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DIGITALIZATION IN NIGERIA: STRATEGIES TO SIMPLIFY THE E-MARKET AND STIMULATE THE ENTREPRENEUR AND CLIENT

Abstract. Digitalization is a very imperative concepts for the economic development of any nation in the age of the digital economy and Industry 4.0 if their companies wants to be more competitive and the GDP wants to be increased too. This article assessed the process of digitalization, particularly E-Market in Nigeria; challenges and expectations to the governments, entrepreneurs and small and big innovative e-market companies. Data were collected from the textbooks and the internet. It was discovered that the digitalization in Nigeria is low in comparison with the EU and developed countries, but E-market fastest growing than another countries in Africa. The governments and business do it efforts to increase e-market but it's necessary some strategies to simplify the process and stimulate the entrepreneurs and customers to go ahead with the digital era.

Key words: digitalization, digital economy, e-market, innovative companies, strategies to economic development.

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Introduction

The world has changed. The increased use of computer and telecommunications (ICT) techniques and technologies has led to major social, economic and cultural transformations. And, moreover, at a very light pace, closely linked to the increased use of the internet. Because of this, personal relationships, the demand of people, work, leisure, and innumerable other things, are under constant review due to the great influence of these changes.

Such is the magnitude of these changes in the global structure, which speaks of the emergence of a new economy: the digital economy. In it, ICTs have changed the traditional economy, leading to a globally connected structure, and eventually modifying productive models in aspects such as size or location. On the other hand, they have led to a gigantic market made up of all goods and services that depend on or are dependent on digital technologies.

In short, in this new economy we have migrated from an environment in which there was little use of information technologies, to one where the use of this technology is generalized in all economic, cultural and social activities. But the shift to the digital age leads to efficient management and new strategies to apply this process, and in third world countries the challenges are even more.

Digitization of the broadcasting: the first step

Digitization is the process of conversion of analog information in any form: text, photographs, voice, etc. to digital form with suitable electronic devices, such as a scanner or specialized computer chips, so that the information can be processed, stored and transmitted through digital circuits, equipment, and networks.

Some years ago, in 2015, Nigeria lived one of the most important changes that which were open the doors to the digital world: The digitization of the broadcasting, the transition of the analog television to the digital television. Digitization was a technological innovation that will change the scope of radio and television broadcasting in this country and beyond.

Many benefits have been identified with digital technology. It has been ascertained that digital TV offers clearer picture and sound. It also enables multiple channel reception. More so, the signals are less prone to distortion. The gains are countless.

However, the digitization process is faced with some challenges. The masses are not all aware of what the process is about. The financial burden is too involving both for the broadcasters and the audience. Further, the political climate in Nigeria poses fear on whether the deadline could actually be met.

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Nevertheless, Nigeria cannot be said to be lagging behind when its deadline is compared to those of even more advanced countries. Therefore, if the policies are religiously followed; if governments come to the aid of the parties involved by way of funding and subsidy, then the road to the digitization shall be smooth. In addition, awareness creation would go step further to enhance the process. Moreover, government should find a lasting solution to the power problem. Digitization and power outage are not compatible. Nigeria as the giant of Africa should emulate the policy implementation approaches of other "dwarfs" of Africa like Ghana. There is a need to move forward, especially digitally [Innocent Paschal Ihechu, Uwaoma Uche, 2012].

Some statistics of digitalization in Nigeria

The use of the internet and digital devices has increased among the population in Nigeria, but as in other African countries, there are regions that are less benefiting from digital services. Some of the factors that influence these results are generated by low income or extremely poorly and because the effort of the government not enough to support these people.

Smartphone adoption can be attributed to cheaper phones on the market, an improving mobile network ecosystem, and access to light mobile applications such as Opera mini that consume less data, according to Business Insider. With the intention of expanding internet penetration rates in the country, Google launched 'Google Station' in 2018, a service that provides free public Wi-Fi in several locations across Nigeria [Nigeria: economic indicators, n.d./2019].The growing number of internet

user show more adaptability among the people to use digital technologies and services (fig 3) and the growing number of smartphone users with internet access will be vital to the further growth of internet retailing. Many consumers are using their and services, with this supported by the growing ease of making online payments smartphones to purchase products (fig 4).

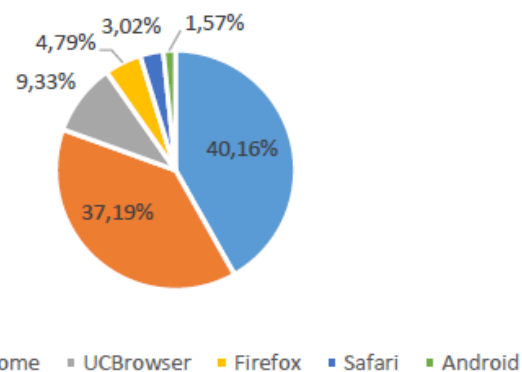


Fig. 1. Most popular browser as 2018
Data source: [Nigeria: economic indicators, n.d./2019].

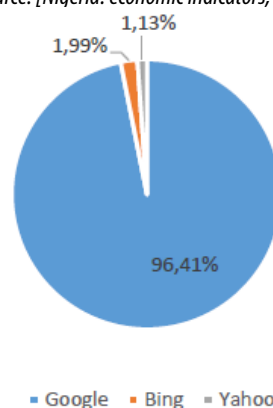


Fig. 2. Most used engine as 2018
Data source: [Nigeria: economic indicators, n.d./2019].

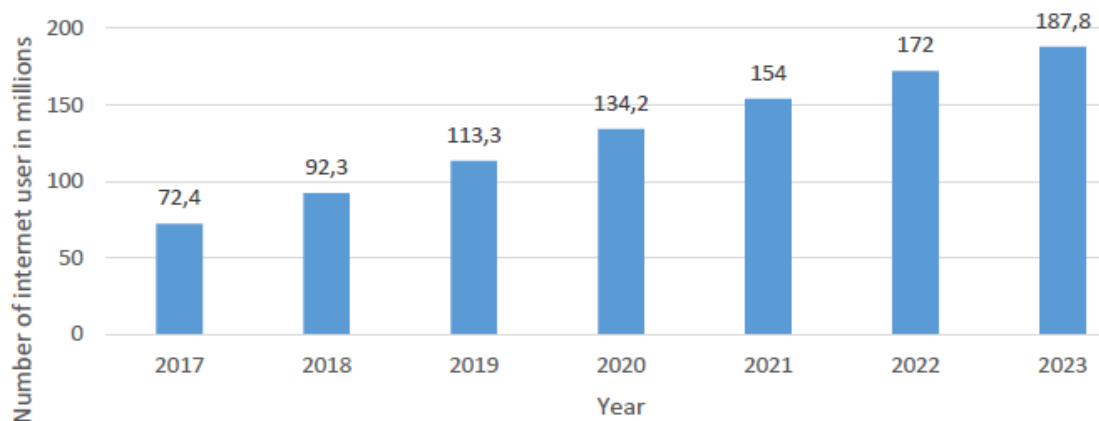


Fig. 3. Number of internet user in Nigeria
Data source: <https://www.statista.com/>

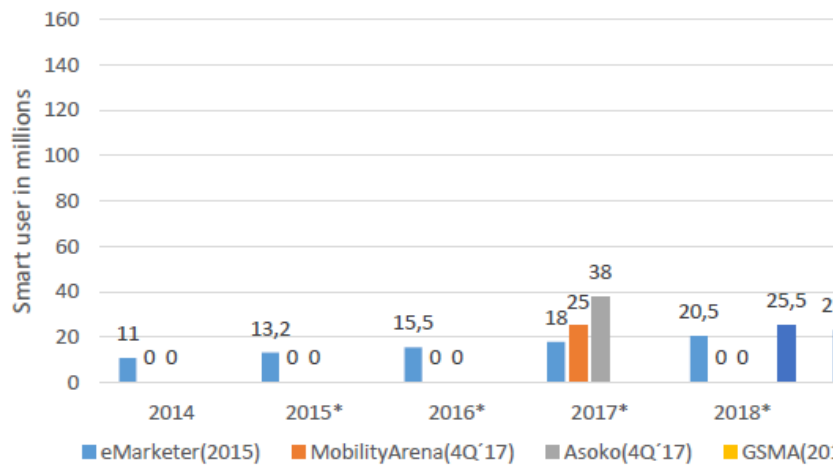


Fig. 4. Number of smartphone user in Nigeria
Data source: <https://www.statista.com/>

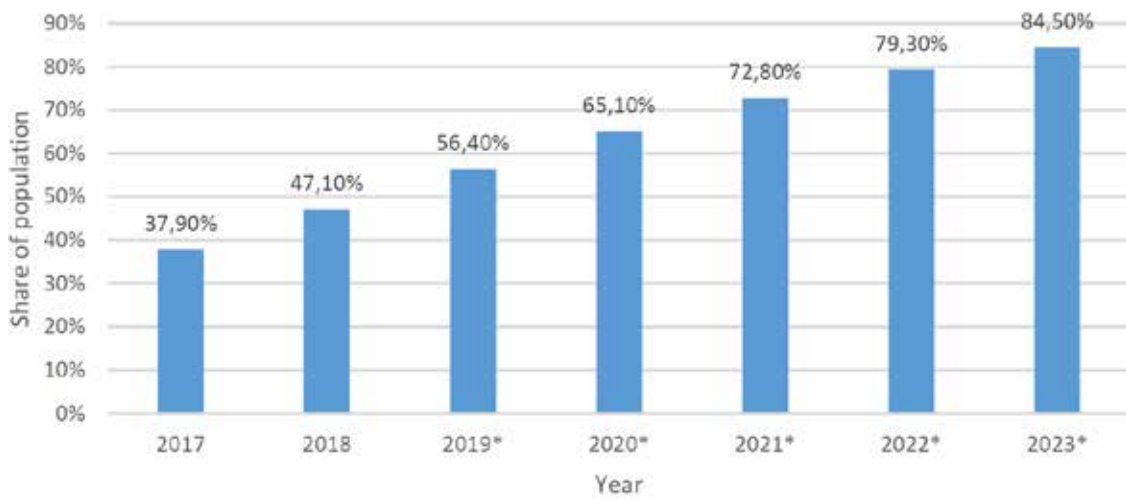


Fig. 5. Internet user penetration in Nigeria
Data source: <https://www.statista.com/>

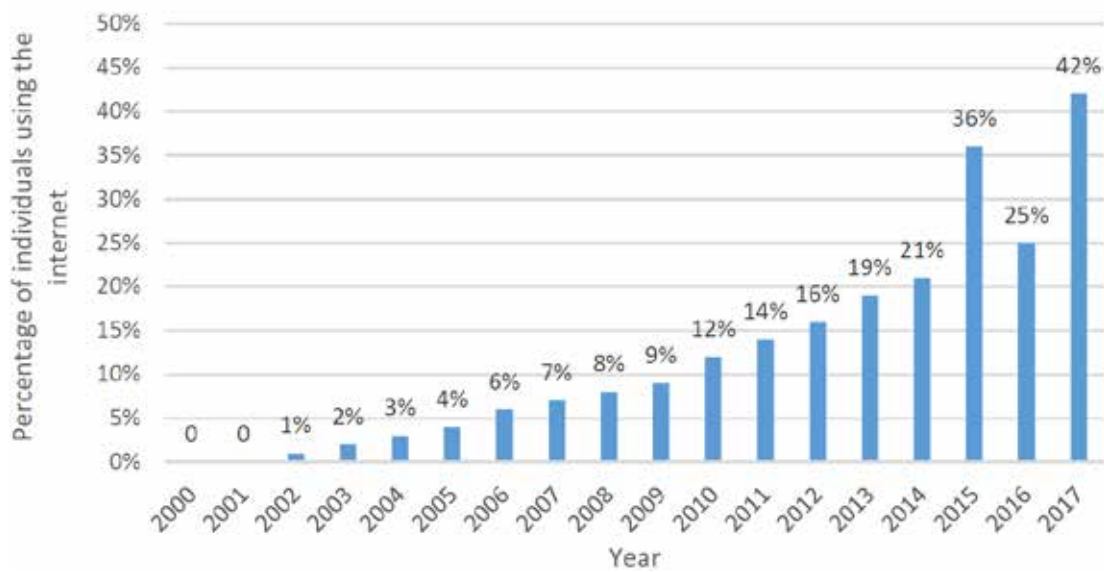


Fig. 6. Percentage of population using the Internet in Nigeria
Data source: <https://www.statista.com/>

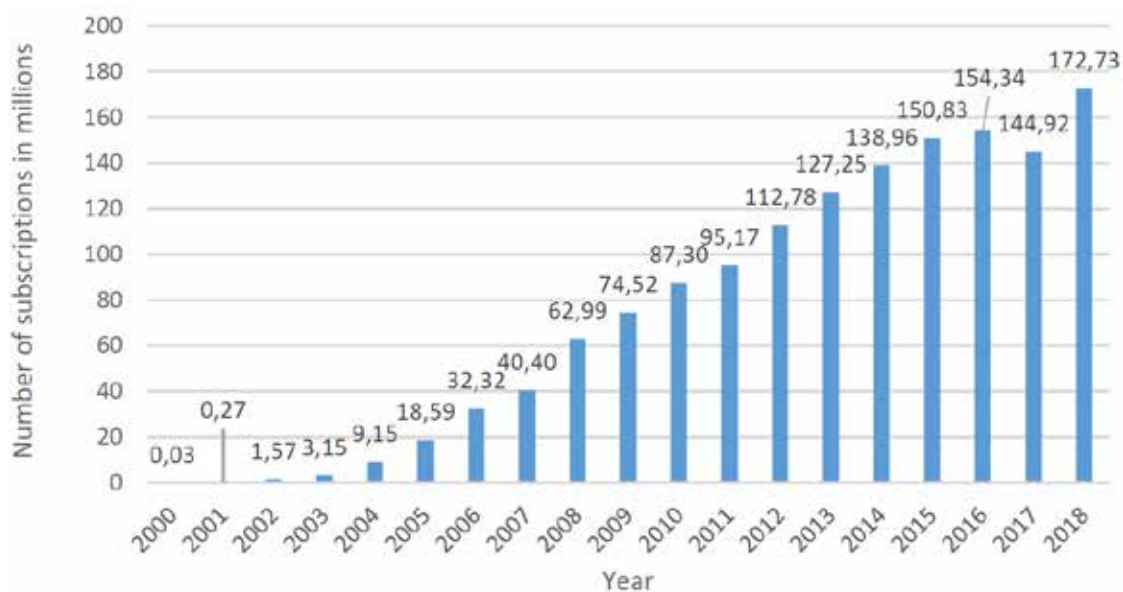


Fig. 7. Number of mobile cellular subscription in Nigeria
Data source: <https://www.statista.com/>

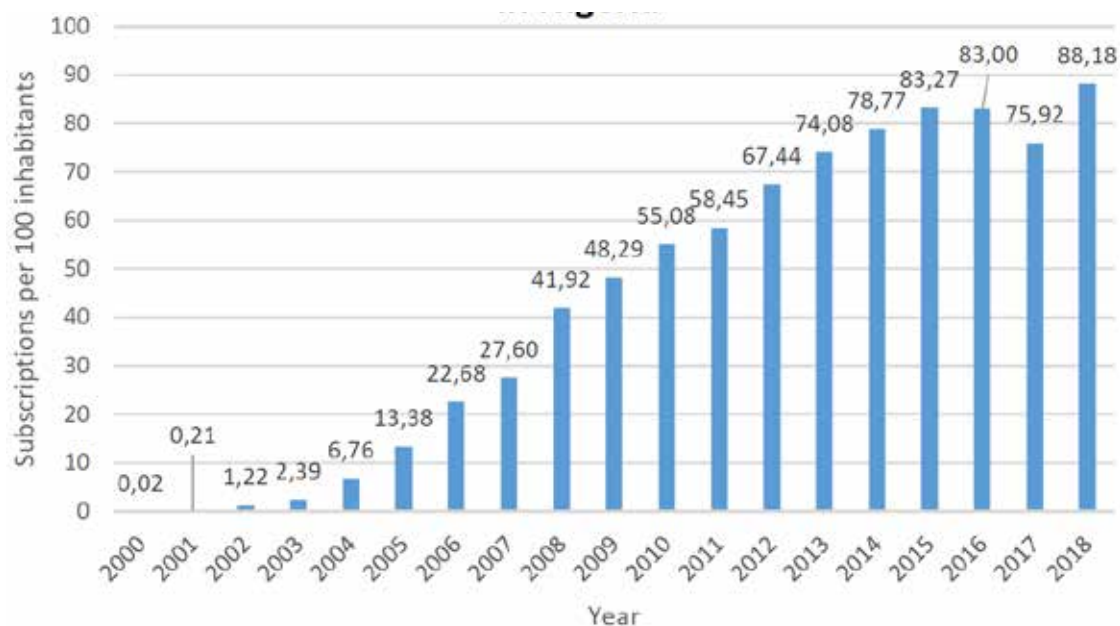


Fig. 8. Number of mobile cellular subscription per 100 inhabitants in Nigeria
Data source: <https://www.statista.com/>

As we can see, until 2018 there has been an increase in the use of digital technologies in Nigeria (fig 8).

The e-commerce in Nigeria

Describes how widely e-commerce is used, the primary sectors that sell through e-commerce, and how much product/service in each sector is sold through e-commerce versus brick-and-mortar retail. Includes what a company needs to know to take advantage of e-commerce in the local market and, reputable, prominent B2B websites. Nigeria’s economy is gradually becoming cashless, as digital payment and electronic banking was implemented in phases

across most states of the federation, which began in Lagos as a pilot in 2012. At present, the adoption of electronic transactions are continuously increasing, with ATM transactions dominating the volume of electronic transactions and the Nigerian Inter-Bank Settlement System Instant Payment dominating in value. The cashless policy has resulted in increasing demand for ATM services deployed in major cities and commercial centers across Nigeria, such as Lagos, Port Harcourt, Enugu, Onitsha, Ibadan, Kaduna, Kano, and Calabar, to facilitate electronic banking and financial services. The successful adoption of electronic payments in Nigeria is encouraging the

entrance of payment service providers such as Visa and MasterCard, which see Nigeria as a promising market. Debit cards from many local banks such as Citibank, Zenith, UBA, and Fidelity, are now used by Nigerian travelers to make payment in countries such as the United Kingdom, Germany, South Africa, and the United States. Online wallet services like PayPal are available to residents of Nigeria and all transactions are currently denominated in the USD. The demand for electronic transactions has attracted payment facilitators from Europe and Asia who are investing in Nigerian electronic infrastructure projects. Online commerce and financial technology in Nigeria is strengthened by fast growing youth populations, expanding consumer power, and increased smartphone penetration. The cur-

rent e-commerce spending in Nigeria is estimated at \$13 billion, and is projected to reach \$75 billion in revenues per annum by 2025 (McKinsey). In 2015, the Federal Government signed the cybercrime bill into law to prohibit and prevent fraud in electronic commerce. The purpose of the Cybercrimes Act of 2015 extends beyond prohibiting, preventing and criminalizing online fraud, but also prescribes punishments and sets the institutional framework for enforcement. The goal is to protect e-business transactions, company copyrights, domain names and other electronic signatures in relation to electronic transactions in Nigeria¹.

¹ Nigeria Country Commercial guide, n.d./2019. [WWW document]. Available at <https://www.export.gov/article?id=Nigeria-E-Commerce/> (date of request: 28.10.2019)

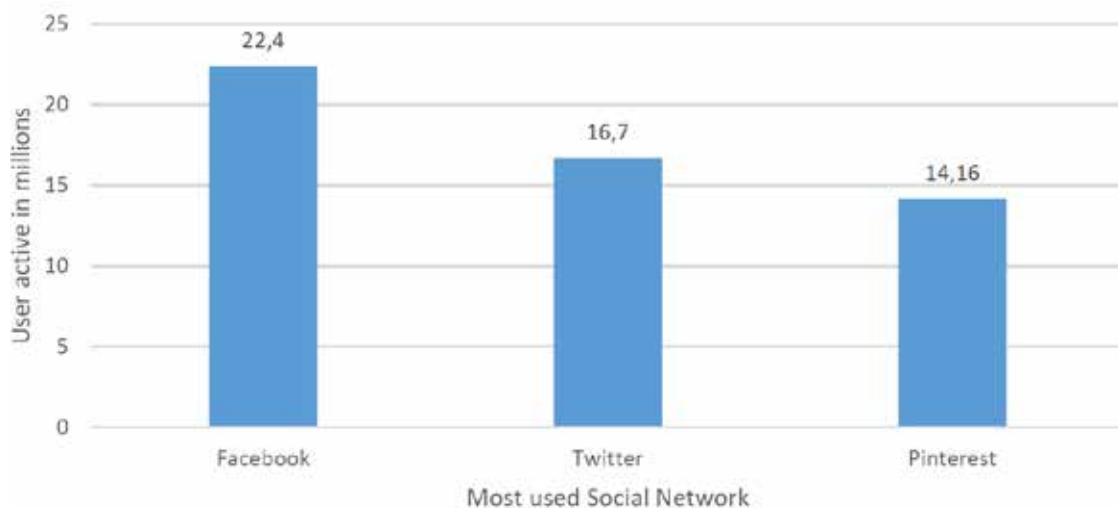


Fig. 9. Users actives each month in social networks

Data source: <https://www.export.gov/article?id=Nigeria-E-Commerce/>

Nigeria is ranked number 7 for internet users in the world. The popularity of social media in Nigeria increases with mobile penetration and as data costs fall. Access to local social media sites has also increased, and Nigerians are highly influenced by well-crafted social media advertising. In line with the increasing internet penetration in Nigeria and use of social media by corporate organizations, the U.S Commercial Service Nigeria established its presence on social media in 2018, starting with Twitter. The agency’s official twitter handle is @USCSNigeria².

In the competitive landscape Jumia Nigeria remains the leading online platform. In 2018, Jumia Nigeria remained the leading internet retailing platform thanks to a strong presence and financial situation, which give it a competitive advantage over other players. The company’s focus on third party sales, rather than its own, has also contributed to its

strong position. In other side Amazon, Konga remain as more used platform. The Nigerian e-commerce sector are estimated to be worth US \$13 billion in 2018. However, economic stagnation in the country has been slowing down internet retail, according to Euromonitor International. Still, the sector has been growing in popularity among Nigerians, making the country a leading hub for e-commerce in Africa. The online retailing channel relies heavily on consumption from consumers with higher income, and many people still prefer to have a face-to-face transaction rather than shop online. Electronics and fashion products are the most popular product categories bought online, and are particularly in high demand among young adults. The growing young adult urban population is more inclined to shop online and they are increasingly using their smartphones to make their purchases, which has helped drive a rise in the internet retailing in the last few

² Ibid.

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years. The most popular e-stores include Jumia, Konga, and Amazon, with the former two leading online mobile retailing in 2017, according to Euromonitor International. Traditional store retailers such as Next Cash and Mr. Price have opened e-stores to boost sales. Cash on delivery used to be the most popular payment method among Nigerian online shoppers, however many stores don't offer that option anymore, which has been seen as a way of truly enabling digital commerce and restructuring the industry. Other popular options are MallforAfrica's web-

card and PayPal – with Nigeria being one of their biggest markets. Nevertheless, PayPal is mostly used when purchasing internationally, and not from local websites.

The government has been giving more attention to the e-commerce market in recent years, introducing the Cybercrime Law in 2015, which aims to prohibit and prevent fraud in online transactions¹.

¹ Nigeria Country Commercial guide, n.d./2019. [WWW document]. Available at <https://www.export.gov/article?id=Nigeria-E-Commerce/> (date of request: 28.10.2019)

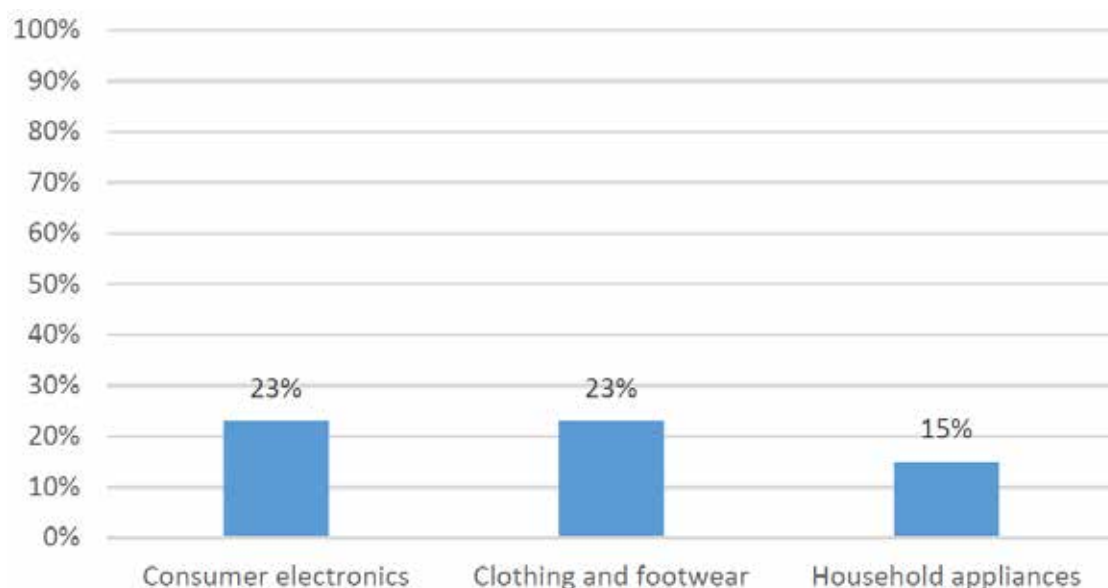


Fig. 10. Online shopping in Nigeria

Data source: <https://www.export.gov/article?id=Nigeria-E-Commerce/>

Nigeria is an exciting emerging market with a growing middle-class population and a developing economy – the largest on the continent. In 2017, the population figures stood at around 190 million inhabitants with 162 million of those being mobile services subscribers, making it the biggest mobile market in Africa with a rate of 84% penetration. These tech-savvy consumers have a growing appetite for online bargains and broader access to the global market. Things continue to look promising as GDP for 2019 is estimated to grow by 2.6%².

Historically, Nigeria has had an ambivalent and sometimes violent political past with deep ethnic divides. Since 1999, however, Nigeria has been a federal democratic republic, modelling its policies on established democracies such as the US and UK while also incorporating some customary laws specific to the region. Like all young democracies, Nigeria has experienced problems, but with the population placing greater demand on government for ac-

countability and economic reform, many investors believe that the political climate should not deter mine progress.

The rate of e-commerce growth in Africa overall is exceeding the rest of the world by as much as 25.8%, therefore looking towards Africa's most populous country makes complete business sense³.

Conclusion

The digitalization of the economy in Nigeria is growing, the use of smartphones, and social networks increase every year. Although many strategies of governments and entrepreneurs must be implemented to insert into the high-tech and digital world. However, some sectors have developed with skepticism such as e-commerce, by this way is necessary to stimulate the customer working in four main aspects: payment security, delivery infrastructure, lowest cost and product authenticity.

Nigeria's e-commerce market is proliferating in a range of 25% each year, leaving little time to sit on

² Ibid.

³ Ibid.

the fence about trading in the country. The opportunities are there, the infrastructure is being created, and aggressive expansion plans are in motion – but you will have to sow the seeds early and make provision for a few growing pains [How Nigeria is Leading., 2019].

As said previously, Nigerians are still wary of online retail for four main reasons:

- Payment security
- Delivery infrastructure
- High cost
- Product authenticity

The two big e-commerce platforms in Nigeria – Jumia and Konga – are paving the way for innovation and improved infrastructure, receiving considerable investments from foreign companies to scale up services and enhance customer experience. Up until recently, Konga, like many other Nigerian e-commerce sites, accepted payment on delivery – 78% of Nigerians reportedly prefer this method [ibid].

Undoubtedly, this has had a detrimental financial effect on the company as the majority of Nigeria's population remains unbanked, but a necessary move nonetheless. The demand for FinTech innovation in the country presents companies in that sector with the lucrative opportunity to tap into a market that has all the gear and readiness to embrace e-commerce.

There are a few popular payment gateways in Nigeria such as:

- Paystack
- Flutterwave
- GTPay
- Interswitch

However, is still a long way to go in order to obtain the trust of the Nigerian population.

The outlook is certainly positive, however, with current e-commerce transactions being valued at \$13 billion. Some predictions point that this number could increase to \$154 billion by 2025 [ibid].

Like the rest of the world, Nigerians are using the internet to hunt for good deals and discounts. The country has one of the youngest populations in the world, approximately 62%, and these individuals are

interested for information, value for money, and accessibility. Businesses looking to enter the market will also have to leverage the power of social media in their marketing campaigns in order to acquire customers – platforms such as Twitter and Facebook play a huge role in the day-to-day lives of Nigerians. Audience targeting and converting customers is definitely one of the trickier parts of launching an online business in Nigeria. It is also important to have a fully functional mobile website when selling online as 55% of customers browse and make purchases from their phone. The Asian Research Journal of Arts and Social Sciences identifies that many Nigerians still prefer to barter or make “buy today, pay tomorrow” purchases – this, of course, does not fit in with the e-commerce model and a cultural mindset shift is required in order to get customers on board with trusting online platforms and committing to purchases [ibid].

For many Nigerians, shopping online is still considered a luxury, and one that is met with relative skepticism. Businesses and the government will have to collaborate on ways to simplify the process, from purchase to delivery, and improve the overall customer experience by lowering the cost and risk of placing orders online.

In some surveys many people admitted to experiencing problems when making purchases online. For that reason is very important to improve the services and stimulate the customer to use the digital services with trusty and easily.

Despite the obstacles, this does present an excellent opportunity for innovative businesses to establish themselves in the market. This is largely dependent on making good decisions about the market and collaborating with reliable and experienced companies that have secure networks and an in-depth understanding of the Nigerian consumer.

At the current rate of development in the country, growth in e-commerce is inevitable and likely to see consumers leapfrog the need for brick and retails; this makes Nigeria a country worth seriously considering when venturing towards expansion in Africa.

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МИРОВАЯ ЭКОНОМИКА И МЕЖДУНАРОДНОЕ СОТРУДНИЧЕСТВО

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ЦИФРОВИЗАЦИЯ В НИГЕРИИ: СТРАТЕГИИ, УПРОЩАЮЩИЕ ЭЛЕКТРОННЫЙ РЫНОК И СТИМУЛИРУЮЩИЕ ПРЕДПРИНИМАТЕЛЬСКУЮ И КЛИЕНТСКУЮ АКТИВНОСТЬ

Аннотация. Цифровизация является очень важной концепцией для экономического развития любой страны в эпоху цифровой экономики и Индустрии 4.0, если их компании хотят быть более конкурентоспособными и способствовать увеличению ВВП.

В этой статье оценивался процесс цифровизации, в частности электронного рынка в Нигерии; проблемы и ожидания правительств, предпринимателей, малых и крупных инновационных компаний электронного рынка. Данные были собраны из учебников и интернета. Было обнаружено, что цифровизация в Нигерии является низкой по сравнению с ЕС и развитыми странами, но электронный рынок растет быстрее, чем в других странах Африки. Правительства и бизнес прилагают усилия для расширения электронного рынка, но необходимы некоторые стратегии, чтобы упростить процесс и стимулировать предпринимателей и клиентов идти вперед с цифровой эрой.

Ключевые слова: цифровизация, цифровая экономика, электронный рынок, инновационные компании, стратегии экономического развития.

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