

The big benefits of blockchain for retail in Africa

During its formative years, blockchain technology became synonymous with the advent of cryptocurrency. Today, its use cases have transcended the world of finance, expanding into sectors such as retail.



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In Africa, its application in payment technology has demonstrated blockchain's ability to revolutionise several touchpoints from supply chain to final sale. These developments herald good news for the rapidly developing continent.

This was one of the key points to emerge from a recent address in South Africa by international blockchain visionary and technology expert, Don Tapscott.

His talk formed part of a recent business series facilitated by the Blockchain Research Institute and Standard Bank and was aimed at providing global insights and forecasts for the retail and insurance industries. The Cape Town event was hosted by consumer credit firm RCS and Level Up, a business "inspirator" that aims to support emergent technologies and companies.

“ Hello Cape Town! Very heartening to receive a warm standing ovation for my closing talk today at the Aquarium!

This pic was taken at the end of the cocktail 💎💎 [@alexatpscott](#) [@SBGroup](#) [pic.twitter.com/y3hDHYrifE](#)— Don Tapscott (@dtapscott) [March 2, 2023](#) ”

Commenting on the main takeouts from Tapscott's address, RCS chief commercial officer Gavin Lomborg expressed his belief that "blockchain will provide the rails for Africa's 'innovation economy'. In a short space of time, we've seen how several retailers have utilised blockchain to expand their reach; and additionally, introduce new levels of efficiency to their operations.

"As part of the financial services sector, we have found great value in using data at scale to make retail safer, easier and more convenient. We therefore look forward to exploring ways to enhance our capabilities using blockchain technology."

Rapid advancements in payment tech

Nowhere has the impact of blockchain technology been more visible than in Nigeria, which in recent years has seen the

proliferation of payment technology startups. One key example of this is Nigerian startup, Lazerpay. This blockchain-powered solution allows businesses to accept payments from anywhere in the world, using 'stablecoins'.

The growing uptake of this technology is an encouraging prospect for the millions of small businesses that drive economic growth on the continent.



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Loyalty programme efficiency

The success of blockchain in Nigeria served as a segue into a discussion on how the technology could benefit retail in Africa. Expanding on this theme, Tapscott touched on how blockchain could optimise loyalty programmes. Currently, as he explained, retailers run their own loyalty schemes, with many of them being paper-based and fraught with inefficiencies.

Powered by blockchain, retailers will have the ability to allow customers to transfer their earned rewards into exchangeable tokens that can be used across several brands and product lines. The system would also enable cross-brand bundle deals, allowing retailers to expand their reach and offer customers more value and convenience.

Product traceability and provenance

With the global call for sustainability growing louder, as well as the need to combat realities like climate change becoming more pressing, the traceability of goods is becoming increasingly important. The answer to these calls lies in better data management powered by blockchain, which can bring an unprecedented level of transparency to supply chains.

Blockchain technology supports the development of secure, data ecosystems that can be used to tag and trace almost any kind of product. This 'fingerprint' can also be used to verify the legitimacy of products. This will have a significant impact on the retail industry, empowering brands to combat counterfeit trading. In Africa, innovations such as these could become particularly important in curbing the trade of conflict diamonds.

Streamlined supply chains

Furthermore, blockchain as a tool for inventory management, will provide a streamlined solution that will connect all parties along Africa's vast supply chains. From stock tracking and delivery to the administrative functions of tax and custom authorities, access to a single, shared ledger or "point of truth," will eliminate many of the existing inefficiencies in the value chain.

Customer identity management

Another benefit that blockchain technology will bring to African retailers is more secure customer identity management. Currently, many retailers rely on outdated customer relationship management systems. These are powered by legacy technology such as email to track sales, gather data and inform marketing strategies.

Blockchain technology, however, is a powerful enabler of the decentralised identifier (DID) or sovereign identity. A component that allows for the secure storage and distribution of specific customer data. Access to this data will prove retailers with valuable insights into consumer behaviour, spending habits and product preferences.

Retailers will enjoy this access in a way that does not contravene privacy laws and allows for the trusted exchange of data. As Tapscott asserts: "Digital identities will prevent large data aggregators from getting to know you better than you know yourself."

In Africa, where cybercrime is on the rise, these developments are vital building blocks to creating a better sector.



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Concluding with his perspective on the future of retail, Lomborg asserts that: "Blockchain technology will provide the tools for building a safer, consumer-first retail landscape. Going forward, regulators will play a key role in creating an enabling environment for trade in a data-driven economy.

"As such, the next few years will undoubtedly mark a turning point for the continent as we look to reimagine a more inclusive and accessible retail industry."

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