

dab equity

# INVESTING FOR IMPACT

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The Copia Global impact story





# About Copia

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## eCommerce for the Base of the Pyramid

As an e-commerce and delivery platform that leverages mobile technology, a unique distribution model and a growing network of shopkeepers, Copia is transforming the way Kenya's rural population accesses goods. Across Africa, poor roads and fragmented supply chains mean that low income consumers in rural areas face not just less

choice, but higher prices. Copia is setting out to solve this structural inequality by providing an app-based, direct-to-consumer catalogue order service in which thousands of deliveries are dispatched each day from the company's state of the art Nairobi hub.

## How it Works

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"Copia is about giving people at the base of the pyramid access to the benefits of the global economy – the choice, affordability and convenience that consumers in Europe and North America take for granted."

Tracey Turner, Founder

At roadside kiosks and village shops, rural customers may browse Copia's products and place orders with the shopkeeper using the Copia app. Like Amazon, Copia's app includes everything from rice to motorbikes.

The shopkeeper uses a mobile payment system to pay Copia and – like FedEx or DHL – Copia then delivers the ordered products to the shopkeeper (95% of deliveries are completed within 48 hours, with the balance delivered within 3-4 days). Once the customer receives the order, the shopkeeper (or 'agent') receives a commission. In this way, with Copia tablets in hand, agents aggregate orders across the village, providing a centralized, cost effective location for delivery.

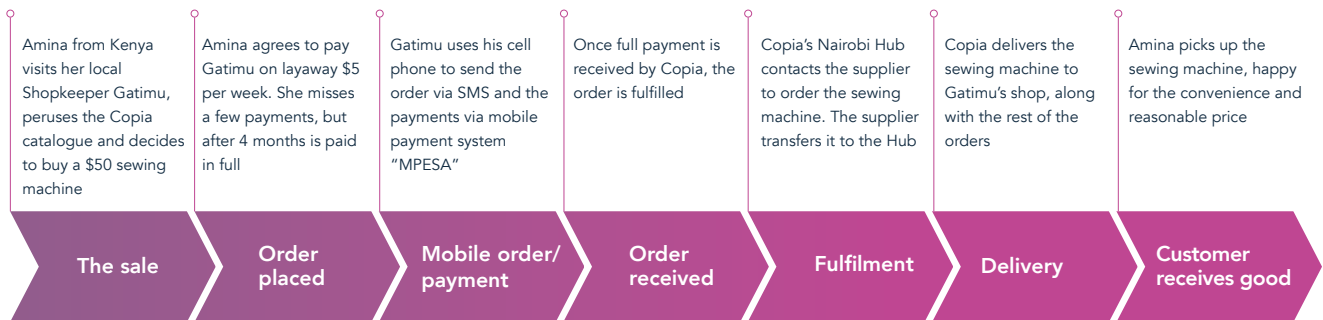
Copia's e-catalogue features an easy-to-use browsable interface, visual screen for picture displays and durable, lightweight hardware similar to an iPad. The catalogue is compatible with different devices and connected via mobile networks to the central hub, allowing for regular updates on products and pricing – all supported by a streamlined back-office inventory management system.

"The platform may be simple and intuitive for customers and agents, but behind the scenes, Copia's cutting edge technology and 'hub and spoke' distribution chain is at work."

The platform may be simple and intuitive for customers and agents, but behind the scenes, Copia's cutting edge technology and 'hub and spoke' distribution chain is at work, aggregating orders and delivering to a large and growing network of agents.

From October this year, the heart of Copia's operations will be the company's 4,500 sqm fulfilment centre operation at the ALP North Logistics Warehousing Complex, Nairobi's first grade-A logistics distribution hub. The new hub will enable distribution efficiencies through rapid access, high pallet densities, low storage costs, and modern logistics software.

# Copia's Model in Action



For Tracey Turner, Copia's founder, the company's model "is about giving people at the base of the pyramid access to the benefits of the global economy – the choice, affordability and convenience that consumers in Europe and North America take for granted." Across Africa, she points out, "a small kiosk owner from a rural village often pays a day's wages to travel to the city by bus, buy goods off the shelf, head back home and then re-sell above retail price. It's incredibly inefficient."

With Copia's ecommerce platform, which buys wholesale, rural customers can access a much wider universe of products at lower prices.

"Amazon did that with the internet; in Kenya, as internet usage is low outside the city, we do it primarily with mobile technologies" explains Tim Steel, Copia's CEO. For Steel, mobile money is the game changer: "it allows us to efficiently centralise deliveries at the shopkeeper level and achieve meaningful volumes: for the first time, this vast and underserved rural market can be served effectively."

**"Amazon did it with internet; in Kenya, we do it with mobile technologies"**

Tim Steel, CEO

Copia's management team and Board are certainly well-placed to realise this vision. Turner, who chairs the board, is a Silicon Valley veteran and seasoned business leader who previously founded MicroPlace, a web-based brokerage service for everyday people to invest in microfinance institutions around the world, later acquired by eBay. Steel brings a complimentary skillset with a background in both finance and logistics, having served in senior roles at TNT, the international courier delivery services company.



Tracey Turner, Copia Founder

# DOB Equity's Investment

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In 2015, DOB Equity completed an investment in Copia, becoming a shareholder and partner at a pivotal moment in the company's journey. For Saskia van der Mast, who led DOB Equity's investment process, "our investment thesis was impact first: we saw in Copia a unique opportunity to enable the efficient distribution of goods at fair prices to a segment of the market that, due to their remoteness, is underserved and often financially exploited [...] What really hits you when you walk into Copia's fulfilment centre is the sheer variety of goods under one roof – no one's aggregated in this way for the rural market before."

*"No one's aggregated in this way for the rural market before."*

Saskia van der Mast, DOB Equity

Van der Mast sees Copia's value proposition from two angles: "on the one hand, Copia is about choice, granting rural customers access to thousands of larger products – by size and price point – that would otherwise be impossible to get. Everything from sewing machines and generators to building materials and bicycles. It's a breadth of products no shopkeeper alone could afford to stock."

"On the other hand," Van der Mast continues, "Copia is helping rural shopkeepers become entrepreneurs: with no extra cost, they can dramatically increase their offering, sell more goods, and ultimately earn more income." In its first year, Copia increased the take home income of its shopkeeper agents, most of whom are women, by over 57 percent.



## Shifting to Scale

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Following DOB Equity's capital injection two years ago, Copia is moving from the testing and expansion phase to a country-wide rollout across Kenya and, longer term, across the wider East African region. DOB Equity's support provides Copia with the capital to execute a multi-hub regional expansion plan but, as CEO Brigit van Dijk-van de Reijt highlights, DOB Equity's support is about more than financing: "we wanted to invest not just our money but our time, networks and expertise."

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Brigit van Dijk-van de Reijt, DOB Equity

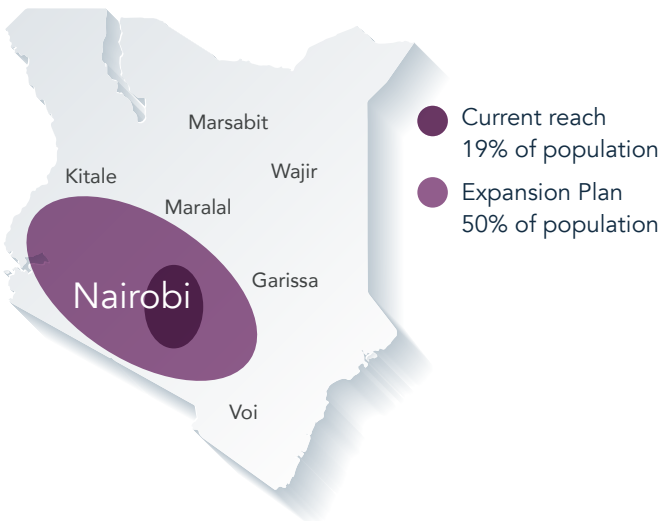
# Kenya Expansion

“Since 2015, we’ve worked with Copia to open up new markets for the company such as tea and flowers, working through the Dutch farming community here in Kenya; and we’ve connected Copia to other companies in DOB Equity’s portfolio: Copia is now renting property from a DOB investee company, Africa Logistics Properties, for example.”

DOB Equity’s team has also given hands-on support, seconding Hayo Afman, Portfolio Manager in DOB Equity’s Nairobi office, to serve as interim CFO. In this way, DOB Equity is moving beyond the traditional investor/investee relationship towards a true, long-term partnership with Copia. Copia is creating a new marketplace that did not exist before; at scale a Copia Hub will serve over 3 million people. This represents a strong fit with the three pillars of DOB Equity’s investment philosophy: impact, innovation and scalability.

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DOB Equity is a family-backed impact fund. The family modestly started with a single shop front in the rural Netherlands of the 1950s, gradually expanding to over 600 stores by the 1990s. “So for us,” as Hayo Afman says “there’s a real sense of returning to our roots in helping to solve Africa’s fragmented retail chain and stimulating entrepreneurship for small business owners.”



Population in the agent area (within 1km)	<b>~1,000</b>
Current number of customers	<b>200,000</b>
Population within 1km of a Copia Agent	<b>3,000,000</b>

## Impact Objectives

DOB Equity’s impact objectives revolve around three themes. First, Copia’s e-commerce platform empowers small business owners, boosting footfall and income, and allowing shopkeepers to offer a vastly better product range without an inventory or shelf space requirement.

“There’s a real sense of returning to our roots in helping to solve Africa’s fragmented retail chain.”

Hayo Afman, DOB Equity

Second, the platform overcomes the trust deficit. Historically, low income consumers have been abused by sellers who provide cheap, knock-off products that often don’t work, whereas Copia sells only high-quality, vetted products. Shopkeepers are also carefully screened before they can become agents – they must maintain high business standards, meet sales goals and participate in training, allowing the Copia brand to develop into a trusted name.

# The Power of Choice

Finally, the power of choice for rural consumers unlocks myriad positive social impacts. Copia acts as a vast “pipe,” creating an efficient distribution channel to reach base of the pyramid (BoP) consumers.

“The power of choice for rural consumers unlocks myriad positive social impacts.”

Copia provides rural customers – of which the largest segment is mothers below 40 years, making \$2-3 per day – with limitless opportunities to better their lives as they choose: from a camera to start a photography business to aspirin to alleviate chronic headaches, or sewing supplies to grow a seamstress business.

Copia’s ‘pipe’ also provides a low-cost way for high impact products to reach their target customers. Products designed to serve the low income market, such as anti-malarial bed nets or solar lamps, have boomed in recent years. But getting them into the hands of BoP consumers has proven harder. But because there is no marginal cost to list an additional product, it is easy for Copia to include thousands of these items in its catalogue. By contrast, single-product distribution systems, which lack aggregated volume, are prohibitively expensive.

The Copia order system is safe and easy because of SMS/3G data and MPESA mobile payment technologies



**1** Agent sends order to Copia via tablet and pays via MPESA

Prevents bad debt

**2** Copia texts order confirmation to agent and customer

Reduces errors

**3** Copia delivers order

Increases trust

**4** Copia texts customer confirming agent has goods

Prevents theft

# Outlook

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Copia's vision is to operate in dozens of countries around the world. As the BoP represents a significant portion of the regional purchasing power in Asia, Latin America and Africa, the global opportunity is vast. Africa's low-income consumer market alone includes 486 million people and is valued at \$429 billion.

"Copia's aim is that the low income rural market – people located in the most remote village – can have access to the global economy."

Tracey Turner, Founder

Near term, the company is expanding across Kenya in 2018, with plans underway to grow its footprint in neighbouring East African markets in 2019. Longer term, wherever there is a large BoP population, a scarcity of

"Copia's ultimate aim", says Turner, "is that the low income rural market – people located in the most remote village – can have access to the global economy [...] By solving the distribution challenge, we can make lives better – empowering those in the lower income bracket to become global consumers with affordable access to whatever they need."

goods in rural areas, shopkeepers willing and able to partner, and a widely used mobile payment system, the Copia model will thrive.



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