



Koko Club is focused on serving consumers in low-income neighbourhoods | Photo source Koko Networks

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BIOFUEL STARTUP EXPANDS INTO CONSUMER GOODS



A Kenyan biofuel company that services informal retailers in low-income communities is expanding its system to include non-fuel items

Spotted: Kenya-based biofuel technology firm Koko Networks has expanded its business to supply non-fuel items to micro-retail outlets. In Kenya, as in sub-Saharan Africa, around 80 per cent of household retail trade takes place in dukas – informal retail outlets located in low-income neighbourhoods. Koko already sells its liquid bio-ethanol cooking fuel and stoves in these micro-outlets, and is now expanding to offer other goods through its Koko Club.

Shop owners will act as Koko’s agents, using the company’s point-of-sale system to sign customers up to the Koko Club. Club members are issued with an electronic card, linked to an e-wallet, which can be topped up using mobile banking – which is very common in Kenya. Products will only be available to Koko Club members and will need to be purchased using the club card.

KOKO Fuel was launched in late 2019. According to the company, there was a 450 per cent growth in their household subscriber base during 2021. The company’s renewable and ultra-clean fuel is dispensed from KOKO ‘Fuel ATMs’ located inside local shops. The system allows customers to purchase fuel in the very small daily quantities that are often preferred in the informal sector. The expansion of this system to incorporate grocery items may prove a boon to low-income shoppers.

To keep prices low, Koko will source products directly from manufacturers and use a real-time management system to provide up to the minute marketing analytics and keep stores stocked. Koko Networks co-founder and chief innovation officer Sagun Saxena explained the thinking behind the new club, explaining, “We are targeting low-income households by bringing them the benefits of

better products, lower prices and convenience. This is in addition to making sure that we have the right assortment of products all the time.”

The Koko Club is just the latest innovation aimed at using technology to make life both cheaper and more sustainable for those with low incomes. Springwise has spotted other innovations, such as a [B2B retail platform](#), that target the informal economy. Koko Club is also not the only technology platform that has leveraged the networks it has created to enter adjacent markets. A ‘[super-app for Francophone Africa](#)’ started off as a ride-hailing service, but has since leveraged its connections to try its hand at e-commerce, asset financing, and digital banking.

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Takeaway:

Informal, micro-retail outlets often suffer from a lack of credit – as we highlighted in our recent deep-dive into [innovation and SDG 8: decent work and economic growth](#). Because they can’t order items in advance, it is difficult for them to keep products in stock, to expand and to offer the best prices. Koko’s system of club membership and club cards eliminates this issue and helps both informal shops and customers. By modernising the informal trade sector, Koko Club’s business model gives micro-stores more direct access to manufacturers. Koko also helps manufacturers to reach a broader audience, and provides data on sales and prices.