



INCLUSIVE DISTRIBUTION & RETAIL:

Women Entrepreneurs using E-Commerce in Egypt

IN PARTNERSHIP WITH



Kingdom of the Netherlands



IFC

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ABOUT WE-FI

The Women Entrepreneurs Finance Initiative (We-Fi) is a collaborative partnership among the 14 governments that have made financial contributions, six multilateral development banks that serve as implementing partners, and other public and private stakeholders. We-Fi was formally established in October 2017 as a Financial Intermediary Fund hosted by the World Bank. We-Fi invests in programs and projects that help unlock billions of dollars in financing to address the full range of barriers facing women entrepreneurs—increasing access to finance, markets, technology, and mentoring, while strengthening policy, legal and regulatory frameworks. As one of the We-Fi Implementing Partners, IFC supports private sector clients with investment and advisory services to expand financial services and market access for women-owned/led firms, as well as increasing the capacity of women entrepreneurs to run high-growth businesses. For more information, visit www.we-fi.org.

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This analysis shares the results of a survey of micro, small, and medium-sized (MSME) retailers in Cairo, Egypt that use the MaxAB e-commerce platform. The survey was conducted from December 2021 to January 2022 by the International Finance Corporation (IFC) and MaxAB, with the support of the Women Entrepreneurs Finance Initiative (We-Fi) and the government of the Netherlands.

Egypt's Fast-Moving Consumer Good Market

Egypt is the largest consumer market in the Middle East. Its retail food market is dominated by more than 115,000 small privately-owned grocery stores, with some estimates as high as 400,000.¹ Traditional family-run grocers and wet markets make up 97 percent of retail grocery firms in the country and generate 70 percent of total sales in this sector.² However, the distribution of fast-moving consumer goods (FMCG) to these informal retailers is complex, fragmented, and inefficient.

Business-to-business e-commerce platforms have emerged as one-stop shops that provide MSME retailers with on-demand access to a wide range of products, or stock-keeping units (SKUs), along with other digital services. These platforms digitize distribution data and increase the visibility of FMCG products as they flow through distribution networks.

An Overview of MaxAB

MaxAB was founded in 2018 by entrepreneurs Belal El-Megharbel and Mohamed Ben Halim. The Cairo-based platform connects MSME food and grocery retailers with large FMCG suppliers. To reduce the costs and inefficiencies associated with FMCG distribution, MaxAB manages the procurement of over 3,000 SKUs from nearly 100 suppliers. Retailers order goods via MaxAB's mobile application or by phoning in orders to MaxAB call centers. MaxAB then delivers the products, on-demand, to over 50,000 independent retailers in multiple cities in Egypt and Morocco. In addition, MaxAB provides data analytics and business insights to FMCG suppliers and research firms, as well as embedded finance solutions to retailers.

In 2020, IFC and We-Fi invested approximately \$4 million in MaxAB to help the company scale. MaxAB and IFC then conducted a survey to better understand the needs and challenges of independent retailers in Cairo that use the platform, with a specific focus on shops and kiosks led by women.³ The primary purpose of the survey was to uncover opportunities to support the growth of women-led retailers.

“We want to create a sustainable business environment for all retailers that use our platform, both those run by men and by women.

It is simple: as retailers grow, MaxAB grows.

By understanding their unique needs, we can develop additional services, such as loans and insurance, and empower them to grow their businesses too.”

—BELAL EL-MEGHARBEL, CEO, MaxAB





Making the Business Case

In Egypt, only two percent of firms have majority female ownership and only five percent have any female participation in ownership.⁴ Women entrepreneurs are also underrepresented in the country's FMCG retail sector. MaxAB recognized the potential benefits of focusing on women—both for its own business and for the broader sector and community. MaxAB believed that if it helped women-led retailers improve their performance, orders from women-led retailers using the platform would grow. It would also attract more women-led retailers to the platform and potentially increase retailer loyalty.

Survey Goals & Methodology

The IFC and MaxAB survey was designed to establish a baseline of the number of women-led retailers using MaxAB, as well as to identify their needs and the barriers hindering their growth. In total, 510 male and female retailers⁵ that use MaxAB were surveyed on business skills, the impact of social norms on the business, and access to finance, technology, and networks. To obtain qualitative insights to supplement survey data, 31 retailers were interviewed via six focus group discussions. The results of the surveys and focus groups were analyzed to map the participation of women entrepreneurs using MaxAB, to identify any gender-based differences, and to uncover opportunities to support women-led retailers.



Retailer Profile & Performance

The retailers that use MaxAB include dairy shops, bakeries, spice shops, grocery stores, and others. They are not exclusively supplied by MaxAB, and most also order goods from wholesalers, brand representatives, sales agents, or other digital e-commerce platforms. The retailers vary significantly in terms of size; some operate from window-fronts at their homes, while others run larger supermarkets of more than 90 square meters.

Survey findings showed that the share of women-led retailers on the MaxAB platform was on par with the low rates of female participation in business ownership nationwide. Analysis also showed size and performance differences between men and women-led retailers, namely:

- **Most retailers employed two to three staff.** However, 38 percent of women-led retailers and 22 percent of men-led retailers were smaller than this—employing either one or no other workers. Just 11 percent of men-led retailers and two percent of women-led retailers reported five to ten employees.
- **Shops led by men were likely to be more profitable than women-led shops.** In terms of annual sales, businesses led by men were mostly evenly distributed across five brackets that ranged from less than \$7,600 to \$61,001 and above.⁶ In comparison, about half of women-led retailers were clustered at the low end of the sales spectrum (less than \$7,600 annually), and very few were at the upper end, where sales exceeded \$61,000 per annum.

The women retailers surveyed were on average older than the male respondents, with 60 percent of men aged less than 40 years, compared to 31 percent of women. Women also had less formal education, with six percent of men receiving no formal education versus 30 percent of women.

The women retailers surveyed spent more time than men on domestic duties and caregiving tasks, with women spending 17 percent of their day on unpaid work compared to 12 percent for men. Focus group discussions found that women's household responsibilities can also impact the operating hours of women-led shops. For example, some women explained that they opened the shop only in the afternoon once their household work was completed. Others noted that if a child was sick, they would close the shop entirely to stay home and provide care. Women were also more likely than men to be sole proprietors. As a result, more men than women turned to their co-owner for business advice, while women relied more on advice from family and friends.

Despite the demographic and business differences between men and women retailers, the survey found consistencies in what the retailers liked about MaxAB compared to its competitors.

The three primary benefits cited were that MaxAB:

- Made it is easier to get goods
- Saved retailers' time
- Delivered products faster than competitors



Retailers most frequently cited lack of liquidity as a main barrier to growth.

Barriers to Growth

Retailers who participated in the survey identified business management and planning, access and use of finance, and access and use of technology as key challenges to growing their businesses:

Business Management: Few retailers using MaxAB reported access to formal business tools and networks to support the day-to-day operations of their businesses, and this was an even bigger issue for women. Most survey respondents were not, and had never been, members of any business association and less than one percent had participated in any type of business training in the past three years.

Skills related to inventory management and budgeting emerged as key areas for improvement.

Both men and women reported that running out of goods, or 'stock-outs', prevented them from growing their business. Seventy percent of women and 49 percent of men reported that they did not keep written inventory records and that they were accustomed to tracking inventory in their heads. Twenty percent of retailers also cited insufficient space for their inventory as a challenge. Poor budgeting practices were also common: 63 percent of female retailers and 40 percent of male retailers reported that they rarely updated their expenses.

In addition to the limited use of formal tools and networks, few retailers using MaxAB had strategies for growth. Only six percent of retailers had a documented, formal business plan. Thirty percent of retailers had no vision for the continuity of their business after their own retirement—an issue of particular importance for women given that they were typically older than the male respondents.

Access and Use of Finance: The survey revealed that nearly all the retailers operated entirely with cash. Most retailers made and received payments in cash and they did not use bank or mobile money accounts to store and access funding for their shops.

Inadequate liquidity was the barrier to growth cited most frequently by retailers, and many expressed a desire for more working capital. Most retailers—93 percent—did not have any outside sources of financing and they used their own financial resources to support the business. Despite a desire for greater working capital, less than five percent of retailers were interested in obtaining a formal loan.

Liquidity challenges were compounded by late payments from customers. Sixty-two percent of women-led retailers and 49 percent of men-led retailers reported that they offered credit to their customers. Of those, 72 percent reported that their customers were either always or sometimes late with repayments.

Access and Use of Technology: Analysis found that 75 percent of women retailers and 88 percent of men had access to a smart mobile phone for their business. **However, a gap was evident between smart mobile ownership and use of the MaxAB application.** Of the 75 percent of women who had access to a smart phone, only 40 percent primarily used MaxAB's smart phone application to order goods. The remaining 30 percent of women typically called their orders in to MaxAB phone operators. This was less of an issue for men, where the gap between smart phone access and use of the MaxAB smart phone application was 18 percentage points.

Analysis also found that retailers that use MaxAB's smart mobile phone application to order goods have stronger sales and more employees compared to retailers who primarily place orders by phoning MaxAB call centers.⁷ The effects of smart mobile phone utilization on business performance are thus worth further investigation. Retailers who used the application also tended to rely on MaxAB for a greater share of their total procurement needs.

When retailers that use MaxAB's call centers were asked why they did not use the MaxAB application, 25 percent of retailers cited a lack of Wi-Fi access or that the application required a phone configuration they did not have. Thirty-one percent said that they did not know how to use the application or that they found it too difficult to use. The survey also found that 30 percent of women retailers only had access to simple phones with limited voice and text features. Overall, only one percent of retailers leveraged their phones (smart or simple) for mobile money purposes. Very few retailers reported using other technologies, such as a computer or tablet.





Opportunities to Support Inclusive Retail

MSME retailers are a critical link for FMCG manufacturers seeking to reach consumers in emerging markets. Data from the IFC-MaxAB survey shows that there are opportunities to improve the business performance of MSME retailers and reduce the gaps between shops led by men and those led by women. For FMCG suppliers and other industry stakeholders, taking action on these issues can potentially increase sales and open new markets.

Key opportunities for supporting MSME retail businesses include:

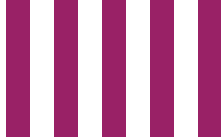
- 1. Digital literacy.** Close the gap between smartphone ownership and application usage so that retailers with smartphones can fully leverage them for their business. This is particularly relevant for women-led retailers, for whom this gap is larger. This might entail in-person training to increase retailers' knowledge and comfort with technology, in-app tools to help users better navigate mobile applications, or incentives and reminders to encourage behavior change. At the same time, ensure that retailers with simple phones are not excluded and can benefit from other value-add services that digital platforms provide.
- 2. Business skills.** Improve retailers' business skills, especially in the areas of inventory and cash flow management, and budgeting. Skill development in these areas can reduce and prevent stock-outs, improve overall shop operations and efficiency, and increase the profitability of retail shops. Given the wide range of experience and education among retailers, training and coaching programs should be targeted and customized by skill level. World Bank research shows that capacity-building programs focused on business skills are more effective when combined with behavioral skills that support entrepreneurs to be self-starters, for example, or more resilient when faced with challenges. This is especially the case for women entrepreneurs.⁸ Additionally, when developing capacity-building programs, consider retailers' time constraints and shop hours. Hybrid delivery approaches, including in-person, virtual, and mobile formats that leverage common communication platforms, may be more appropriate.
- 3. Working Capital.** In focus groups, some small retailers cited working capital needs as low as \$50. Address liquidity challenges by developing and tailoring working capital solutions for small retailers with no credit history, limited collateral, or a reluctance to engage with formal financial institutions. Financing solutions should be developed using a gender lens, to prevent any potential bias in credit scoring that would limit the availability and uptake of financing among women-led retailers.⁹

Moving Forward: Turning Analysis into Action

MaxAB and IFC are partnering to build the capacity of retailers, especially women-led retailers, with a focus on the needs and challenges identified through the survey. MaxAB is also developing working capital solutions for retailers on its platform, aiming to ensure uptake among women.

Discover more about the real-life impact of MaxAB and hear directly from inspiring entrepreneurs who are growing their businesses, generating jobs, and strengthening their skills and resilience in our feature story [*Reaching the Unreachable An Egyptian startup improves livelihoods on the streets of Cairo.*](#)





Endnotes

- 1 Flourish. 2022 *Global Report. Digitizing the Corner Shop*. October 2022. <https://digitalcornershop.flourishventures.com/wp-content/uploads/2022/10/FV-16075-DCS-GlobalReport-WhitePaper-FINAL-2022-10-26.pdf>
- 2 USDA Foreign Agricultural Service, *Global Agricultural Information Network Report: Egypt Retail Foods*, 2017. https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Retail%20Foods_Cairo_Egypt_12-21-2017
- 3 The results from this analysis are representative of the retailer population using MaxAB in Cairo and are not intended to reflect all MSME grocery retailers across Egypt. Women-led retailer refers to a business with a woman in an ownership role or in a decision-making, manager-level position.
- 4 Enterprise Surveys www.enterprisesurveys.org, The World Bank.
- 5 The survey included a binary gender identification and did not assess non-male or non-female gender identities.
- 6 Based on self-reported sales from retailers, using USD/EGP conversion rates on January 1, 2022 of 0.0636.
- 7 The findings do not imply causation between smart phone ownership and improved business performance.
- 8 Qasim, Q., Lu, Z. C., and Ford, K. 2018. "An Operational Guide to Women's Entrepreneurship Programs in the World Bank". Chapter 2, pg 32–35. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/629041543523635439/Operational-Guide-to-Womens-EntrepreneurshipPrograms-An-Overview>
- 9 Financial Alliance for Women, *Gender-Differentiated Credit Scoring: A Potential Game-Changer for Women*, 2020, <https://financialallianceforwomen.org/news-events/gender-differentiated-credit-scoring-a-potential-game-changer-for-women/>



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