

# Newsletter

April 2025



Welcome to the April Edition of the Kreston Pedabo Newsletter!

Check out the trends and innovations transforming the Power & Natural Resources (PNR) and Information Technology & Telecommunications (ITT) sectors. These offer strategic perspectives on navigating these dynamic landscapes.

In this issue, we're excited to feature:

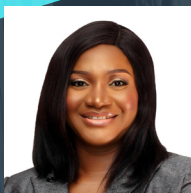
- » **How Market Research Drives Smarter Business Decisions in Competitive Industries** – Uncover the power of data-driven strategies in gaining a competitive edge.
- » **Introducing Enterprise Risk Management (ERM): A Key Driver of Business Resilience in Nigeria** – Learn how proactive risk management can safeguard and strengthen your business in an uncertain economy.

Happy reading!



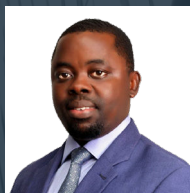
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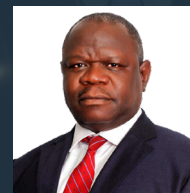
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## How Market Research Drives Smarter Business Decisions in Competitive Industries

In today's hypercompetitive industries, success hinges on one critical factor, knowledge. Market research acts as a guiding light, helping businesses navigate shifting consumer preferences, emerging trends, and competitor strategies. When companies leverage data-driven insights, they make smarter decisions - anticipating demand, mitigating risks, and outperforming rivals. This paper explores how market research transforms uncertainty into opportunity, using Jumia's success story as a case study.

## Key Functions of Market Research:

### Understanding Customer Needs and Preferences:

- Market research helps businesses gain deep insights into what their target audience wants, needs, and expects.
- This understanding allows companies to tailor their products, services, and marketing efforts to better meet customer demands.

### Identifying Market Trends and Opportunities:

- By analysing market data, businesses can identify emerging trends and potential opportunities for growth.
- This proactive approach allows companies to stay ahead of the competition and capitalise on new market segments.

### Analysing Competitor Strategies:

- Market research provides valuable information about competitors' strengths, weaknesses, and strategies.
- This competitive analysis enables businesses to develop effective differentiation strategies and gain a competitive edge.

### Mitigating Risks:

- By providing data-driven insights, market research helps businesses reduce the risks associated with decision-making.
- This is particularly important when launching new products, entering new markets, or making significant investments.

### Informing Strategic Planning:

- Market research provides the foundation for informed strategic planning.
- It helps businesses to set realistic goals, allocate resources effectively, and develop strategies that are aligned with market realities.



## How Market Research Drives Smarter Decisions:

- 1 Data-Driven Decision-Making:** Market research replaces guesswork with data, enabling businesses to make decisions based on solid evidence.
- 2 Improved Product Development:** By understanding customer needs, businesses can develop products and services that are more likely to succeed in the marketplace.
- 3 Effective Marketing Strategies:** Market research helps businesses to target their marketing efforts more effectively, resulting in higher ROI.
- 4 Enhanced Customer Satisfaction:** By understanding customer preferences, businesses can design on-demand customer experiences to improve customer satisfaction and build stronger customer loyalty.
- 5 Competitive Advantage:** In highly competitive industries, it can provide a significant competitive advantage by enabling businesses to anticipate market changes and respond effectively.

To see market research in action, we examine how Jumia, Africa's leading e-commerce platform used data-driven insights to overcome challenges and strengthen its market position.

### Introduction to Jumia

Founded in 2012, Jumia is often referred to as the "Amazon of Africa." It operates as an online marketplace, offering a wide range of products, including electronics, fashion, and home goods. With its vast reach across multiple African countries, Jumia faces stiff competition from local and international players. To thrive in this environment, the company relies heavily on market research. Notably, initiatives such as the Customer Feedback Initiative, which reduced delivery complaints by 30% and increased customer satisfaction by 15%, and local logistics partnerships that improved delivery times by 40%, demonstrate Jumia's strategic efforts to enhance its competitive edge in the evolving e-commerce landscape.

#### Statement of the Problem



During its peak growth years (2018–2020), Jumia dominated Africa's e-commerce sector with 25% market share. However, the company faced significant operational setbacks between 2020–2022, including a market share drop to 20%, a 50% surge in negative reviews, and a €109 million net

loss in 2022. These struggles stemmed from delivery delays affecting 30% of orders and chronic inventory issues that drove a 15% decline in repeat customers.

Jumia's strategic implementation of market research solutions beginning in Q4 2022 marked a turning point. Within twelve months, the company reduced delivery complaints by 40% through logistics optimisation and improved inventory forecasting. By Q3 2023, these operational improvements helped regain market share to 22% while achieving consecutive quarters of revenue growth.

The company's sustained growth demonstrates how market research can address systemic challenges in competitive markets. This analysis examines both Jumia's well-documented struggles and its subsequent turnaround to extract actionable lessons for organisations.

## The Role of Market Research



To address these challenges, Jumia implemented comprehensive market research strategies to gather valuable insights into customer expectations and market dynamics.

### Understanding Customer Needs

Jumia conducted extensive surveys and focus groups to understand the key factors affecting customer satisfaction. This research focused on delivery times, product variety, and the overall shopping experience.

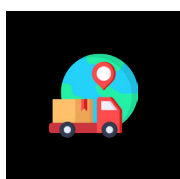


### Competitive Analysis

Jumia also analysed its competitors, assessing their strengths and weaknesses in service delivery and product offerings. This competitive analysis helped identify areas where Jumia could improve its services to stand out in the market.

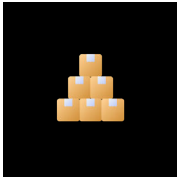


## Solutions Derived from Market Research



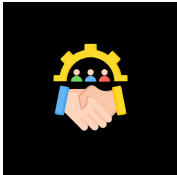
### Streamlining Delivery Processes

Based on customer feedback highlighting delivery delays, Jumia revamped its logistics operations. The company invested in optimising its supply chain, including partnerships with local delivery services and implementing better inventory management systems.



### Enhancing Product Availability

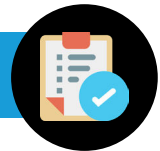
Market research revealed that certain high-demand products were frequently out of stock. Jumia responded by increasing its inventory of popular items and diversifying its product range based on consumer preferences.



### Improving Customer Engagement

To foster customer loyalty, Jumia established a more robust feedback mechanism, allowing customers to share their experiences directly on the platform. This initiative not only provided real-time insights but also made customers feel valued.

## Outcome of Solutions



### Increased Customer Satisfaction

As a result of streamlined delivery processes and improved product availability, Jumia saw a 25% increase in customer satisfaction ratings within six months. Customers reported a smoother shopping experience, contributing to a 20% rise in retention rates.

### Strengthened Market Position

By effectively addressing delivery issues and enhancing product offerings, Jumia reinforced its competitive edge. The company attracted 150,000 new customers in Q3 of 2023 while retaining 85% of existing customers, resulting in a 10% increase in market share.

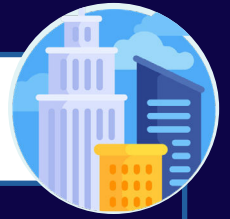
### Improved Financial Performance

Changes made in response to market research led to a 30% uptick in sales over the next year. Jumia's revenue grew by €50 million, as more customers turned to the platform, confident in its ability to deliver quality products in a timely manner.

### Enhanced Brand Loyalty

With improved customer engagement and satisfaction, Jumia cultivated stronger brand loyalty. The percentage of repeat customers rose to 60%, as they began to view Jumia not just as a marketplace but as a reliable partner in their shopping experience. **Jumia was rated "Most Improved Brand" in African e-commerce (2024 Brand Health Survey)**

## Conclusion



Jumia's experience underscores the critical importance of market research in driving smarter business decisions within competitive industries. By understanding customer needs, analysing competitors, and implementing targeted solutions, Jumia effectively addressed its challenges and enhanced its market position. This case study illustrates that companies prioritising market research are better equipped to respond to challenges, innovate, and thrive in today's fast-paced business environments. Jumia's success proves that market research is not just a tool, it is a strategic imperative. For businesses in competitive industries, investing in data-driven insights is not optional; it is the key to survival and growth.

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# **Introducing Enterprise Risk Management (ERM): A Key Driver of Business Resilience in Nigeria**



# Introduction

In today's increasingly complex and interconnected business environment, organisations face a myriad of risks that can impact their operations, reputation, and bottom line. Nigerian businesses, both big and small, constantly face challenges ranging from economic fluctuations to regulatory shifts and even security threats.

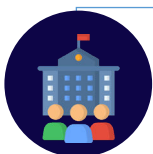
In the February 2025 Business Expectations Survey carried out by the Central Bank of Nigeria (CBN), Nigerian businesses identified several critical constraints affecting their operations. The survey revealed that 75.0% of businesses cited high-interest rates as a major challenge, while 73.9% pointed to insecurity as a significant risk. Additionally, 73.8% highlighted an insufficient power supply as a key constraint, with high taxes (73.0%), financial difficulties (68.5%), and high bank charges (67.6%) also emerging as major concerns. Given these persistent challenges, the question remains: How can businesses not only survive but also thrive in such a volatile environment? The

answer lies in Enterprise Risk Management (ERM), a strategic approach that this article explores. Enterprise Risk Management (ERM) is an essential tool for businesses navigating today's uncertain economic landscape. By providing a structured and holistic approach to identifying, assessing, and mitigating risks, ERM helps organisations safeguard their assets, ensure regulatory compliance, and enhance long-term sustainability. In Nigeria, where economic volatility, regulatory uncertainties, and security challenges pose significant threats, ERM is increasingly becoming a critical element for business resilience and growth. ERM enables organisations to anticipate potential risks, minimise uncertainties, and optimise opportunities for growth and sustainability. By embedding risk management into business processes, companies can enhance decision-making and build long-term resilience against financial, operational, and reputational risks.

## Components of ERM

The Committee of Sponsoring Organisations of the Treadway Commission (COSO) ERM framework provides a structured approach to risk management, ensuring that companies not only identify risks but also integrate them into strategic decision-making.

According to COSO, the enterprise risk management framework, there are five core components for ERM practice:



**Governance and Culture:** This entails the tone set at the top on the importance of ERM and the company's ethical values, behaviours, and understanding of risk.



**Strategy and Objective Setting:** Aligning risk appetite with strategy and integrating risk management into the company's objectives to effectively identify and respond to risks.



**Performance:** Identifying and assessing risk, prioritising them according to the company's risk appetite before responding to them.



**Review and Revision:** Evaluating ERM implementation and functioning over time, identifying substantial changes and opportunities for improvement.



**Information, Communication and Reporting:** Continuously gather and disseminate ERM-related insights from all available sources within and outside the organisation.

## The Importance of ERM in Nigeria's Economic Landscape

Nigeria's economic environment is characterised by volatility, regulatory changes, fluctuating oil prices, inflation, currency instability, and security challenges. These factors create uncertainties that could impact businesses, government institutions, and the overall economy.

ERM plays a critical role in helping organisations navigate these challenges effectively. With Nigeria's economic volatility, organisations cannot afford to be reactive; instead, they must proactively manage risks. Here is how ERM provides a competitive advantage.

## Key Benefits of ERM for Nigerian Businesses

1

### Regulatory Compliance

With evolving regulations in sectors such as banking, insurance, and energy, organisations must implement ERM frameworks to ensure compliance and avoid penalties.

2

### Financial Stability

ERM assists companies in managing risks related to liquidity, foreign exchange exposure, and credit, fostering financial stability and investor confidence.

3

### Operational Efficiency

By proactively identifying risks, businesses can enhance their internal processes, supply chain resilience, and overall efficiency.

4

### Reputation Management

In a rapidly evolving business landscape, protecting corporate reputation through robust a risk management system is vital for sustaining investor and stakeholder trust.

5

## Business Continuity

ERM helps organisations prepare for unforeseen disruptions, such as economic downturns, cyber threats, or geopolitical risks, ensuring continuous operations.



## Why Nigerian Companies must Prioritise ERM

If Nigerian companies want to stay competitive, they must stop seeing risk management as an afterthought and start embedding it into their business strategies.

- » **Enhanced Decision-Making** – ERM provides real-time insights into potential risks, enabling executives to make data-driven strategic decisions.
- » **Protection of Assets and Investments** – Businesses can safeguard their financial and operational assets against unpredictable market shifts.
- » **Improved Corporate Governance** – Organisations can enhance transparency and accountability by aligning ERM with corporate governance policies.
- » **Fostering a Risk-Aware Culture** – ERM promotes a proactive approach to risk management across all levels of an organisation.

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to Assess your  
readiness for  
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Case Studies

# March News Round Up

## Introduction

The month of March 2025 witnessed significant developments in Nigeria's Power & Natural Resources (PNR) and Information Technology & Telecommunication (ITT) sectors, marked by the Edo State Governor's signing of the Edo State Electricity Law 2025, which repeals the 2022 law, while Nigeria's telecommunication sector is positioning itself for growth through infrastructure security, tariff restructuring, and industry collaboration. The Oil and Gas Sector, on its own part, is set to benefit from the introduction of a new medium sweet crude grade known as "Obodo" into the market.

## Power & Natural Resources (PNR) Sector News

### Power

#### Nigeria's power generation hits 5,713.60MW as reported by TCN

The Transmission Company of Nigeria (TCN) announced that power generation reached a peak of 5,713.60MW on 2nd March 2025. This surpasses the previous peak power

generation of 5,543.20MW which was achieved on 14th February 2025.

#### Nigeria's power sector hits ₦29.92bn market debt in Q4 2024

According to the report from Nigerian Electricity Regulation Commission (NERC), the Nigerian Electricity Supply Industry (NESI) recorded a ₦29.92bn market debt in Q4 of 2024. The debt is noted to have arisen from the

failure of the Distribution Companies (DISCOs) to fully remit payments for electricity supply and transmission services.



## Nigeria's electricity production index fell by 1.64% in Q4 2024 – CBN

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According to the Central Bank of Nigeria, the Nigerian electricity sector saw a decline in the electricity production index by 1.64% on a year-on-year comparative basis. This decline suggests that the issues

around the power sector have persisted despite signs of improvement from the Siemens Power Project that was signed in 2019 to improve the infrastructure in the power sector.

## Edo Governor signs electricity bill into law

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The Edo State Governor has signed the Edo State Electricity Law 2025, which repeals the Edo State Electricity Law 2022. This new law is in line with the Electricity Act 2023 and establishes a structured framework for intra-state

electricity generation, transmission, distribution, and regulation. The law is expected to enhance a competitive electricity market for stakeholders in the State.

## Kogi unveils electricity commission, takes over regulation

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The Kogi State Electricity Regulation Commission has taken over regulation of the State's electricity sector. As part of this reform, the State Government has also established its own power distribution Company

known as Kogi Electricity Distribution Limited (KEDL). This Company will be a subsidiary Company of the Abuja Electricity Distribution Company (AEDC) and shall oversee electricity distribution across the State.



## Oil and Gas

### Nigeria Introduces New Crude Grade known as Obodo

Nigeria is set to introduce a new medium sweet crude grade, Obodo, to the market in April 2025, expanding its crude offerings. With a gravity of 27.65°API and a sulphur content of 0.05%, Obodo is expected to be priced similarly to the existing Nigerian medium sweet Bonga grade. Production will commence from onshore oil block OML 150 in the Niger Delta region, operated by Nigerian Independent Continental Oil & Gas, while state-owned NNPC will handle marketing.

This development is part of Nigeria's strategy to increase its crude supply, following recent restarts and launches of similar-quality grades such as Utapate and Nembe. Nigerian medium sweet crude grades, including Forcados, Escravos, and Bonga, have primarily been exported to Europe, where Obodo is likely to find a market as European refineries increase operations after seasonal maintenance.





# Information Technology & Telecommunications (ITT) Sector News

## Digital Infrastructure Developments

The Federal Government inaugurated the Nigeria-Korea Information Access Centre (IAC) in Abuja with the aim of promoting digital inclusion and fostering expertise in emerging technologies like Artificial Intelligence (AI), Internet of Things (IoT), Big Data, and cybersecurity. Nigeria's Minister of Communications, Innovation, and Digital Economy emphasised Nigeria's commitment to digital infrastructure and technological advancements

to drive economic growth and efficient service delivery.

The IAC is a strategic initiative by the government of Nigeria and South Korea to support Nigeria's growing ICT sector and foster skills development in emerging technologies. It seeks to equip the Nigerian workforce with the necessary skills to enable them to compete in the global digital economy.

## Telecoms sub-sector leads as ICT contributes 17.7% to GDP

Information and Communications Technology (ICT) has contributed 17.68 per cent to the country's gross domestic product (GDP). In this contribution, the telecommunications sub-sector leads with a 14.4 per cent addition. This was revealed by the National Bureau

of Statistics (NBS) for the 4th quarter of 2024. This represents an increase from 16.66 per cent recorded in the same quarter of 2023 and 16.35 per cent in the preceding quarter of 2024.

## Nigeria Telcos Move to Protect Critical Infrastructure

Nigeria's telecommunications sector is undergoing major changes aimed at improving infrastructure protection and service delivery. Telecom Companies have formed an Industry Working Group in response to increasing cases of fibre cuts, theft, and vandalism. The group, which includes industry and security agency

representatives, seeks to implement protocols to safeguard critical infrastructure across various regions. The Association of Licensed Telecommunications Operators of Nigeria (ALTON) emphasised the need to protect assets to ensure operational continuity, as infrastructure damage affects businesses and daily life.

## Our Final Thoughts

Nigeria's key sectors witnessed significant developments in March 2025, and we anticipate a promising outlook for the coming months, particularly in view of the Federal Government's recent pronouncement on the Naira for Crude policy. Below is a summary of our key takeaways from some of the news making the headlines in the month of March 2025:

1. In the Power Sector, we are of the opinion that Nigeria has hit a new peak in power generation and some States are taking steps to reform their electricity sectors. This indeed is a welcome development for the Power Sector.
2. The ICT sector is also making strides, with a new center to promote digital inclusion and a growing contribution to GDP.
3. In the Oil and Gas sector, we believe that the introduction of a new crude grade to the market, will help to boost Nigeria's crude supply both locally and internationally.

Overall, these developments are part of Nigeria's efforts to drive economic growth and improve its infrastructure. It is indeed an exciting time for the country, and we will be keeping a close eye on how these initiatives unfold.

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