EthioGift: a unique experience in electronic commerce in Ethiopia

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EthioGift is the pioneer in electronic commerce in Ethiopia. It is a service that has gained the admiration of Ethiopians and others by its originality and its use of modern concepts in a country where even basic Internet services are not highly utilized.

EthioGift is a gift delivery service for people who want to send gifts within Addis Ababa. The customers can be from all over the world as long as they have access to the Internet and they can pay by credit card. EthioGift takes gift orders varying from cakes to sheep (yes real live sheep!).

The service was started in September 1998 with the objective of introducing new Internet services into Ethiopia. We had no experience in traditional commerce let alone electronic commerce. The first step was to design the website which was not difficult since the founders had some experience in Web publishing. What was more difficult was to understand the principle of electronic commerce and to estimate the potential customers.

In the first months very few orders were received. This was probably because:

1. very few advertisements had been placed;
2. it takes time to gain the trust of the customer;
3. not many Ethiopian expatriates have access to the Internet.

Nevertheless, the popularity of the service grew slowly and more and more people started to it. However, a number of actions taken by EthioGift management provoked an extraordinary growth beginning in its seventh month. In just a few months, it has became one of the most visited sites in Ethiopia with some picks attaining 12,000 hits a day!

EthioGift was an exciting experience for the founders of the company as well as for the employees. But, it also had a number of challenges that I will try to enumerate below.

First, it was difficult to get the trust of the customers. This is quite understandable since the customers do not even know where the company is. In fact, most of the clients think we are in the United States because of our website’s domain name (the URL of EthioGift is www.ethiogift.com). But with some patience, good advertisement and good service, we have been able to get the trust of our customers even though most of them still do not know where we are. In fact, there are some regular customers who have ordered half a dozen times within a few months.

The second and probably more difficult problem is the inadequacy of the law. The Ethiopian laws and regulations are very conservative and very ambiguous when it comes to new kinds of business. For example, export of items through the post office is not taken into consideration in the export regulations. More importantly, it was sometimes difficult to know which country’s law we should abide by since our customers are in various countries of the world and we are making the delivery within Ethiopia.

The objective of EthioGift for the future is to introduce more of electronic commerce in Ethiopia. Currently, all users of the service are outside Ethiopia even though the company works within Ethiopia. This is mainly because credit cards are not easily available in Ethiopia. We hope that we will be able to avoid some other payment method that will allow Ethiopians in the country to benefit from our services. However, there are other obstacles such as the very low rate of Internet connectivity (currently there are approximately 3,000 Internet accounts in the country) and legal issues that need to be solved if electronic commerce is to flourish in Ethiopia.

We believe that Third World governments should realize that electronic commerce opens new opportunities for their small and medium size enterprises and facilitate its development in the country by:

1. improving the Internet and telecom infrastructure;
2. improving some laws that are inhibiting the development of electronic commerce;
3. assist electronic commerce initiatives.