

Township e-commerce startup Yebo Fresh secures R78m to fuel expansion

South African township-focused food and grocery delivery service Yebo Fresh has secured R78m with a pre-series A equity investment and a Jobs Fund grant. The funding will allow the company - which started in Hout Bay's Imizamo Yethu three years ago and now delivers to more than 25 townships in the greater Cape Town and Johannesburg areas - to expand its service further.



Source: Supplied

While the South African upper market is well-served by quick commerce delivery services such as Checkers Sixty60 and PicknPay ASAP, Yebo Fresh is among the few players exclusively focused on the township market and successfully working with a rapidly growing network of spaza shops, prepared food outlets and other township businesses.

Growing access to township market

According to Yebo Fresh, its service offers investors, suppliers and partners a unique opportunity to tap into the multi-billion South African township market. The company aims to make it easier for independent businesses to purchase groceries and other essential items. Orders are placed via WhatsApp or through the Yebo Fresh team of field sales agents, resulting in a streamlined purchasing process.



Source: Supplied

Using a dark store-based fulfilment model, Yebo Fresh is able to deliver orders within 24 hours, eliminating the cost and hassle of shopping trips to wholesalers. Additionally, Yebo Fresh offers a buy-now-pay-later option. This process is guided by customer insights and algorithms and opens the door to informal businesses that do not currently have access to formal loans.

Investment partners

Throughout 2021 and 2022, Yebo Fresh successfully secured two rounds of bridge funding from current and new investors, including AckerX, the investment vehicle of fast-fashion retailer Ackermans. These rounds are now converting during the current round of investment.

The R78m in new capital will allow Yebo Fresh to expand further, significantly build on its physical and systems infrastructure and attract new talent. “We are incredibly proud of our progress to service this under-served market. The funding will allow us to take our efforts to the next level,” says Lerato Ramollo, commercial director at Yebo Fresh.



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The pre-series A investment was led by Enza Capital. It was secured with participation from Swiss Impact investors Elea Foundation, and Harvest, the local investment fund of the international Endeavor entrepreneurs. Additional re-investments have also been secured from current investors including E4EAFrica, Yebo Fresh's largest investor. Private investment vehicle Simple.Capital was the lead advisor on the deal.

John Lazar, general partner at Enza Capital, says they "are thrilled to back the exceptional Yebo Fresh team. They are fundamentally changing the way essential goods are provided to the township market, an underserved but vibrant and growing segment of the South African economy".

The Jobs Fund grant specifically will be used to provide technology, coaching, and physical resources to thousands of South African-owned businesses in townships to help them grow and remain competitive. This includes investing in digital infrastructure, providing a range of resources and free training to small business owners to improve their operations, decrease their costs and increase their sales.



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Growing categories, infrastructure and partnerships

"The township market is growing rapidly, and we are proud to be at the forefront of its digital revolution," said Jessica Boonstra, Yebo Fresh CEO. "This funding will allow us to grow into new product categories and market segments, expand our systems and warehousing infrastructure, and explore further partnership opportunities with strategic players in the market. It will also assist us in gathering even more data insights, further strengthening our unique position in this massive market segment."

Yebo Fresh states that its mission is to empower township entrepreneurs through technology and employment creation. The newly secured funding will help the company achieve this and allow it to help small businesses to not merely survive but thrive in the significant township marketplace worth more than R160bn.

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