

## Case study: mobile point of sale

# Online retailer improves customer confidence with mobile "credit card on delivery" solution



### Challenge

Consumers in Egypt are eager to order from online retailer Jumia, but wary of paying online. Paying COD means buyers and delivery people must handle large amounts of cash—a security concern. Consumers needed a safe way to use their credit and debit cards to pay for eCommerce purchases.

### Solution

Logistics firm R2S collaborated with Mastercard and Arab African International Bank (AAIB) to offer MPOS service to Jumia customers. R2S couriers equipped with MPOS devices on smartphones deliver products and accept credit and debit card payments, with the money deposited directly into Jumia's account.

### Results

The "credit card on delivery" solution is helping Jumia gain new customers and increase revenue. Sales in 2016 grew 101 percent compared to 2015. COD sales have declined 6.3 percent, as consumers increasingly choose the security and convenience of MPOS payments.

Equipped with an MPOS solution, R2S agents can accept payment for online orders by credit or debit card in a customer's home or workplace, resulting in an overall 101 percent increase in Jumia's sales in 2016 and a decrease in COD sales of **6.3%**

## Customers wary of online payments can pay delivery agent by card

Jumia Group, known as the “Amazon.com of Africa,” gives consumers in Egypt, Nigeria, Kenya, and other countries access to products they can’t find locally. While eCommerce has seen slower adoption in emerging economies—which are usually cash-based, and where consumers are uncertain about using payment cards online for fear of identity theft and fraud—Jumia is bringing greater convenience and security to consumers with innovative mobile point-of-sale (MPOS) payments.

In Egypt, Jumia completes fulfillment and payment of customers’ orders using R2S Logistics couriers, equipped with MPOS devices on their smartphones. Orders are delivered to the customer’s home or business by the R2S agent, who accepts payment on the spot via credit or debit card instead of the traditional COD option. The benefits are clear: couriers do not have the risk of carrying cash; consumers can buy large-ticket items and pay by card with confidence; and the retailer receives the funds immediately.

“Jumia’s main aim is to provide our customers the best shopping experience—payment methods being a key element. Our partnership with Mastercard has succeeded in balancing the introduction of a new payment method with increased customer satisfaction.”

HESHAM SAFWAT, CEO  
JUMIA EGYPT

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### Challenge

Companies like Jumia are jump-starting eCommerce in emerging markets—where millions of people have discretionary incomes but limited access to retail stores. Originally, more than 95 percent of Jumia’s sales were cash on delivery (COD) transactions. That posed several challenges. Delivery agents had to carry large sums of cash, making them vulnerable to theft. Consumers were unable to purchase expensive items or take advantage of sales unless they kept considerable cash on hand. Most customers resisted paying in advance online via their credit cards, worried that their order might not go through or that their credit information could be stolen or compromised. Jumia’s prospects for growth were stymied unless an “offline” electronics payments solution could be devised.

### Solution

R2S Logistics connects the growing number of eCommerce merchants in the Middle East and North Africa with their customers—helping to ensure that consumers can enjoy the convenience of online purchases, plus the security of card payments.

Working with Mastercard and Arab African International Bank (AAIB), R2S Logistics developed an MPOS solution for Jumia customers in Egypt. A customer places an order online, either from their own web-enabled device or from a “customer adoption center” portal, guided by a Jumia rep. The order is delivered to the customer’s home or workplace by an R2S courier carrying a compatible smartphone and MPOS device. The customer pays via credit or debit card, and the money is deposited directly into Jumia’s account.

“R2S Logistics serves the operational needs of the growing eCommerce sector, offering innovative services and solutions to benefit both merchants and buyers. The MPOS solution merges two key pillars of eCommerce: flexible payment methods delivered via a reliable logistics infrastructure. Consumers are more apt to return to merchants that address their payment needs with a variety of choices.”

MAHDI AL OLABI, CEO  
R2S LOGISTICS

R2S is the first logistics company in Egypt to equip agents with smartphones. Its employees undergo classroom and field training to ensure that they can perform transactions and interact with customers successfully—a perfect fit for Jumia, which puts customer satisfaction first. Chargebacks involving disputes, which were common in the early days of eCommerce, can be resolved immediately. With R2S making deliveries, if the customer is dissatisfied with a product, it can be returned on the spot without charge.

Leveraging advances in digital communications and smart devices, MPOS solutions benefit companies with:

- Greater versatility in how and where payments can be made
- Increased sales with the convenience of card payments
- Simple user interfaces for both seller and consumer
- Improved speed and reliability using smartphones
- Affordable, rapid deployment
- Portability and ease of setup and usage
- Opportunity to integrate payments with other business applications

## Results

**Increased sales** – The “credit card on delivery” solution that MPOS offers is helping Jumia to increase revenue. Sales in 2016 grew 101 percent compared to 2015.

**Growing customer base** – Jumia is gaining new customers who are delighted to be able to use their credit and debit cards offline. The MPOS solution helps extend customers’ buying power so they are able to purchase more costly items, like mobile phones and electronics, and take advantage of special offers even if they are short on cash.

**Reduced risk for consumers and delivery agents** – Cash on delivery sales have declined by 6.3 percent, now that the convenience and security of MPOS is available. Both agents and consumers feel more secure without the need to carry large amounts of cash.

**Immediate payment confirmation** – Agents complete the transaction onsite. Buyers can be confident their payment has been received.

**Fewer chargebacks** – Most product-related disputes can be solved at the point of delivery. If the customer is dissatisfied for any reason, the product can be declined without payment, thus avoiding the chargeback process.

**Brand differentiation** – Jumia promotes the “credit card on delivery” solution on Facebook and other social media sites—educating consumers and merchants about the advantages of eCommerce and MPOS.

**Increased customer satisfaction** – Jumia customers appreciate being able to shop online for the clothing, electronics, household goods, and other items that they cannot buy locally—while still being able to use their payment cards “offline” to complete the transaction. It is the best of all worlds, featuring choice, convenience, and security for all.

## Giving consumers around the world more choice

Widespread adoption of eCommerce will require creative solutions to overcome challenges of infrastructure and culture. Increasing payment efficiency is a win-win for both consumers and businesses. That's why more companies are turning to mobile point-of-sale solutions. Juniper Research forecasts that the use of MPOS systems will account for more than one in three POS terminals by 2021, driven by larger retailers adopting MPOS as part of an array of point-of-sale options. With Mobile POS, companies are finding it easier to increase sales and grow their businesses.

For more information, please contact the Mastercard Mobile POS Team at [mobilepos@mastercard.com](mailto:mobilepos@mastercard.com)

1. Juniper Research, POS Terminals: Market Strategies & Segment Forecasts 2016–2021, August 2016.

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