**Alabamarket.com**

**Business Plan**

**February,2020**

1. Executive Summary

Alabamarket.com is a business to business (B2B) e-commerce platform that connects African distributors to local and international manufacturers. The platform makes use of technology to provide a full-fledged manufacturer to distributor transaction, enabling seamless transaction through e-payment technology, e-wallet service, auto-tracking of purchased goods and seamless communication between manufacturer-buyers and distributor-sellers. The company provides a platform for manufacturers in and outside of Africa to advertise their products to a wide range of African distributors and sell to them directly. Advertisement of manufacturer products, verification of the platform distributors and manufacturers, handling of payments, logistics and delivery of goods, settlements and other paraphernalia is done by the platform through its proprietary technology. Hence the platform provides a system of trust, security, and ease to its users via technology. In making the platform secure, the company acts as an escrow in every business transaction. The buyer's payment is kept in trust with the system while payment to the seller would remain pending until the buyer has confirmed receipt of purchases made in the expected condition. When the buyer confirms the receipt of the goods on good condition, then payment is made to the seller. And Alabamarket takes its trade commission of two per cent. This is one of other means the platform would generate revenue.

The company also has plans to provide soft-loans for short term financing to regular distributor-users of the platform.

1.1 The Market

The Nigeria logistics market which represents a significant portion of the Africa-wide e-commerce and logistics industry is worth over [$80billion](https://www.vanguardngr.com/2017/08/nigerian-companies-can-make-500-profit-logistics-industry-ozor-kobo-ceo/). And the global B2B e-commerce market was worth about [$10.6trillion](https://www.vanguardngr.com/2017/08/nigerian-companies-can-make-500-profit-logistics-industry-ozor-kobo-ceo/) in 2018.

Alaba international market the eponym of Alabamarket.com is one of the biggest markets in West-Africa known for large import, export and supply-chain trade generate an estimated revenue of [$36.9M](https://www.owler.com/company/alaba-intl). Other markets in this category include Onitsha International Market, Apapa port. However as large and promising, these markets are for supply chain trade, manufacturing-distributor trade, there happens to be a lot of bottlenecks limiting their revenue and growth potential. Most distributors are not directly connected to manufacturers and the predatory activities of middlemen in the system hamper the growth of this market segment. Via the technology of Alabamarket.com, there can be a guaranteed increase in efficiency from operations, to payments, and supply-chain management from sourcing to last-mile delivery.

1.2 Service Offerings

**Alabamarket.com**; is an e-commerce platform that connects a large number of manufacturers directly to the African market. On the platform, deals, payment and shipments of products are finalized. Alabamarket.com also provides an opportunity to sellers on its platform to advertise their products to a wide range of distributors, wholesalers, and retailers The platform technology will also provide a seamless payment gateway via alabapay, its payment system and an efficient logistics system via its logistics arm, Alaba logistics. Its expansion plans include offering soft loans to users of its platform.

1.3 Keys to Success

At Alabamarket, our ambition is to be the one-stop platform that connects manufacturers around the world with distributors, wholesalers and retailers directly, eliminating the middleman activity. IIn order to achieve this, we would be forming strategic partnerships with various manufacturers of different products as well as offering them the use of our platform with no charges within the first month. We would also be forming strategic partnerships with various local and international logistics companies to aid the speedy delivery of purchased goods on our platform while using our proprietary technology to provide tracking information to our customers.

We would also put all necessary measures in place to ensure that both buyer and sellers on our platform are free to trade with each other without fear of trust, security and intimidation. We would be maximising the benefits and opportunities that come with the African Continental Free Trade Agreement (AFCFTA). We expect to experience a various form of collaboration with both private and public institutions to enable the democratization of access to international trade and commerce opportunity via technology.

1.4 Management Team

1.5 Financials

AlabaMarket.com is set to earn through the following major incomes;

1. Subscription: We charge ONLY our Manufacturers a membership package quarterly with minimum features of $100 to place their stores on our platform. Presently, we hope to start with over 100 subscribed international manufacturers and will place them on a one month FREE Welcome package. In six months, we hope to have tripled the number of our Manufacturers by X5 to make 500 Manufacturers. That is, $100 X 100 Manufacturers = $10,000 (N3, 630,000).
2. Logistics and Shipping income: AlabaMarket.com is in partnership talks with national and international logistics and shipping companies at a discounted price. We handle shipping for our users in an organized, professional method in partnership with reliable existing logistics companies. Our shipping is trackable on our platform, enabling our users to track shipment progress. Our logistic platform charge of N1000naira will be included on shipment without still being careful to offer total shipment cost to users lower than any other competing platform. Potential monthly shipment for the first year is set at a minimum of 100shipment/month. 100 X N1000naira = N100, 000. N100, 000 X 12months = N1, 200, 000 first-year projection.
3. In-Ads: We hope to set a substantial limit and method of displaying In-ads on our platform so as not to bore our users. Therefore, our annual In-Ads cost per lot for the first year is set at a standard of N20, 000naira per Ads/per week. Other categories of advertisement will include Home Banner and Side and Footer Ads.
4. We charge 2% on each total complete transaction: That is, on all complete business transactions between our Ecommerce persons and Manufacturers, we charge an extra 2% of the total transaction cost. Purchasing and shipping of items cannot be lower than N10, 000 per transaction. Therefore, 2% of N10, 000 is N200; we have a target minimum of 50shipments per month during the first year. Therefore, 200 X 50shipments =N10, 000naira per month. N25, 000naira X 12months = N120, 000naira first year.
5. Interest Generated from Bank Account: With a target of 5million users, all funds deposited by our users on their wallet will be generating interest with our Official banking partners. Minimum Total Profit Projection for the First year is therefore = ~~N~~18, 150,000 + N35, 000,000 + N600, 000 + N300, 000 = N54, 050,000 first-year income Projection.

1.6 Objectives

The ultimate goal of the platform is to democratize access to global trade and commerce opportunities for the African market. And in doing this, we would ensure seamless payment of goods irrespective of the currency involved. We would perform due diligence on users of our platform to avoid cases of breach of agreement, sales of fake or counterfeited products, or any form of price manipulation, cheat or activity that endangers the trust of the platform. We would put all necessary measures in place to make the platform safe and reliable for both local and international transactions.

1.7 Positioning Statement

Alaba market strives to position itself as a one-stop platform for B2B e-commerce in Africa. We would form strategic partnerships with a local and international manufacturer of Fast Moving Consumer Goods (FMCG) as well as shipping companies, and various online payment agents such as debit card issuers to make local and international remittances hassle-free. Due to our strategy of aggregating huge volumes of demands from various buyers, we would achieve highly reduced shipping cost for individual buyers on our platform. This would lead to an astronomical increase in customer acceptance factor and ultimately increased revenue for all trade parties involved in each transaction done on the platform. Thus the platform is a win-win situation for all parties involved; buyers, sellers and the platform. Due to increased ownership of internet-enabled phones within the continent among SMEs, we expect that most of the interaction with the platform would be via mobile phones, thus we are making our website as mobile-friendly as possible requiring little or no effort to navigate through the platform and get familiar with it upon the first time of use. It would also require minimal use of data and internet coverage to load the website as well as an easy checkout process.

1.8 Mission

Our mission is to provide excellent customer service to our online merchants, boost the rate of customer acquisition and retention for the merchants by providing them targeted advertisement opportunities as well as reviews and ratings for prospective customers. We would serve as a bridge to communication, payment and access barriers between manufacturers and distributors through technology.

1. Company Summary

The vision of the company is to democratize access to local and international trade and commerce opportunities.

2.1 Start-up Summary

Alaba market is actively sourcing for early-stage funding to boost its level of reach and coverage. The fact that most business activities and operation is conducted online means low operational expenses which will result in increased cash flow for the company. The company plans to raise N….million within its first year of operations. This would enable it to carry out its ambitious strategic marketing plans which are projected to lead to a compounded growth of thirty per cent monthly in customer base and projected revenue of N54, 050,000. This is based on conservative financial projections.

We have an estimated start-up expense of N….million. Most of which is a result of marketing expenses within the first year of establishment. Below is a table that outlines the start-up expenditure.

2.2 Future Financial Predictions

According to our financial models, we expect to become profitable from the second year of business operations with the projected monthly increase in cash-flow from the first year. We have started reaching out to both individual and corporate investors. The funds received will be used to develop our proprietary software technology that handles, seamless purchase and inter-language communication, easy payment and international remittances, shipping and logistics. The funds will also be used to augment initial funds set aside for operational expenses. Operational expenses include marketing, recruitment and salaries, and other costs that may arise in during full-fledged operation. In subsequent years, we expect to spend a significant amount of money on the maintenance of our website and dependent software services such as our payment service; alabaPay. The cost of maintenance of the website is however expected to be reduced yearly as a result of best software engineering practice that would be employed in the development phase. As our customer base increases, the website bandwidth will need to be expanded, which means the website has to be hosted on the cloud.

As operations keep getting bigger and our customer base keeps getting larger, the company at periodic intervals would go on funding rounds to boost the volume of trade activities on the platform. The company expects that from the second year, it will be able to start its soft loan programme to SMEs on its platform. This would require a huge capital base. To achieve this, the company would require more funds from investors. The establishment of a credit arm of the company is expected to generate increased revenue of growth of over sixty per cent. More details about the financial projection are captured in the financial section at the end of the document.

1. Services

**Alabamarket.com**; is an e-commerce platform that connects a large number of manufacturers directly to the African market. On the platform, deals, payment and shipments of products are finalized. Alabamarket.com also provides the opportunity to sellers on its platform to advertise their products to a wide range of distributors, wholesalers, and retailers.

The platform technology will also provide a seamless payment gateway via alabapay, its payment system and an efficient logistics system via its logistics arm, Alaba logistics. Its expansion plans include offering soft loans to users of its platform.

3.1 Problems Worth Solving

**Connection;** Most African distributor, importers and sellers often face the challenges of linking up with international manufacturers for the purchase of affordable and authentic products.

* **Trust;** The trust between sellers and buyers plays an important role for any successful e-commerce transactions. Trust is the fundamental problem in B2B e-commerce environment. Comparing to traditional commerce, trust is more important in e-commerce because goods and services purchased over the Internet cannot be immediately verified and also because of the lack of rules and regulation in e-commerce.
* **E-commerce security**; these shares the same issues with cybersecurity. According to M.I Ladan 2014, e-commerce strategies deals only with two main issues: protecting the business network integrity and the internal systems and accomplishing secure transactions between the customer and the seller.

**Logistics**; safe and fast products delivery is another issue faced by Nigerians and Africans at large.

* **Alabapay**

AlabaMarket.com helps business facilitate trade safely between Africa and the world by providing a well-secured payment platform "ALABA PAY". Alaba Pay offers payment processing, money transfer, trade protection and E-wallet app. We will ensure payment to the manufacturer is made after the goods have been received by the buyer. The reason for this is to prevent all fraudulent activities and increase customers' trust in us.

* **Alaba Logistics**

Offers top quality delivery service within Africa by ensuring products’ safe and fast delivery to the sellers preferred location

* **Service Guarantee**

Alabamarket.com respects the privacy of data of its users. We ensure standard practices in keeping the data of our customers safe and secured. We would never try to obtain customer's credit card numbers for malicious use. We take seriously our platform users security. Hence we avoid users security concerns and substantially limits its possible liabilities.

4. Order Process

We provide an intuitive experience for first-time users of the platform. Every step of the transaction on the platform is done easily. The sellers can upload their goods easily on the platform. From the search bar to the checkout button, we provide a hassle-free purchase and ordering experience for buyers on the platform.

Buyers on the platform are charged in addition to the total cost of their purchases on the platform, a minimal shipping fee. We do not add our two per cent commission charges on the total amount. The two per cent commission charge is deducted from the seller's account.

4.1 Shipment

We automatically assign an order id on every ordered item for easy tracking. And we provide estimated time of delivery to both buying and selling parties. Aside from our logistics arm, Alaba Logistics, we partner other local and international logistics arm to ensure the smooth and safe delivery of ordered items to the shipping address we are provided with. In cases where we are unable to verify the shipping address, the ordered goods will be kept in our custody while we contact the buyer to provide us with another shipment address.

4.2 Return Policies

4.3 Sequence of Process

The list below describes the sequence of actions taking place from sourcing to last-mile delivery.

5.Benefits Summary

At alabamarket.com, we are democratizing access to international trade and commerce opportunities to African distributors, wholesalers and retailers. This means more than a business, on the part of the trading parties, increase in revenue and access., for the country as a whole, it is an incentive for economic growth and prosperity.

5.1 Benefits to Merchants

* Increased revenue. With the level of access and connectivity to African distributors, our platform provides manufacturers with increased revenue projection opportunities.
* Enhanced customer satisfaction. Now manufacturers are no longer wholly responsible for their customer satisfaction. We are also involved in the process.
* Technological advantage. Sellers on the platform can leverage the technology our platform provides to sell to more customers and do more business.
* Increased efficiency in operations. The platform provides sellers insights into customer patronage through data analytics as well as customer review of products.
* Better advertisement and promotion opportunity. Now sellers can be assured if reaching targeted customers of their products, thereby their investment on branding and marketing can yield more returns.
* Better shipment and logistics arrangement. Leveraging on Alaba logistics and our partnership with other local and international logistic services increases the efficiency in delivery or shipment of goods

5.2 Benefits to Buyers

* Increased access and connectivity... Now, African distributors, wholesalers and retailers can have direct access to choice manufactures of products.
* Less worry on shipment and logistics. They now have to worry less about the shipment and delivery of ordered goods. The platform provides easy tracking of movement of ordered goods.
* Just like the B2C e-commerce service offering, we provide a personalized service offering to buyers on our platform, we make every order and checkout experience a worthwhile one.
* Reduced shipping cost. Before now buyers have to worry much about the shipping cost. With our strategy of aggregating purchases and making batch deliveries, we can radically beat down the cost of shipment.
* Better verification process. Alabamarket.com provides buyers with verification of the authenticity of sellers and their produce. While we are not liable for any damage or eventual breach of contract, we provide a thorough verification service.

5.3 Benefits to Nigeria, Africa

* Alabamarket.com would bolster the expected benefits of the Africa Continental Free Trade Agreement (AFCFTA).
* Increased forex flow in various countries where sellers are domiciled.
* Increased economic activity for the continent as a whole
* Increased government revenue from import duties and online purchase taxes.

6.Market Analysis Summary

The Nigeria logistics market which represents a significant portion of the Africa-wide e-commerce and logistics industry is worth over [$80billion](https://www.vanguardngr.com/2017/08/nigerian-companies-can-make-500-profit-logistics-industry-ozor-kobo-ceo/). And the global B2B e-commerce market was worth about [$10.6trillion](https://www.vanguardngr.com/2017/08/nigerian-companies-can-make-500-profit-logistics-industry-ozor-kobo-ceo/) in 2018.

This comes at a time when recent trends, especially in Nigeria and Africa at large, indicates that B2B e-commerce platforms show significant profitability and success rate over B2C e-commerce platforms. This is evident in the business pivot of b2c e-commerce startup gloo.ng to a [b2b e-procurement](https://techpoint.africa/2019/03/12/gloo-ng-pivot-to-gloopro-e-procurement/) and logistics platform in 2017, as well as [lesser patronage](https://www.pulse.ng/bi/tech/tech-4-reasons-why-the-e-commerce-businesses-are-failing-in-nigeria/y9739jc) in b2c e-commerce platform by investors and entrepreneurs for increased patronage of b2b e-commerce platform in Nigeria. Incumbent solution providers in this space record breakthrough profit margins and rate of expansion while the market is still largely infant. Alaba international market the eponym of Alabamarket.com is one of the biggest markets in West-Africa known for large import, export and supply-chain trade generate an estimated revenue of [$36.9M](https://www.owler.com/company/alaba-intl). Other markets in this category include Onitsha International Market, Apapa port. However as large and promising, these markets are for supply chain trade, manufacturing-distributor trade, there happens to be a lot of bottlenecks limiting their revenue and growth potential. Most distributors are not directly connected to manufacturers and the predatory activities of middlemen in the system hamper the growth of this market segment. Trust is a major factor that limits the business relationship of African distributors with local and international manufacturers. These inhibiting factors notwithstanding, there exists a large opportunity for technological innovation in this market sector. Via the technology of Alabamarket.com, there can be a guaranteed increase in efficiency from operations, to payments, and supply-chain management from sourcing to last-mile delivery. In an [article](https://umaizi.com/b2b-e-commerce-is-best-for-africas-growing-sector/) by umaizi.com business-to-business (B2B) e-commerce supply chains present an investment opportunity for entrepreneurs. The informal sectors account for 40% to 70% of African markets estimating about 10 million informal retailers exist in Sub Saharan Africa. This is a huge market opportunity for an efficient, secured, and seamless system that bridges the gap between manufacturers and distributors, wholesalers and retailers powered by technology. The B2B e-commerce model is best demonstrated by Alibaba in China and Udaan in India, the successes of which is largely fueled by a full-fledged technological system that makes connectivity, payment and verification seamless. This market vertical also provides a market opportunity by B2B e-commerce platform to offer soft loans to SMEs on its platform using aggregated and analysed data as an intelligence portal in making credit decisions. This is what Alibaba is doing in China with the million of SMEs subscribers on its platform.

7. Competition

As a company, we aware of the large market opportunity in this space, hence we expect to see more direct competition in the coming years. However, been one of the pioneer entrants, our full suite of proprietary technology and our ambition to become a market leader, from the second year of operations, we are well-positioned to compete successfully with both incumbent and prospective competitors.

??What kind of competition do you anticipate…..

We foresee the following types of competition:

1. Direct Competition
2. Indirect Competition

These types of competition are discussed in the following three sections

7.1 Direct Competition

Some of our direct competitors include glow pro in Nigeria, Kobo360. Largely our competitor base is in the logistics and procurement sector not directly in b2b e-commerce. However, our business model of connecting manufacturers to distributors sets us apart, as no one has come up with this exact type of business model either in the e-procurement or logistics space.

7.2 Indirect Competition

We anticipate a form of competition from users of the platform whereby some of the customers begin to have direct communication outside of the platform. To mitigate this, our system is foolproof built to avoid disclosure of contact information from both parties.

7.3 Value Propositions

The following are the plans and measures we would put in place to mitigate the risks competiton poses.

* **Our security system:** We ensure that our website is well secured and safe from hacking. Also, we maintain privacy and keep the customers' profile safe.
* **Our payment system:** AlabaMarket.com will embark on a payment system known as AlabaPay, an online third party payment gateway platform, providing payment authorization, trade protection, E-wallet payment settlement and payment guarantor services between business to business.
* **Exploration:** AlabaMarket.com explores both local and international markets.
* **Government/UN policies** are supporting our business model; this will aid free trade and inter-boundary trading within West Africa. One such policy is the African Continental Free Trade Agreement (AFCFTA)
* We connect all the major African significant markets through our unique platform [www.alabamarket.com](http://www.alabamarket.com/)
* **Fintech License:** By obtaining this, we will be able to manage a high volume of transactions on time.
* **On-time Delivery:** With our fast and reliable logistics partnership (local and international), we intend to make quick deliveries to our esteem users.
* **Introduction of soft loans** to all sellers who intend to buy or ship now and pay later.

8. Strategy and Implementation Summary

All transactions are strictly done on the website at [www.alabamarket.com](http://www.alabamarket.com/). All that is needed is to register as a buyer or a seller. The company will employ a subscription-based model which makes the pricing plan flexible and easily affordable by manufacturers on our platform. To maintain a positive network effect on the platform, we offer a one-month free subscription to sellers on the platform. Our pricing strategy will afford us a favourable competitive landscape to attract new customers and retains existing customers on the platform. While buyers can register for free. We can do this because of reduced cost in operational expenses arising from the bulk of activities been conducted on the internet.

8.1 Marketing Activities

We would employ both novel and existing marketing strategies to attract users to the platform. Below are marketing plans we would be starting up with

* **Close Marketing**

We would engage our pool of salespersons to meet directly with potential users of the platform. We expect to achieve a sales lead and conversion rate of up to sixty per cent from various marketing appointments we would be making.

* **Local & International Tradeshows**

We would participate and have strategic partnerships with various local and international tradeshows and trade fairs. This would help us gain more traction and attention with potential subscribers, as well as allow us to meet directly with them for close marketing and possibly onboard them on the platform on the spot.

* **Social media promotions/sponsored Ads**

We would run targeted ads on popular social media platforms as well as business directory sites where our ads are visible enough to potential users.

* **Advertisements: Billboards, radio jingles, press releases, fliers/stickers, and awareness marketing,**
* **Physical mini-stores installations…** (more clarification needed)
* **Social marketing & Giveaways**

We would hold regular giveaway sessions such as free-day delivery, and exclusive bonus to subscribers of our platform who are eligible.

8.2 Pricing Strategy

(more details needed)

9. Business Model and Structure

(details needed)

10.Financial Plan