

AFRICA

DEMAND GENERATION

South Africa's mobile convenience and on-demand services sector is booming

Words MARCUS SMITH

Images: Hey Jude; Busymed; SpaceBox

The on-demand economy is booming. Where social media has made the world more connected, apps have bridged the gap and changed the way customers interact and transact. Instant gratification seems to be the norm. Hey Jude is a virtual personal assistant app and just one of a number of on-demand services that has entered the market in South Africa to respond to this trend.

Why so popular? Well, none of us is immune to convenience, and inconvenience can be a great motivator. When I moved to South Africa to work with PLP (Hey Jude's strategy and capital partner), my kids broke a drum in the house we were renting.

It lay around in the house for months until eventually, I asked the lifestyle team at PLP (my then-employer) to find a supplier to fix it. While they sourced a supplier quickly and efficiently, I still

had to take the drum, pay for it and bring it back. This process got me thinking about an all-in-one service that could facilitate this kind of thing for clients. A virtual assistant that could also pay for the fixes, find the best supplier, negotiate the rate and so on.

Hey Jude entered the market in 2016, with a full launch in 2017, and could not have hit the zeitgeist more precisely. Uber and Airbnb were two of the early trendsetters and, since their successes,

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many young entrepreneurs have followed in their footsteps.

SOUTH AFRICA'S FERTILE GROUND

Start-ups such as Taxify (now Bolt), SpaceBox, Zulzi, Busymed and Prospa are just some of the companies springing up from the fertile technology breeding ground in South Africa. The need for services on-demand, coupled with ample resources and favourable economic conditions, is also what drove the development of Hey Jude. That, and a broken drumkit.

Cape Town has been dubbed 'Silicon Cape', with many start-ups originating in the Mother City. South Africa is blessed with amazing talent in the STEM field due to a world-class education system, and the weak currency makes it a cost-effective place to develop.

Amazon has centred the development of critical elements of its cloud-based capacity, AWS, in the city since 2005. IBM also hailed South Africa as the next tech hub in its February 2017 announcement to train, for free, 25 million Africans via a cloud-based learning platform.

Consumers are hot to trot for technology, too. According to the 2016 Ericsson Global Mobility Report Sub-Saharan Africa smartphone penetration is predicted to be 80% by 2022. Almost 50% of all South Africans (28.5 million people) are active internet users, of which 59% access the internet at least once a day, for an average of almost three hours daily (We Are Social's Digital in 2016 report). The statistics are loud and clear – South Africa is an ideal testing ground for any app or tech product.

DELIVERING ON EXPERIENCE

Advances in artificial intelligence mean we do not just deliver faster, but streamline remedial tasks. Successful on-demand brands have a clear user experience and offer a quality product at a reasonable price.

Of course, making good on promise is a fundamental part of the on-demand sector. Whatever that promise might be – 24-hour shipping, fresh produce, or a no-hassle returns policy – if you fail to deliver on it, the consumer will not think twice about switching to a competitor. And there are more of those every day.

Customers are getting more and more tech-savvy, even in developing countries, but opportunities are still unique. You have to gain deep

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knowledge of the customer and his or her environment before you can fulfil the expectation. Once you understand the user, you can develop the opportunity to ensure maximum customer satisfaction.

It is important for brands to stop, think and create a solution custom for a specific audience or region. Africa, for example, has some unique challenges. Technology is predominantly programmed in the dominant languages of English, French and Chinese, but Africa has one of the world's most diverse populations. Linguists estimate that nearly 2,000 native languages are spoken.

Something that could be a barrier may also prove to be the opportunity for a point of differentiation. Worldwide, there is such a thing as dedicated medical transport, but the African solution would be different from, say, the

European one, where connectivity is not a barrier. A good example of this would be the use of drones to deliver blood in some remote parts of Africa where the roads are inaccessible.

Companies looking to exploit this booming trend need to access skills and resources quickly. Even nimble start-ups need help. A major challenge for many is finance. They often identify a need, build the solution and then run out of funds when they need to scale. Work with the end in mind. Keep an open mind when it comes to shares and potential business partners. Lack of investment is the most frequent derailer of SMEs in Africa.

Brands can mitigate challenges by forging business relationships with reputable vendors and suppliers, and partnering with experts in the relevant field. After all, if you wanted a sports car, you would not try to buy it from someone who makes dumper trucks.

The on-demand economy has not transformed all industries and some are ready for disruption: food tech, senior care, real estate, education and legal, for example. At the rate tech evolves, it is hard to make predictions, but one thing is certain – you can expect more entrants fighting for market share.

Marcus Smith is director and innovation architect at Hey Jude



Above and left Busymed and SpaceBox are two of the companies springing up from fertile technology breeding ground in South Africa



CONTRIBUTORS

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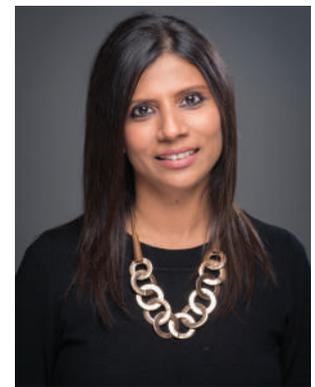
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Marcus Smith is the director and innovation architect at concierge app Hey Jude, which he set up in South Africa while trying to find a better way of organising his family's life. He has held a number of tech development roles, and for Catalyst, explains how South Africa has been a fertile breeding ground for the on-demand trend (p32).



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