely unnoticed by the rural populations who are yet to fully appreciate the availability of these services in the financial industry. Apart from electronic money transfer through agencies such as Express Union, Express Exchange, Western Union and a host of others, it is rare for customers in these areas to use the internet to personally carry out their own transactions. Meanwhile, each e-commerce platform has its own pros and cons and has been

designed with a slightly different user in mind. Many studies have investigated the effects of the customers' demographic characteristics such as age, gender, income and educational level on their attitude towards different e-commerce technologies and their individual ability to adopt new technology. These issues are important because they hold the key that will help the business operators, banking and market sectors to formulate strategies to promote new forms of electronic systems with technologies that would improve business. The rapid development and use of e-commerce technologies within the recent years has made it necessary for every organization to extend their businesses and services online, but the ills of the internet and e-commerce transaction fraud have endangered the trust that exists between the buyer and the sellers. The buyers are apprehensive about their personal information, which can be stolen by criminals whilst making online card payments. The sellers fear that the person making card payment on the other side of the internet might not be the legitimate cardholder. A major problem is the lack of delivery systems to deliver the goods purchased, as customers must travel to sales points before collecting their goods. According to Telecommunications Sector Performance Reviews published in 2012 and 2013 inadequate modern telecommunications and business infrastructure, structural inequality, an alarming number of severe fraud and scam cases, political impedance, and massive public debt have retarded e-commerce in Cameroon. Also, in terms of both Internet advancement and overall economic activity, Cameroon was marked by internal economic inequality both within and between areas in the country. Southern and coastal towns and cities are clear standouts in terms of national economic performance and e-commerce. Till date, many businesses, investors, and policy makers are still sour on the prospects for Cameroon e-commerce. These issues need to be addressed first so that country's e-commerce could prove profitable and sustainable over the long term. The ability to work remotely via mobile communication is a major problem for conducting business in Cameroon, especially for SMEs. The challenge, therefore, for small business owners, is to ensure their employees' ability to be mobile, and have adequate internet accessibility while managing the costs.

Research by the International Telecommunications Union shows that as many as 32% of Small and Medium Sized Enterprises globally rely on more than one Internet device during the average working day to conduct their duties and half of the world's Chief Information Officers (CIOs) view Wi-Fi as an essential part of operations. Rural Cameroon therefore cannot be left out.



Figure 6: Switching rural populations from telephony applications to Internet services is just a matter of time, but very possible.

Improving the E-Business Sector

The following facts would encourage the adoption and use of e-commerce systems in Cameroon, as is the case of other emerging African economies:

Improved Quality of Internet Connection Infrastructure: This is seen to be an essential component for any internet-based application. Since the internet is considered as the most prominent e-transaction distribution channel, good internet connection ensures the completion of electronic processes.



Figure 7: As in other African countries, Cameroon could benefit a lot from delivery services for purchases made online.

Awareness of the benefits of e-commerce is still limited across the national territory. According to Burke (2002), well educated customers such as university graduates are more comfortable in using technology for business purposes given that education is often facilitates the acquisition of Internet skills. From an article published in Business Cameroon on an e-commerce adoption survey, 28.33% of the respondents indicated internet banking as their preferred method for performing banking transactions and up to 57% of the respondents visited the bank 1 to 4 times in a month using the old methods to conduct transactions. ATM usage is noted as the main means of carrying out banking transactions, followed by the internet and telephone banking respectively. More than advocacy should be carried out to spread e-commerce in rural areas.

Gender, Age and Income: It is hard to say if males or females may be more likely to adopt e-commerce; but with the male population being the majority of the working population and the majority in Science and Electronics (Engineering disciplines), they are more exposed to e-commerce options. Having more innovative women business operators would increase the use of e-commerce systems. Also, the level of income of users or non-users will influence their attitudes towards adopting e-banking. It is observed that older customers are found to have negative attitude towards technology and innovation as compared to younger adults who are more interested in using these new technologies. Furthermore, it is expected that customer's attitudes towards e-banking adoption will be higher in singles than couples as singles can comfortably make banking decisions themselves.

For securing channels, financial institutions, EXCO meeting rooms and medical or insurance companies that handle sensitive information need to be protected against information leaks. The system should allow them to restrict applications on phones in areas where information discussed or handled is confidential. Government



Figure 8: E-commerce handles product authenticity issues

intervention for assuring authenticity of businesses is also

a major step that could be taken to improve e-commerce. There has been a wailing need for an online shopping website by internet users in Cameroon. With government creating an online shopping mall with a number of shops and just every bit of information about their products there would be a massive move towards online sales and purchases.

Conclusion

From many researches on e-business, the adoption of electronic commerce depends on accessibility, trust, security, demographic characteristics such as age, gender, marital status and income level. Electronic commerce is seemingly becoming a matter of need and holds the key that will open the economy of Cameroon to well formulated marketing strategies as well as enabling the country to compete in the globalized commerce network to gain market advantages of the 21st century. Thus, there is need for business operators to adopt strategies that will encourage customers' attitudes towards e-commerce, such as emphasizing the positive safety features in marketing campaigns, seminars and workshops. It is also important to improve on the security features of the systems in place, since this could re-assure the customers that e-commerce payment methods are safe to perform transactions with. Banks and other financial

institutions should access remote areas, offer proper education and training to the customers there so as enhance overall confidence; while emphasizing the relative ease in using e-banking services. Degrees and MBA certifications are good for job search, but becoming of less value over tactical and survival skills. The new age of digital compression has miniaturized the entire business models small enough to fit within a USB key and exponentially multiplied their ability to overtake any major organization. The future is very bright for entrepreneurial risk takers and job creators compared to job seekers and order takers. Becoming a next generation leader should be the target as every business operator is forced to hire new e-commerce initiatives or skills. An online shopping mall to contain a vast number of shops in the country would be a major breakthrough for business in Cameroon. This would increase efficiency, authenticity and security of business transactions. It would be a major step as just any customer in the country would be able to log on to the site, search for shops selling a particular product brand, compare quality, price and delivery system before making any purchases. It is time for business operators to set up positions for CIOs so that e-commerce adoption and hence economic growth could be uniform in the country.

Firms adopting e-commerce technologies in Cameroon face problems such as lack of telecommunications infrastructure, lack of qualified staff to develop and support e-commerce sites, lack of skills among consumers needed in order to use the Internet, lack of timely and reliable (available and secure) systems for data and the delivery of physical goods, low bank account and credit card usage, low income, and low computer and Internet penetration. However, the benefits that are obtained through e-commerce adoption include value creation, communication improvement (both internal and external), lowering of business costs, and improved productivity among many others.

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