UAE e-commerce app Zbooni raises $1.1m to fund expansion

Investments secured from Chalhoub Group and B&Y Venture Partners, company says

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Zbooni, a UAE-based e-commerce app that connects merchants and consumers on social media platforms such as Whatsapp and Instagram to facilitate purchases, said it raised $1.1 million in venture capital to expand the company.

The start-up, which was formed at a six-month Facebook-sponsored accelerator programme and launched in Dubai in 2017, clinched funding from UAE luxury retailer Chalhoub Group and private equity fund B&Y Venture Partners, it said on Wednesday.

"Business is increasingly done through WhatsApp and social media services such as Instagram and Facebook," said Ramy Assaf, chief executive of Zbooni. "These channels are the modern equivalent of shop windows that showcase a merchant's products and services to the world, so consumers can engage before they transact."

Mr Assaf said Zbooni is seeing demand from businesses in the UAE for its service, with transaction volumes growing at above 30 per cent month-on-month over the two years since it launched.

Zbooni connects merchants with customers by providing an easy way to complete a sale. Businesses download the app, set up an account, list the products they wish to sell, then share the link with customers through messaging platforms such as Whatsapp, Facebook Messenger or Instagram direct messaging.

Using Zbooni's tools, sellers can craft a bespoke customer service experience, such as building a shopping cart of other possible items for them, amending an order and taking them to the virtual checkout. The merchants do not directly target consumers through the app – the app simply shares the payment link to allow a sale to take place. "Basically, Instagram [or other social media] is the shop window and Zbooni is the cash register," a spokesperson for the company told The National.

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Merchants pay a 3.5 per cent fee per transaction and the app is free to download.

There is no need for buyers to download Zbooni, the company says, as they simply access the payment page via their browser, after receiving the link to review items and prices. Both parties receive automated invoices once a payment is made. The app has partnerships with e-payments providers Payfort and Stripe.

Zbooni said it targets small-to-medium-sized enterprises that wish to sell online and gain a marketing boost. In the UAE, SMEs are considered the backbone of a diversifying economy and the government has set a target to increase their contribution to non-oil national gross domestic product to 60 per cent, from 49 per cent in 2016, under its Vision 2021 roadmap.

"SMEs are the fuel for economies and the UAE Vision 2021 clearly outlines the need to support these businesses, especially through technology," said Mr Assaf.

By collecting payments through messaging apps, Zbooni is tapping into a potential multi-billion dollar market, he added. Typical e-commerce sites generate sales from 2 per cent of online visitors on average, compared to around 84 per cent that complete a transaction through Zbooni's targeted service, the company claims.

In addition to traditional businesses, Zbooni says it enables 'casual' merchants - such as those with side businesses or social media influencers - to sell directly to customers through social media.

However, commercial operations in the UAE and influencers paid to advertise a brand are required to be licenced under the law, and businesses with a certain turnover must also register to pay the 5 per cent VAT that came into force in January 2018.

"We are helping to organise and bring added transparency to social business activity, with a safe way to transact," the Zbooni spokesperson said. The company has an in-house screening process that aims to verify the identify of a seller and rate its credibility according to certain criteria. Merchants who fall below a certain score may not be authorised to use the service, the spokesperson added.

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