



COMPETITION COMMISSION OF SOUTH AFRICA

In the matter of

ONLINE INTERMEDIATION PLATFORMS MARKET INQUIRY PUBLIC INQUIRY (OIPMI)

held at

**DTI Building
Sunnyside and virtually via MS TEAMS**

on

12 November 2021

PANEL: *James Hodge – Chairperson
And Doris Tshepe*

TECHNICAL TEAM

Itumeleng Lesofe

CCSA Internal Team

Tshegofatso Radinku

CCSA Internal Team

Siphosethu Tetani

CCSA Internal Team

COMPANY: WEDASH



Gauteng Transcribers
Recording & Transcriptions

PROCEEDINGS ON 12 NOVEMBER 2021

CHAIRPERSON: Good morning, and welcome to the Friday session on the second week of the Online Platforms Market Inquiry. Today we are continuing with delivery services, food delivery and we are starting late and I apologise. It seems that Eskom load shedding is causing havoc with some of our participants, so Paarl Eats that was due to come at 10:00 has been rescheduled for another time and we will inform the public of that.

10 This morning then we have coming up next WeDash and then the Restaurant Association of South Africa and then the afternoon session we will have Mr D. So I see we have Mr Zondi in the room from WeDash, so welcome Mr Zondi. I think we muted you earlier, so.

MR ZONDI: I will un-mute myself. Hi, good morning. Morning, and thank you for having us.

CHAIRPERSON: Thanks, Mr Zondi. I believe you have a presentation for us, so I am going to ask you to share that with us on the virtual screen and then please continue to take
20 us through the presentation and then following that my fellow panel member, Ms Doris Tshepe, will start with some questions and then we will follow with questions from myself and the technical team, if there are still outstanding issues.

MR ZONDI: Thank you, Mr Hodge. Your team may be able to share the presentation on my behalf, because I have sent

them an invitation or would you like me to share it on my side?

CHAIRPERSON: I think share it on your side. I am not sure if the technical team has it set up here, so please go ahead.

MR ZONDI: Okay hold on let me just quickly open it up.

CHAIRPERSON: Mr Zondi, I do not know if you are trying to share at the moment, we cannot ... (intervenes)

MR ZONDI: It is just loading.

CHAIRPERSON: Alright, thanks.

MR ZONDI: It is just loading in the background, maybe
10 somebody ...[intervenes]

CHAIRPERSON: Great, thanks. I think the technical team just also asked, it seems your microphone may be rubbing against your shirt or something, but it is causing a bit of noise, so if you can just be aware of that that will be great, thanks.

MR ZONDI: Is that better?

CHAIRPERSON: Ja, that is better.

MR ZONDI: Sorry it is just taking a lot longer to load but we are almost there.

CHAIRPERSON: Mr Zondi, we are getting to see I suppose
20 parts of your device now, just so you are aware in case it may be confidential.

MR ZONDI: It is all good. Okay, great. All right, can you see my screen? Can you see my screen?

CHAIRPERSON: Yes, we can.

MR ZONDI: Okay, perfect. So, first and foremost before I do

that I will just introduce myself. My name is Njabulo Zondi, I am the Managing Director of WeDash. We have been running for just over a year, we are actually on our eleventh month now and our reasons for really starting this business comes from possibly [indistinct – 00:06:24] aware that there are two big consumers within the space that equate and hold up to 80 to 90% of the market share, that market share is really cost the urban sector.

So we found an opportunity for us to be positioned
10 within a different channel within this market, the delivery industry and we decided to embark on starting a business that was WeDash.

So the industry, as you know, has really grown quite well. Some of the data that is out there shows that there can be thirty percent growth in the next five to 10 years, especially in the South African market and we do believe that we still need to be more players and more participants to compete within this industry.

What we did identify specifically for WeDash is that
20 there is a growing opportunity for food delivery in the township and the underserved market and when you considerably aggregate the buying power of the consumers that stay in the townships it is really what we see as a huge potential for business growth and return and so you know, who are we?

We are an app created solely to enable home delivery

services for townships. Our focus is to provide the convenience to consumers that we believe and know are within those sectors and ensure that the convenience spread in the fast food delivery as well as the goods and essentials for any form of groceries and potentially in the future some wholesale goods as well.

Our aim of course is to always keep the level of service and standard of the industry are the same so we definitely use technology to infiltrate the market and have
10 done so successfully for the first 12 months. We find that due to the lack of public transport that existed in townships delivery then in the township becomes actually even more [indistinct] and important to grow because you know, unlike access per se that [indistinct – 00:08:37] areas we do believe that providing a service such as this can mitigate a lot of potential elements of crime and that has not been serviced yet.

So what we offer is very simple; home delivery service. We are also a delivery partner for fast food chains,
20 restaurants big and small and [indistinct – 00:09:07]. We have really one mission and that is to be the number one home delivery in townships by providing of course a good solution for consumers that have second to none, that still make them feel that they are not getting a service that is less than what the best players within the industry would naturally give them

and ensuring that we level the playing field of convenience.

Our second mission of course is to provide delivery partner solutions for the small business, the small fast food chains, franchise foods at national level as well as I said previously the [indistinct – 00:09:45] kitchen industry. We definitely have aspirations of expanding our reach, currently we are in the Western Cape with aspirations of expanding into the four main provinces in the country.

Our business model is simple compare to other
10 competitors and other [indistinct] that are out there. We have got a model that really consists of consumers, merchant partners and driver partners and consumers get the benefit of downloading our app and being able to order online from our web application. Our merchant partners are scattered across fast food industry groceries, liquor and eventually in our future growth in wholesale as well.

The most important part of [indistinct] or at least one that we highly find value in is our drivers of which in every area that we do go into we ensure that the drivers are local to
20 the area. Our model for our driver from freelance to fulltime drivers and again contractors that can come in and do a bit of freelance work, get a little bit of extra money and [indistinct] to ensure that the delivery flow is maintained and deliveries gets done.

So the last part of our model that really does not take

[indistinct – 00:11:18] we find it quite critical is to be provided with delivery parcel solution for small business and so we play that last now partnering role for anyone in the township space or anyone who has a business in the township space to [indistinct].

Our ordering process is similar to you know, the industry trend, the customer will make an order on the WeDash app, the order is rejected or accepted by the restaurant through a device that we either have at our
10 merchant partners can have access to our dashboard by cell phone or any laptop.

Most importantly after that if accepted automatically that is send to our driver app, our drivers local to the area make their way to the restaurant and ensure that they arrive in 20 minute timeframe, collect the food notification of course update consistently throughout that experience for the customer and the last point being the driver arrives and collects, and drops off the goods at the customer and that is the end of the one complete cycle of delivery for us.

20 We integrated very similar options to [indistinct – 00:12:35] it is important that as much as we offer or we consider the solution in under serviced township spaces, but we experience the tech used are on par with big players and also at a standard that provides the service and also the high quality experience that we want for our customers.

We integrate similar in terms of how we ensure that this communication is clear and transparent to the restaurant. Our merchant partners can either use their laptops or their phones to act with the dashboard, secondly maybe the bigger restaurants have a hand held device that whether or not the managers or the heads of staff are not present notifications can still pop up and staff can still ensure that the delivery happens in time and then of course the most convenient in order to ensuring that the [indistinct] of course is our third
10 option which is integrating directly onto a point of sale and that allows for the order to go directly onto the POS, from there they reflect and it is a lot faster in terms of feedback going straight to the kitchen and having that food prepared.

WeDash, in terms of how we make payments is once a week to all of our merchant partners on a selected day or days in the week that we choose to pay our merchants and then all payments of course are made less our mark-ups and our collection structure that we set up.

More about our consumers, a little bit of insight of
20 who they are. We have, as I said previously that we currently in the Western Cape with 70% of our customers coming out of Mitchells Plain, 30% are split between Langa, Gugulethu, Khayelitsha and Athlone. The very interesting part of our insight is 85% of the customers on our apps are women, 15% of course makes the rest of it being men and we see that as

very insightful data which going to the grocery space and ensuring that we provide what clearly an important value add for the township space.

There is also a very nice split in terms of young and old people using our app and both the age difference the age split we believe it is still people that are very [indistinct] so the majority of them are middleclass. In most cases they are working in CBDs, leaving their couches to go to work and coming back home and rightfully on their way back, whether
10 they are taking a car or a taxi, they can make an order and have their order ready at their house and that is the form of convenience that we believe is invaluable for some of the customers that we have.

So I guess the most important thing for us is you know, why WeDash by the townships, why we add value and I think we going into a untapped market and we believe that we advocate the buying power this market is very strong, and have potential for us to really capture a bit of the market share that exists.

20 We do believe that there is little competition from the big players, but that is not something I have any doubt we will probably will end anytime soon we have no doubt that the bigger players, which you guys have probably heard their presentations, that we know of, will probably be going into some of the areas that we are going into, so I guess it is also

quite critical for us to look at expanding fast and get our traction in most areas and forming some form of foundation before they come in.

And most importantly ja, we provide what we see as a huge value add for small business, being able to pick up and drop off their food and online revenue streams and platforms for them and be able to you know, generate more revenue, because the only benefit of the in store customer is something that is quite limited for some of the small businesses in the township and given the element and space that still exist it is great that they can still open up a little bit later and channel all of their online, channel all of their revenue via our online platform when the element of in store shop becomes a bit of an issue. I think that is more or less it.

In terms of who our competitors are, the main ones at least and our current positioning and a little bit about some of the feedback from some of our customers and thank you very much for having me present.

CHAIRPERSON: Thank you, Mr Zondi. You can stop sharing your screen now, we will proceed to questions. As I indicated, Ms Tshepe will lead those questions and then there may be more from myself and the technical team.

MR ZONDI: Sure.

MS TSHEPE: Good morning, Mr Zondi, and welcome and thank you for your presentation.

MR ZONDI: Thank you.

MS TSHEPE: I just wanted us to talk a bit, I mean we find just the idea of looking at townships as under serviced area and then going in there and then trying to develop that market, so if you could just tell us a little bit more about what did you do in order to develop that market? What strategies did you put in place to do so, both at a customer level and a restaurant level? If you could just share with us your insights there. Mr Zondi?

10 MR ZONDI: Okay, sorry the line seems to have cut. Hello?

MS TSHEPE: Yes. Maybe... Can you hear us?

MR ZONDI: I can hear you now. Can you hear me still?

MS TSHEPE: Yes, I can hear you, it is much better actually.

MR ZONDI: Okay, okay great, great.

MS TSHEPE: Would you like me to repeat or did you ... [intervenes]

MR ZONDI: Please repeat your question for me.

MS TSHEPE: Okay, thank you. I just wanted to, I just wanted you to just share with us the strategies you employed in order
20 to develop this untapped market, as you put it, which had not been serviced by the bigger platforms. What strategies did you use, both developing, attracting the customer side and attracting the restaurants? If you could just share with us some of your insights there. Thanks, Mr Zondi.

MR ZONDI: Okay, sure. I think most importantly on the

customer side of things we have above the line and below the line forms of marketing, so digitally running certain campaigns on Facebook, targeting them into those specific areas that we would like to see growth in as a starting point is also good, just to get our name off the blocks, but what we found most importantly in those areas is to break some of the barriers such as perceptions of paying with card and ensuring that there are, there is a bit of transparency and there is an identity behind the business.

10 We found that it is important to do activations, you know being at the malls, ensuring that we do run some form of special and we have got promoters on the ground that our customers can you know, tangibly see, that will build a lot more trust and then once we have those digital conversations it gives us a lot more, you know, loyalty and trust awards acquiring that customer.

 I think in terms of you know, customer acquisition and strategy it is about as far as I can possibly tell you, because I think it is one of our value adds and you know, we think long
20 and hard in terms of how do we capture the customer and as I say, the most important thing in the townships is being visible, being seen and once that element has happened, being able to translate that physical presence into an online conversation that we can consistently keep up via social media, via Instagram and ja, building that attention in that

form of way.

I think for our merchants as a strategy that we implemented is, it is a bit of a no brainer for the merchants, the merchants have always the benefit of just in store revenue, so to be able to now have their business online, to be able to leverage off a platform such as WeDash and generate some form of online revenue secondary to what they are getting of course in store as a huge value add.

So we did not really need to think long and hard on
10 how we partner up with the merchants, but most importantly just show them the value that it brings to their business and we believe that there is no way that WeDash can grow in that township space without benefiting and growing with our merchant partners. Without their growth there will definitely be no need for WeDash.

Then thirdly I think in terms of our drivers we think that we have a huge responsibility to create some jobs and if we can identify, and which is really what we focus on all the time, within every area that we go to we look to find the locals
20 that stay in that area.

One, that strategy helps us mitigate certain elements of crime for the guys who are aware as to the certain street corners that could be of interest to the delivery experience, and also at the same time we find that of course given this pandemic there is a lot of people looking at any form of extra

revenue, so we welcome the independent contractors, the guys that can work, whatever they feel that they can generate some revenue whilst still within their neighbourhood and then of course our responsibility is not to keep it just as an IC model, but ensure that we do have fulltime guys, because it is important that the drivers are respected and recognised for the effort that they put in towards the success of the business and both the business of the merchants as well as WeDash.

So in terms of our strategies I hope I have answered
10 your questions across our model and ja, thank you.

MS TSHEPE: You did, thank you Mr Zondi. Just on the, I mean you touched on trust and loyalty and I would imagine where use of credit card you spoke about, I mean online payment as a method of payment, I mean people are quite cautious about that kind of payment system and I would imagine you had to create some trust for them to be able to use that and was that, were there challenges in that regard or did you have some strategy in order to get them to trust you as a brand being new?

20 MR ZONDI: I think most importantly the elements of card payments is just the perception that I am going to make a card payment to someone that I do not know or a business that I cannot see and because of that reason my level of trust of that is very, very low, so as I have said one of the main strategies that we did use was of course being on the ground,

sharing that we do have activation and having our promoters provide education to the customer in terms of you know, the importance and the reasons why we only do online payments.

You know, we do not want to tempt anyone within the process of delivery, nor tempt the ones that are looking outside and looking in, you know. In a typical situation our most ideal scenario is our driver gets to our customer, drops off food and there is no exchange of cash. If there is, and as we try and increase our rates of orders, then of course we
10 open up some room for temptation, both from the customers' perspective as well as the one who is seeing the driver consistently go to that customer.

So they may now start seeing that there is a possibility for me to make something out of that, so it is really about education and it is about innovation and building that trust and secondly we have also integrated with a platform that has allowed for us to work with, I guess I should be in a position to say this, we have worked at Flash and Flash is a very important tool in terms of the informal market in terms of
20 as a currency and so if any one of our customers is afraid or anti the idea of using their card they can just go to their nearest store where they buy their breadwinner and put R200 and ask for a Flash voucher, take that very same Flash card, add it onto WeDash and then they can automatically get funds loaded into their wallet.

So that is another method that we did use as a way of just trying to, whilst we educate and whilst we hope for innovation to lead the way and breaking the barriers of making card payments, at least there is another alternative for our customers.

MS TSHEPE: Thank you, Mr Zondi. I thought James wanted to say something. I just wanted to just explore also a bit on the marketing side, so essentially we all know that marketing online is expensive, so you have had to find some innovative
10 and relatively non expensive way of doing so, is that so or did you still find a challenge in marketing so you could become visible to the consumer?

MR ZONDI: Marketing is always going to be a huge expense and I can tell you that in the first 11 months of our growth we had acquired 80% of our acquisition of customers through word of mouth, 20% would come through some of the digital campaigns that we have run at little to no budget.

The most important thing within our space is to ensure that our customers build trust enough for us to
20 download the app and then once that has been done our service delivery would allow for us to retain the customer. So I can definitely agree to the fact that marketing as an expense is massive, but our platforms for marketing at this current stage is, probably the traditional ones being Facebook and any form of social media and hopefully in the future as we,

you know hopefully find ourselves in positions where we have investors and budgets that allow for us to really expand we will probably look at leveraging off the local leaders, the local influencers or the local men and women that are within those communities.

Another strategy that we do is, that I think has really, really benefited us, is working alongside the restaurants, so being able to leverage off a small business that has got 20, 30 000 followers on their page, being able to you know, do a
10 story together, tell them about WeDash while they are also offering extra value add in terms of delivery for their customers and being able to leverage off those partnerships that we have created has allowed for us to not really spend as much in terms of our marketing, although given the fact that there is no doubt that the big players will start coming into these channels very soon, it is imperative that we do eventually find ourselves with bigger budgets and more bucks to spend when it comes to the marketing side of things.

Will we ever compete with those guys at their level?
20 I do not think it makes sense, nor will we have the financial muscle to be able to, so we all still always have to think around and out of the box when it comes to how do we, you know, capture our customer at a most cost effective way, but all in all through word of mouth and really good merchant partners that really trust and believe us and also the

relationships that we have we found ourselves growing up until now.

MS TSHEPE: Thank you, Mr Zondi. Just on the merchant partner side I just wanted to understand the profile of those merchant partners that you have, if you could just speak a little broadly to that.

MR ZONDI: When you say profile, what do you mean?

MS TSHEPE: I mean bigger, smaller national chains or, yes.

MR ZONDI: Okay, okay.

10 MS TSHEPE: Yes, thank you.

MR ZONDI: We have got a blend, we have got a blend, we have got a blend of small business that just caters for probably two and a half kilometre radius within where the store is situated to bigger fast food chains that are very well known, have a national presence and have given us the opportunity to open up in some of their smaller, in some of their township areas.

If I am at liberty to share some of those people I would say one of the first companies that really did believe in
20 us and gave us an opportunity was Burger King and Nando's as well, those are the big main fast food guys that we have got on our platform. We also have smaller players that are still you know, strong nationally in the form of Mochahco's, Calamari Fisheries, but we really price ourselves by ensuring that the model of smaller businesses is present because that

is where we really get the most support, that is really where we get the most traction in terms of being able to successfully grow small businesses.

So in terms of our small business we have the likes of the Hook Kitchen, Colorado Fisheries, Joko's Good Foods, certain Shisayama venues that are on the rise on their side and we are looking at of course expanding that into you know, Gogo's Gwenya's that she has got on the corner that she sells, how do we get her onto the platform, because if she is just
10 there and only seen as an informal trader her business is limited to those that just come to her.

So we would like to really offer smaller businesses an opportunity to expand their reach and ways that they never saw could be possible.

MS TSHEPE: Thank you, Mr Zondi. I just wanted to just ask you with regard to the bigger chains like Burger King or Nando's, is your engagement with them on a national level or is it just in the franchisees?

MR ZONDI: We have knocked on that national door many a
20 times, someone may even open up their door slightly and check and question where we are, but in most cases we found ourselves to be quite unsuccessful when it comes to landing the national chain solely because of our current traction being limited to a specific area.

I am aware that you know, once you have at least

70% traction across the country it is a lot easier for you to knock on that door and maybe have presence. I will give you an unfortunate case in terms of McDonalds where we were just straight out just told that unfortunately we just, they are capped in terms of the amount of aggregators they can have on their platform, being of course top two plus their own app that they set up.

It was a bit unfortunate, because I still know to this day that no one does those deliveries in those areas that we
10 are in and so ja, knocking on the national, on national doors is something that I have been doing at least for the first, for the last nine months and it is safe to say that when we do get that roadblock it is to no fault to our, nor theirs, but we are aware as to how difficult it is to play against the bigger players because you know, the minute they come into our channel they knock on that door and they demand that store to be open and it happens instantly, so again that is to no fault of their own as well.

So you know, to competitive space, one has to find
20 their own way of making things still work and there is no use in crying over a door that was not opened. We just hope that the smaller businesses will open up enough doors for that aggregated amount to be justified in the end.

MS TSHEPE: So I am quite interest in your interactions with the bigger brands, so they are not, the bigger platforms are

not there in the areas that you are in and yet they are not willing to open up to you, even though you are providing that service. Is there any, I mean is that the only reason, that they only operate with the bigger brands, with the bigger platforms, or are there other reasons? I mean I am just wanting, it is quite curious when you are the only one who is there and yet they would not engage with you.

MR ZONDI: Honestly I would not be able to speak on their behalf, I have no idea. I can only tell you of the reasons that
10 they have shared with us and the main reason, or there is a couple of reasons that are you know, going around, the main one that I have heard is the capped globally to only have X amount of aggregators and of course Mr D and UberEATS end up covering those and whatever internal app that they are looking at to launch on their side as well.

One of the other reasons is... Actually to be honest with you that is the reason that I have heard in most cases and then of course the second reason would be based on our own traction. If we are not giving them a national opportunity
20 of covering all of their stores then it also does not make sense on their side to, I guess to give us then the areas that we are in. It is a bit unfortunate, as I say, but I have knocked on many a door from the likes of, I am not too sure how safe it is for me to mention brands, but I have knocked on doors and I have knocked enough for me to understand that it is a common

thing that it will be very tough for us to get the national brands onboard until maybe we have a national presence, which kind of is a catch 22, because then how else do we grow in those places?

So it has been very difficult. I have had numerous conversations and I have asked that why and we never really received substantial answers, but it looks as if it is just something that they cannot do.

CHAIRPERSON: Ja, you touched on the chicken and egg
10 situation, because that is what I was about to ask, that you cannot have a national footprint, you have to start somewhere.

MR ZONDI: Exactly.

MS TSHEPE: And it is often not going to be nationally. You start locally and then you expand and given the opportunity then you are able to have a national footprint, so ja. When you were speaking about integration options you do say that one of the options is to integrate with your merchant partners through their point of sale. Can you just talk a little bit on
20 that? Just, because we just wanted to understand how technically possible this mechanism is and is it just an API option, or how does it work?

MR ZONDI: In most cases, I think first and foremost before we have any form of integration directly onto a merchant's point of sale we would have to have built enough trust with them for us to give us that access and of course our tech team

would ensure that yes, it is just a case of APIs being able to match onto their point of sale via API and ensure that all forms of delivery that come on our platform now reflect directly onto that point of sale.

The only reason why I think it is always the third option is because there is a lot of firewalls and there is a lot of, you know, important information that would be revealed to us of that merchant and naturally it would take a long time for us to get to that point. I also believe that the competitors, the
10 bigger players as well they have taken years to integrate directly with certain restaurants and in some cases they still have not.

I think the most common method of, or the best form of integration to ensure that the service delivery is still smooth is dropping off a hand held device, but given being WeDash, the space that we are in it is always easier and that is a cost effective exercise, I can just put it like that, and it is always easier for us then to leverage off you know, existing laptops, being able to at least use their phones and work it in a way
20 that whenever an audit does come through they can still accept and reject orders on their phone and that system is still seamless, especially when you are a small business where you are the business and you probably have two to three bits of staff.

That communication is a lot easier than having a

device at a store, having to now secure it and ensure that it is safe and watch the other elements of crime that may you know, come through as a result of that.

So yes, the third option is most effective, but it is also the one where it probably takes the longest to ensure that partnership is strong enough to justify an integration with their POS.

MS TSHEPE: Do you have, have you already had a number of merchant partners on the third option?

10 MR ZONDI: We actually do not. I think there is that perception that there is just too much information to be revealed and we are also young, we are young, we are a year in.

There is you know, we are getting a new merchant today, we always give them the most easiest option. Why? Because it gets us into the door, it gives us the opportunity, so we have not had the luck of being able to, but a year or two from now with merchants that have been running with our platform and we can also go back to them and say look guys,
20 here are some of the faults that we are finding with the integration that comes with the first two options, one sometimes your staff does not see it, two sometimes there is a load shedding issue and all of a sudden there is a networking issue on our dashboard or on our devices, so can we get to a point where we integrate directly into a dashboard,

but that as I say is something that we are happy for it to take time and we are happy for us to build that trust up until we are in a position to get that integration to happen.

CHAIRPERSON: Ja, fair enough I think, Mr Zondi. I just wanted to explore another conversation with you and that is you know, and this is where I found your model quite interesting in that most platforms, including especially the BOO, let me just say most platforms they have gone for a fee model where bigger merchant partners are charged lower and
10 the smaller ones are charged higher and your model seemed to be a bit different to that. Do you want to speak a bit more on that and why you do that?

MR ZONDI: First and foremost our mark-ups and our models are based on ensuring that the customer does not have to pay such an extreme amount for an item on our platform, we need to be aware of the channels that we are working in and we also need to be aware of the importance of balancing the cost across or the elements of the business model.

So although I cannot share the exact amount of how
20 we charge and our commission rates, I can definitely be able to say to you that we have come significantly lower and we have also ensured that the drivers are a lot more appreciated in terms of the relationships that we have and the type of incentives that we create for them. Their mind that these elements and these areas that we do deliveries in will always

not be the safest if you were to compare them to any affluent area and for that reason alone then certain incentives need to come into place and so yes, as much as we are 11 months in we have got strategies that we are looking to implement whereby our driver that hits 99% of his orders or above a specific percentage is incentivised maybe with a voucher from maybe one of the tyre companies for an opportunity for him to go and get his car serviced at a, you know at a specific rate or price.

10 Those are the ways in which we would try and balance it out, but in terms of just our model and our pricing structure I think the big brands should pay more and I think the smaller business should pay less. It is weird how, it is not weird, it just makes sense because of course the big brands would give you more volume and as a result it justifies them getting a lesser commission structure, but on our side we have just tried to be consistent and because we focus on small business we try and make sure that it is a mutually beneficial relationship than it is one where it seems like it is a one-way
20 street.

MS TSHEPE: It sounds like that, but I think also from my point is what that impact is on your consumer and many prices, I mean for small business. That must be, it must have an impact obviously for a small business.

MR ZONDI: It has more than impact on the customer, which

is what I found. Yes, the small businesses are, we will have to negotiate and reach a common ground as to what out of their margins can, what percentage out of their margins can we tap into, but I think the biggest cry here will come from the customer and it is important that we are mindful that we will at a given stage, and because of the majority of our customers not being exposed to you know, online delivery within that space, they will be prone to go in store and the day they go in store and see a vast difference between the end store price
10 and our online price then of course it will question WeDash before it goes in to question the restaurant, so for us it is very important that our mark-ups are reasonable enough to justify the convenience we are bringing, but not at a point where the price of food just becomes unrealistic.

MS TSHEPE: Thank you, Mr Zondi. I just want to go, I think this is going to be the last area, just I am looking, I am mindful of time, and that is one of your, you speak about expansion and looking into other areas, what is your plan there and what is the model best suited for you to go on your expansion drive?

20 MR ZONDI: I think most importantly we have to be in the bigger townships across the country, that is our focus number one. Our model will have to be of course first and foremost identifying drivers, once you have identified drivers getting our restaurant recruiters to go out there and build the marketplace and once we feel that we have got the right

drivers and we have got the marketplace and our drivers of course have been better checked and to a standard that caters for us then the most important thing after that is launching proper marketing campaigns and you know, awareness campaigns that really build our attention and then give us that opportunity for the customer.

How we are going to do that of course is always, is an expense. I think it is one of the reasons why our expansion rates have been a lot slower. We definitely want to be there
10 faster because it is still competition, it is still business and if we are not there someone else is going to be one way or another.

MS TSHEPE: That is true. You just spoke about expense and funding. I am going to, before I go to the next point on expansion and competition I just want to talk a bit to you about funding, I mean this is an expensive business and just how did you go about? I mean firstly, did you receive funding? And if so, how did you go about getting that, obviously without disclosing too much of your confidential information?

20 MR ZONDI: Sure. We were fortunate that the idea is really strong, the industry is growing and the opportunity is very big in the channel that we have gone into and you know, after having had certain conversations with a few private investors we find ourselves fortunate to have received a little bit of capital just to get us going, but in a business such as this,

one as costly as this, whatever investments that we did receive was enough to at least give us a little bit of traction in the Western Cape, but nowhere near what we need in terms of building capacity in terms of expanding our team, expanding our operational structures and getting us to a point where we can have this conversation become a national one.

So funding is tough, very, very tough and in most cases public funding is a route in which I do not think I have ever gone through before, because there is just so many
10 processes to follow and sometimes there is a lot of information on the net that is outdated, is what I found, so you know you would go to a specific public company or public sector, organisation that is supposed to be in line with getting you these funding opportunities, but in most cases you will find that you will eventually get to the decision-maker, it has taken months, it has taken a while.

So we have not really been fortunate with that angle and we are hopeful that the opportunity will come our way, but it has been a difficult journey when it comes to funding this
20 business and getting it to a point where we believe is, ja expanded nationally.

There is also a tough conversation that we have with the BCs and also private investors where you know, is it fund-ready, that is another question that we have to ask ourselves. Have we gotten it to a point where it has to be fund-ready?

Again it is another catch 22 situation, because we want to grow, but they are expecting us to go to a point where then the funding will go through, but we also need some of that capital to grow a business to a point where it gets there.

So some of these conversations have been very difficult, their reasoning has been not understandable, but I guess we are not going to quit now, we have already started it and the most important thing we know that when the right people see what we have got and eventually get us some
10 support.

MS TSHEPE: Thank you. Just the last part was you know, with your strategy of going into the under serviced area we see, and in fact I think you have spoken to the bigger platforms now tapping into that market and what I wanted to find out from you is when they do, what happens in terms of competition?

MR ZONDI: I have got the word in my head, but I think I need to find one that makes a lot more sense. It is going to be very, very difficult naturally, it will be very difficult to compete with
20 50% off for a whole week, free delivery drives that run for the whole month, volume drivers that we just cannot compare with and I think when that moment happens I do not blame any customer that goes to their brand because of credibility.

I hope that maybe our pricing will be better, the story in our brand by then will be a lot stronger and maybe we would

have been fast enough to have built some traction so that again as the category grows we grow with it, but when they do come, of which they have come into certain parts of our area, we are feeling the hit already and we, it is very, very tough to compete at that level.

It is not their fault. I think you know, this is business, no one asked for smooth sailing, but I can tell you that there will never be a stage in which you can compete with their marketing budgets and because of that reason alone this
10 business is run with marketing budgets and specials and ja, just because of that alone we would definitely feel the hit.

MS TSHEPE: Thank you, Mr Zondi. I think I will hand over to the Chair and the technical team. Thank you.

MR ZONDI: Thank you.

CHAIRPERSON: Thanks, Mr Zondi. I am actually going to hand over to the technical team, Tshegofatso Radinku who has got a few questions, and then I will, once he is done I will take over.

MR RIDINKU: Thank you, Mr Zondi. So I just want to
20 understand on the issue of the national chains, so I mean you indicated that you are always on the ground and getting feedback from customers. So have you, I mean have you had instances from customers' point of view who maybe did not upload, you know your app or they did not even order from your platform because you do not have some of these national

platforms on your, I mean the national chains on your app?

MR ZONDI: Hi *baba*, I hope you are good. Yes, definitely. I think who does not want McDonalds? Who does not, who wants to get onto a platform that caters to a specific part of your cravings and your favourites, but does not cover all of them? Who wants to walk into a retail store and only have one choice of bread? I think you know, it helps to have variety, it makes us as a business more credible and it gives the customer who is the most important part of the business the
10 options that they are looking for.

Now if you naturally are a Big Mac person versus a, I do not know, I am trying to think of a meal from Burger King here, if you are naturally a Big Mac person then of course there is a limitation by going, downloading the app, going through all that effort, using your data and then you open it and then you do not have the variety that you are looking for.

So has that caused downloads or deleted apps on their phones? I cannot tell you what the reasons were, I cannot say that for sure, but I can say just from me as a
20 customer that I would love a platform that caters for all of my needs and not just a limited few.

MR RIDINKU: And maybe a follow-up to that, so I mean from where you are sitting as WeDash what has been the impact then in terms of your, as a smaller player, your ability to grow and perhaps expand your volumes in the areas where you are

in?

MR ZONDI: Our limit in terms of, just so that I can
... [intervenes]

MR RIDINKU: The impact of not having these chains on your
app, I mean when was it in there as WeDash, I mean from your
experience what has been the impact on your ability to grow
and expand in areas where you are active?

MR ZONDI: It has definitely been a huge impact, definitely
been a huge impact and the main reason is, I mean I have
10 had, I have read through some of the questions, some of our
customers ask where is this, I would like this, but it is not on
your platform, so I can definitely attest and say that we have
had possibly you know, customers that we have lost as a result
of that, you know and if you consider being able to have all
the big national chains on our platform then not only are we
adding value to their businesses in that area, but most
importantly it helps us grow our sales as well.

So to be limited and not have a Chicken Licken
because of certain restrictions is very difficult for us. I do not
20 know how to equate that and measure it in terms of Rand
value, but I can tell you that we have possibly lost certain
customers, we have possibly had to have a customer use two
different apps to get you know, what they want. Maybe they
enjoy the local elements that we have, but go to you know,
have to do click and collect on other apps so that they can

still get what they want. That convenience does not exist on the other platforms, but they have to do it because we do not have that ability to open those doors up.

MR RIDINKU: Thank you.

MR ZONDI: Thank you.

CHAIRPERSON: Thanks, Mr Zondi. I have just got a few questions. I mean, just on your last point, I know you said you could not necessarily fathom the reasoning of a cap or some of the answers you have got. I just wanted to
10 understand with, you said Burger King and Nando's have given you support and I just wanted to understand is that the, I mean are these franchisees or corporate stores that are operating in your area?

MR ZONDI: We have had access with the franchise stores and received beautiful no from their corporate stores.

CHAIRPERSON: So beautiful noise means what then?

MR ZONDI: Beautiful no, it was a well shaped and well structured no.

CHAIRPERSON: Alright, so and so when you say you have
20 got support it is really from the franchisees, not from the corporates, even for these two, is that right?

MR ZONDI: Yes, yes, not to say that we have not had the request at national level with their head office, it is quite, there has been that restriction, so we have had to at least get permission from the franchise stores to open up and still you

know, partner up with them, but at national level we have been quite fortunate.

CHAIRPERSON: And for the, I mean you mentioned a sort of global cap, presuming that is a global fast food chain, but for local, well fast food chains, have they also raised the issue of a catch-up or are there other reasons that they have raised?

MR ZONDI: Who would be a local fast food chain? If you could just give me an example.

CHAIRPERSON: Well, I suppose Nando's is local, you know.

10 MR ZONDI: Ja well, Nando's, as I said we were, we went as far as the main person at Nando's who at least gave us permission to open up at franchise stores, but we were not given permission to open up their corporate stores. With the bigger players or the global players we were just told that there is a global cap on the amount of aggregators they could have and there was nothing they could change as a result of it coming from you know, wherever their main headquarters are, whether it is New York or somewhere here.

20 CHAIRPERSON: And have you managed to make it up the chain of command at Nando's? Was it also a cap reason or were there other reasons for the corporate store?

MR ZONDI: I think the main reason is the fact that they have got existing partners that are there they are in the pipelines of building probably something of their own and because they are building something of their own they would like that

opportunity to go to whatever in-house tech collusions that they are coming up with.

Those are the main two reasons that I found, even though that in-house tech solution will take probably another year or two it is still a limitation on the current partnership request that we are asking for.

CHAIRPERSON: I just want to understand sorry, on the API access, I mean I am not a tech person, so I have put that disclaimer on, but as I understand sort of APIs you are
10 sending information into their system, you are not extracting information out of their system.

MR ZONDI: Yes.

CHAIRPERSON: So I just wanted to understand whether you know, having an API access does let you into their secrets or not, because it would not strike me that it would.

MR ZONDI: What it does is when the tech guys, and of course I can only answer this as well as someone who has received insight from our tech partners, is there is a lot of firewalls that have to be broken in terms of their points of sale and so when
20 the points of integration happen we will not necessarily be able to get information from their side to us, but we will be able to have access to that information when that integration happens and as a result it is quite important information or property or you know, for access to financials in which they may not be willing at that point to share with us, so that was

the main reason that I found there is a limitation and it is not to say that it is based on at a later stage our team being able to see what is happening, but it really is as they give us access codes, as they give us all this information into their GAC system or whatever points of sale system that they are running, will also then as we are integrated see and get some of the important information that their businesses have.

CHAIRPERSON: Alright, so I understand it is almost you have got access through the firewall, so you could be a
10 conduit for others, even if it is not you.

MR ZONDI: Yes, yes.

CHAIRPERSON: Alright, I understand that, that makes sense. Just two last areas, I mean on the venture capitals you mentioned that you have had some interactions with venture capitals, is that right?

MR ZONDI: I have submitted I would say maximum two proposals and the majority that I have seen online have got certain criteria in which we just do not fit yet, for example maybe your business needs to be trading over a million in
20 terms of revenue and you know, for a small business to get there within 11 months sometimes may not be realistic, but we are in need of, of course, still that funding.

So in most cases when I do, you know, open up and see which company is looking at investing in tech and you know, we tick a few other boxes, but when it comes to the one

where they are looking at investing I do not think our numbers are at that point and so it limits me to just throw our pitch out there, knowing that we may not really get any hits.

CHAIRPERSON: Alright, so the kind of criteria are, as you say, not at your stage and I think we discovered last week when we spoke to the Venture Capital Association precisely that the sort of precede funding, angel investors is not something that is that big in South Africa, which would be in your stage.

10 MR ZONDI: Ja.

CHAIRPERSON: And for the few you have put in applications for, have you had a response?

MR ZONDI: Unfortunately not. We were just fortunate with one private investor that at least bought into the vision and into the plan, but I have received responses of course from the two VCs and you know, their feedback was as simple as unfortunately you do not quite fit the criteria yet, so it is almost like saying well, come back in two to three years' time once you have hit that revenue and you are at that stage and it is
20 a bit tough, because then how do we get to that point without some of this support?

CHAIRPERSON: No, exactly and that is I think a conversation we started with last week and how do we overcome that problem, because it is a barrier. The last thing I just wanted to ask, I mean we heard yesterday from

UberEATS saying well, as a disrupter they have almost paved the way for subsequent platforms to emerge, because they built the trust that consumers have with credit card payments and ordering online and overcoming the, or training merchants in how to engage in these training drivers, I mean it strikes me that I mean, I suppose you are first into the township area that you are operating in, I mean do you think that you are now paving the way for the others to follow and you have almost made it easier for these big platforms to come in?

10 MR ZONDI: Without any form of arrogance I would say yes, because we already have a big player that entered one of the channels that we started and I would like to think that even if they had had that at the back of their minds as one of their strategies that must have been spread up to the inside and revelations they may have picked up from the smaller players and platforms such as us for going into those places and you know, at least breaking those barriers.

I mean, the big players are fantastic, they definitely have paved the way in terms of creating an industry that really
20 is on the rise, but it is safe to say that they were very uncomfortable and happy being in some of those affluent areas, so if we could still be seen as the first in these townships, there is still a lot more perceptions that we have to break.

There is still a lot more education that we have to

create around the online space in the township areas and it is safe to say that if we can then at least get the reward for going into that channel and being recognised for the ones that are trying to create it I think would be well deserved of WeDash for that, but it is definitely not to say we are the only ones and it is definitely not to say that it will start and end with us.

CHAIRPERSON: No, thank you Mr Zondi. I think it has been incredibly useful for the panel to hear about your journey, as well as the challenges, because I mean as you have just
10 indicated you have opened up this food delivery in areas where others have not sort of dared to go and offered a lot of opportunities for the small businesses in those communities and jobs for drivers in those communities as well, so hats off to your efforts and I hope you do find more funding for your business and I hope you do compete successfully.

MR ZONDI: Thank you so much, I appreciate the opportunity.

CHAIRPERSON: Thank you very much, Mr Zondi. I think now we are moving on to the Restaurant Association of South Africa and I think we are going to let Ms Alberts into the
20 room.

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41 Alexandra Road,
Irene Centurion
TEL: 012 941 0587 FAX: 086 742 7088
MOBILE: 066 513 1757
info@gautengtranscribers.co.za