



## MEET THE COMPANY

A GROCERY E-COMMERCE PLATFORM IN SOUTH AFRICA

# Yebo Fresh



Stocking shops closer to home for more South Africans

Marketing managers like to talk about the customer journey: the figurative path customers take to buy their product. It usually starts with how they discover the product or brand, followed by where they interact with it, and ends with the final purchase. But where groceries are concerned, the customer journey for millions of South African households is a literal journey – from their homes in a township to distant supermarkets and wholesalers – that can be expensive in time, money, and effort given their reliance on public transportation. Alternatively, small neighbourhood convenience stores, known locally as spaza shops, can save shoppers a trip, but limited stock, product variety, and brand selection mean that these shops are usually only suitable for occasional top-ups and staples. And these shoppers are not alone: Africans living in rural or informal settings across the continent are well practised in the hustle of the long-distance grocery run.

Over the last decade, entrepreneurs from [Nigeria](#) to [Kenya](#) to [Egypt](#) have taken notice of the glaring inefficiency sitting between retailers, logistics companies, and banks, and they have innovated accordingly with e-commerce and logistics solutions. One of the most promising startups taking on this challenge for South Africa is the Cape Town-based Yebo Fresh. CEO Jessica Boonstra founded the company in 2019, inspired to shift the status quo in South Africa's townships, where the gap between rich and poor is most glaring. She first noticed how this gap manifested in the retail space after she and her family relocated to South Africa from the Netherlands in 2015. When she observed how the women from her local township queued up for the minibus taxi every Saturday morning, only to return with large sacks of staple goods in the evening, she became curious about their long customer journey to stock their pantries, and how it could be improved.

“That’s one of the advantages of being an outsider. I knew absolutely nothing about this market and all I could do to make sense of it was to listen. I spent so much of my time just asking questions, knowing that everything can surprise me,” says Jessica. “I did a lot of asking, ‘Why not?’ and challenging assumptions. Of course, let’s do a thorough analysis, but let’s not start with the assumption that this cannot be done differently.”

Yebo Fresh was initially envisioned as a B2C platform for consumers to place grocery orders for home delivery. The platform has since evolved into a B2B service that works with major brands of fast moving consumer goods (FMCG) to enhance product access and last-mile logistics for local, independent vendors in the townships. Like many African startups, Yebo Fresh has found itself in the essential role of the connector: helping customers to get the products they want, and big brands to reach new markets. In South Africa, the challenge of designing a sustainable business model around this role is exacerbated by one of the economy’s defining characteristics: duality.

At first, having an economy with one foot in “traditional” or informal trade, and the other in a well-developed, modern commercial system, appears an advantage for further development – an opportunity for more people to access world-class products and services. But in reality, the distance between these worlds – both geographic and institutional – can be vast. The stratification often means that the infrastructure, systems, and processes that support one market do not work at all in the other. Case in point: delivery trucks. Where large,



branded lorries are a common sight at a city shopping centre – and central to supply chain management for all major FMCG retailers – they are non-existent in most townships. Aside from narrow dirt roads that can be impossible for large trucks to manoeuvre, the trucks tend to attract crime, putting both drivers and their cargo at risk, and deterring suppliers from serving these areas. And as the gap between markets widens with the introduction of increasingly sophisticated technology, the prospect of an inclusive economy slips further out of reach.

Platforms like Yebo Fresh address this and other mismatches by providing a service that plugs small, local sellers in townships into the formal FMCG supply chain, and streamlines their logistics. Most of these entrepreneurs stock a range of FMCGs – which includes shelf-stable foodstuff and staples, fresh produce and perishables, as well as household products like toiletries and cleaners. Like the women queuing for the taxis, they tend to manage their inventory independently, making regular treks to wholesalers on their own time (travelling outside of store hours or closing their shop to collect goods). Due to their limited buying power and the absence of credit, they are often unable to secure the best prices, which means they must either live with the razor-thin margins or coordinate their purchasing with other local shop owners to achieve economies of scale. The result is a complicated, cumbersome arrangement where these entrepreneurs, who are providing an essential service in an underserved market, struggle to survive, let alone thrive.

It is estimated that there are more than 200 000 spaza shops across South Africa's 500+ townships, which does not include the extended cast of street vendors, taverns, and other neighbourhood establishments that sell FMCGs. Getting their arms around the different struggles faced by this large pool of micro-entrepreneurs in wildly different settings across the country, is a central part of Yebo Fresh's job, and it's something that Jessica was ready to take on when she started the company. Having spent six years as a logistics manager for Shell Global and another seven years in strategic expansion and e-commerce for a large retailer in the Netherlands, she already understood the supplier perspective and was able to leverage that knowledge for building Yebo Fresh's supplier network. But designing for the different needs of informal vendors and other community organisations – price point, security, reliable internet access and electricity, credit – has been a process of trial-and-error, which puts a lot of pressure on a logistics startup.

“We worked out that in our market, you need approximately 10% margin, which should be attainable with the right volume. So you need to scale fast to get there. But when you're dealing with many unexpected events, like fraud, power outages, or riots and violence that prevent safe access to the customer, that volatility eats your 10%,” says Jessica.

Yebo Fresh has already made several pivots over its short history in pursuit of scale, and it appears another may be on the horizon. As they contemplate more change, Jessica and her team face some of the same questions they always have. What assumptions are they making about the entrepreneurs they serve? About the shoppers in their stores? How do they design solutions that can integrate seamlessly into the formal and informal economy?



To hear more about how Yebo Fresh is tackling the uncertainty of these challenges, don't miss this edition of The Dilemma podcast featuring Jessica Boonstra, founder and CEO of Yebo Fresh.

Think you've got the solution? Then let us know by sharing your thoughts with the CWC and Yebo Fresh on [LinkedIn](#). Then, stay tuned for the rest of the deconstructed case on Yebo Fresh and managing last-mile logistics for informal retailers and other township entrepreneurs.

