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# USAID Southern Africa Trade and Investment Hub

**DIGITAL IMPACT STUDY**  
DAI Center for Digital Acceleration

**Full report**  
December 2021



**FEED THE FUTURE**  
The U.S. Government's Global Hunger & Food Security Initiative

# The USAID TradeHub's Geographical Coverage

- Six-year project from October 2016 – September 2022.
- Fourth generation of USAID's economic growth assistance to Southern Africa.
- Has a focus and presence in 9 target countries: South Africa, Angola, Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, and Zambia.
- Geographic scope of the project includes the Democratic Republic of Congo (DRC) and Zimbabwe but not currently active under the program.



# The USAID TradeHub's Integrated Approach

## Objective 1

Increased exports to South Africa from targeted Southern African countries

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## Objective 2

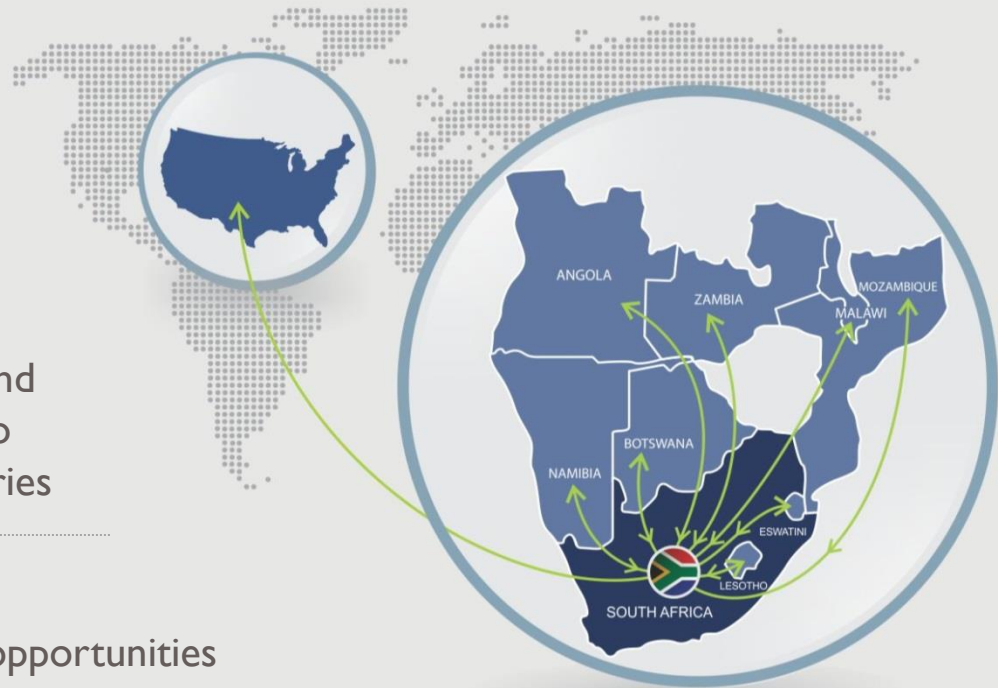
Increased investment of capital and technology out of South Africa to targeted Southern African countries

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## Objective 3

Sustainable utilization of AGOA opportunities by targeted Southern African countries

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## Zambia Buy-in

Support to the Zambia World Trade Organization – Trade Facilitation Agreement program

## East Africa Buy-in

Promote economic activity between the U.S. and five East African countries (Ethiopia, Kenya, Rwanda, Tanzania, and Uganda)



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## The USAID TradeHub Digital Impact Study

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# Structure of this report

## **1. The USAID TradeHub Digital Impact Study**

- Executive Summary
- Introduction
- Study methodology
- List of interviewees
- Key outputs summary
- Digitalization of exporters: definition

## **2. Interview findings**

- The benefits and challenges to trading in the digital space
- Lessons learned and best practice from online events
- How exporters, buyers and TPSPs see the future of trade

## **3. Analysis**

- The support firms need to adapt to the virtual way of doing business
  - Catalyze case study: Enabling virtual B2B linkages
- Key findings by sector: textiles and apparel, cosmetics, specialty foods, crafts, and agricultural products
  - SWIFT case study: Digitalization in the crafts sector
- Facilitation of trust in the online space
  - Sevest African Trade Platform (ATP) case study: Trust through information
  - Albert Scott case study: Providing e-commerce platform support

## **4. Recommendations of activities**

- Andres Saldias Case Study: firm digitalization and sector trends

## **5. Concluding remarks**

## **6. Annexes**

# The USAID TradeHub Digital Impact Study

- In September-October 2021, consultants from DAI's Center for Digital Acceleration supported the USAID Southern Africa Trade and Investment Hub (the USAID TradeHub) through short-term technical assistance to assess the impact of virtually delivered interventions.
- The study team analyzed the impact that digital trade promotion activities (e.g. webinars, Business to Business (B2B) events and virtual buyer missions) have had on the project's ability to reach new market actors, reduce the project's carbon footprint, and serve as a sustainability mechanism of the virtual model post-COVID-19.

# EXECUTIVE SUMMARY

## Benefits and Challenges to Operating online

- Exporters agree that networking and relationship-building online is challenging, preferring in-person interaction
- Buyers and trade promotion service providers (TPSPs) consider virtual events to be, in some cases, more efficient
- All parties agree that relationship-building virtually can take significantly more time than in-person, due to difficulties in building trust online.
- Exporters report varying levels of digital literacy, but TPSPs feel that exporters have a long way to go before being ready.
- Exporters note that a key benefit of operating online is increased access to information. They value the opportunity to learn at no cost and from their own office or home
- For exporters, the reduced carbon footprint and cost-savings of online engagement are less of a priority than the value they derive from in-person interaction.

## Lessons learned and best practice from online events

- The informational webinars organized by the USAID TradeHub are seen by exporters and TPSPs as one of the USAID TradeHub's biggest value-adds, though firms would like more opportunities for networking and the ability to request sessions on specific topics.
- There is consensus that the move from large, in-person events to online trade expos has not been successful.
- All interviewees see virtual B2B meetings and e-commerce support as very effective and efficient when combined with digital skills-related support to exporters. TPSPs report a faster sales turnaround for exporters that attend targeted B2B meetings, compared to those attending larger (in-person or online) trade events. The USAID TradeHub's involvement also facilitates trust between buyers and exporters.

# EXECUTIVE SUMMARY

## The future of trade events

- Interviewees agree that, while in-person interaction is often superior, digitalization of trade-related engagement is likely to continue even after the pandemic recedes.
- Exporters recognize that they must adapt to the new normal, which they see as a hybrid of in-person and virtual interactions.

## Support exporters need

- All stakeholders report that exporters need capacity building in building their online presence, social media management, making pitch videos, and conducting digital marketing. This is viewed by buyers and TPSPs as essential to an exporter's success.
- TPSPs report that providing this is time-consuming, and not all TPSPs feel that they have the capacity and/or skills to providing this support.
- Some exporters do not have the necessary equipment (e.g., laptops, webcams, or video production equipment) required to engage digitally.

## Facilitation of trust in the online space

- Trust-building takes longer online, requiring consistent communication and more effort than in-person.
- Exporters and buyers report that having USAID linked to a virtual event or engagement confirms that they are being connected to genuine and credible potential partners and can thus expedite the trust-building process.
- A polished online presence helps exporters demonstrate credibility and professionalism to potential buyers, helping build trust.
- Information-sharing and increased transparency can increase trust: the more information an exporter can provide to buyers, the better.



# EXECUTIVE SUMMARY: Recommendations

## **1. Provide trends analysis around digitalization of trade**

Work with external market analysis firms or independent consultants to conduct a trend analysis of digitalization in different sectors. Share this information with firms and support TPSPs with dissemination plans and to help firms align with these trends.

## **2. Develop a lifecycle for virtual B2B engagement**

Conduct an analysis of making a deal in the online space that takes firms and TPSPs through the typical stages of virtual business deals and their expected timelines. Publicize this as a program knowledge product.

## **3. Work with TPSPs to improve exporters' digital skills and readiness**

In collaboration with TPSPs, the USAID TradeHub could co-create: a) tools for digital skills and readiness assessments, and b) curricula for remedial digital skills training. Provide training of trainers (ToT) to TPSPs and work with them to develop packages of support.

# EXECUTIVE SUMMARY: Recommendations

## 4. Create opportunities for blended online and in-person engagement

Support TPSPs to create innovative ways to continue operating in a blend of online and offline and pilot these methods. Such a model would help all stakeholders reduce their carbon footprint.

Some sector specific examples include:

- **Sending samples ahead of meetings** to buyers (all sectors)
- Hosting **tasting events** (specialty foods)
- Setting up **physical sample rooms** (e.g for textiles and crafts) in a central location **with follow-up pitches** for interested buyers.

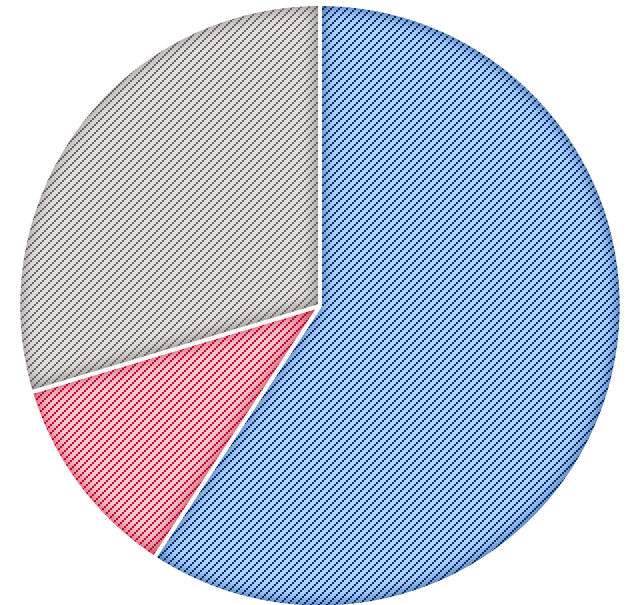
## 5. Support the provision of valuable trade-related information to exporters via webinars

In the short-term, continue running webinars for firms, while implementing select improvements such as: providing a feedback mechanism, keeping the chat function in virtual events open and sharing attendee lists to facilitate networking, opening Q&A with specialists, and recording webinars. In the medium- to long-term, identify and build capacity of a local stakeholder to take over the webinars after the program ends.

# STUDY METHODOLOGY

- 1. Desk research** to understand the different types of implementation activities undertaken by the USAID TradeHub before and during the COVID-19 pandemic.
  - Project reports, webinar recordings and other project deliverables (catalogues, eBooklets, Think Pieces).
- 2. Key informant interviews** with 27 firms representing buyers, exporters, and trade promotion service providers (TPSPs) that engaged with the USAID TradeHub. Interviews focused on:
  - Feedback on the USAID TradeHub events.
  - Attendance at and engagement with virtual events during the pandemic.
  - Benefits and challenges associated with virtual events.
  - Trust-building in a virtual environment; and digital capacity to fully utilize virtual resources.
  - (see full list of questions in Annex A)

## DIGITAL IMPACT STUDY INTERVIEWEES



■ Exporter: 16 ■ Buyer: 3 ■ TPSP: 8

# LIST OF INTERVIEWEES BY SECTOR

## **Speciality Foods**

260 Brands Ltd (Exporter)  
Matharia Empreendimentos (Exporter)  
Fynbos Fine Foods (Exporter)  
Eswatini Kitchen (Exporter)  
Condor Nuts (Exporter)  
NOVA Chocolate (Buyer)  
Pick n Pay (Buyer)

## **Multiple**

Ontdek (TPSP)  
VentureLift Africa (Buyer/TPSP)  
Catalyze (TPSP)  
Albert Scott (TPSP)  
Swaziland Fair Trade (SWIFT) - (TPSP)  
Sebvest/African Trade Platform (TPSP)  
Natural Products Association Botswana  
(Business Member Organization/TPSP)

## **Textiles and Apparel**

Afri-Expo Textiles (Exporter)  
Leon Engelbrecht Design (Exporter)  
Jalad Africa/Zeri Leather (Exporter)  
Andres Saldias (TPSP)

## **Cosmetics**

DLG Naturals (Exporter)  
Taneta Investments Ltd (Exporter)  
Donkey Milk Industries (Exporter)  
Bio Óleos de Miombo (Exporter)

## **Crafts**

Tintsaba Crafts (Exporter)  
Maleta Gems and Jewels (Exporter)

## **Agricultural Products**

INVXT Agroinvestimentos (Exporter)  
The Radiance Group (Exporter)

# DEFINITIONS AND USAGES

Throughout this report, we refer principally to three types of firms: buyers, trade promotion service providers (TPSPs), and exporters (the definitions for which are on the next slide).

In order to draw comparisons from our interviews, we used two types of ranking per firm: their assessed level of export readiness, and the extent to which the firm is digitalized. On the following slides we provide definitions of the different **levels of digitalization** and **export readiness** as used in this research.

Level of digitalization: The research team refers to four levels of digitalization, ranging from ‘under-digitalized firms’ to ‘digital innovators’. We define each level in detail on Slide 17. These definitions have been derived from previous field and desk research conducted by the Center for Digital Acceleration (CDA) team. In this USAID TradeHub research project, we assigned a level of digitalization (from Level 1 to 4) to each of the export firms we interviewed. This assignment is not the result of a formal assessment process, but the result of team judgement based on information extracted from our interviews. It is important to note that the research team did not engage with any ‘level 4’ firms for this assignment.

Level of export readiness: Exporters have been assigned an export readiness level (Bushbuck, Impala or Gazelle) by the USAID TradeHub. Detailed definitions for these levels are provided on slides 14-16. Each firm is assigned an export readiness identity based on an Enterprise Information Tool (EIT), which is completed by the firm as they apply for USAID TradeHub support. The EIT is a detailed questionnaire posing several questions on the size of the firm, business structure (ownership, management), number of employees, products/services traded, export experience, access to finance requirements, proposed growth and future plans, etc. Through follow-up conversations and engagement with the firm, the USAID TradeHub technical team determines the tier of the firm, based on the definitions in the following slides.

Throughout this report we refer to a firm’s digitalization and export readiness levels in bracket – e.g. (L2,Bushbuck). A full list of firms interviewed and their digitalization level and export readiness tier can be found in Annex C.

# DEFINITIONS: Frequently used terms

- **Exporter:** A firm – in the case of the USAID TradeHub, a Southern African firm – that sells its goods to a market other than its national domestic market. This term includes firms receiving support to prepare to sell goods to an international market, or those already selling to international markets.
- **Buyer:** An entity (firm, person or association) that purchases goods from a vendor – in the case of the USAID TradeHub, the vendor is an exporter from the Southern African region.
- **Trade Promotion Service Provider (TPSP):** An organization (public or private) that provides services to assist firms to trade – and in many cases, export – their products. These services include supporting firms to meet market entry and buyer requirements, supporting trade investment events where firms can showcase their products and meet buyers, identifying demand and potential buyers and creating mutually beneficial relationships between exporters and buyers for sustainable and long-term business.
- **Business Membership Organization (BMO):** An organization whose membership is based on businesses usually within the same sector and geographic area, to promote mutually beneficial services. Business membership organizations aim to provide business support services, a representative voice for its members, and where required, advocate on behalf of its members.
- **Business-to-business (B2B):** A form of transactions conducted between businesses, and not between a business and individual consumer. This can include deal negotiations, events, tradeshow and other forms of interactions where businesses engage directly with each other.
- **Digitalization:** “Digitalization” refers to the transformation of a firm’s business processes through digital technologies and the extent to which digital technologies are integrated into their activities.
- **E-Commerce:** The purchase and sale of goods and services through an electronic network (the internet), and the use of an online platform that facilitates the transaction (purchase and sale) for the buyer and seller. Examples of e-commerce platforms include Amazon and Takealot.

# DEFINITIONS: 'Bushbuck' Export Readiness Level

## Key Characteristics:

- Demonstrated national sales experience
- Capacity to absorb technical assistance within lifetime of project
- Potential and willingness to export to South Africa
- Business owner management capacity
- Some management structures exist but need strengthening
- Potential for linkages as supplier to Hub-supported gazelle and impala companies

## Key Challenges:

- Limited knowledge of market opportunities in South Africa
- Limited knowledge of South Africa buyer compliance requirements
- Limited capacity to respond to South African buyer requirements (e.g., labeling, branding, certification, packaging, volumes.)
- Inability to access appropriate financial products and services (both seeker and provider side challenges)
- Limited management capacity across several disciplines
- Limited knowledge of export processes and procedures (e.g., Incoterms, transport and logistics, export documentation, trade terms, etc.)

Requirements: desire to enter the South African market, seeking to access debt finance, certification, and technology support

# DEFINITIONS: 'Impala' Export Readiness Identities

## Key Characteristics:

- Previous export experience in low-value markets
- Need investments to reach higher-value markets
- Potential to expand production and achieve scale
- Business formality
- Willingness and potential to expand into higher-value markets
- Some management structures exist but need strengthening.

## Key Challenges:

- Limited knowledge of market opportunities in South Africa
- Limited knowledge of South Africa buyer compliance requirements
- Limited capacity to respond to South African buyer requirements (e.g., labeling, branding, certification, packaging, volumes, etc.)
- Inability to access appropriate financial products and services (both seeker- and provider-side challenges)
- Limited management capacity across several disciplines

Requirements: desire to enter into the South African market and access to finance (debt and equity), access certification and technology support



# DEFINITIONS: 'Gazelle' Export Readiness Identities

## Key Characteristics:

- Already exporting to South Africa and in some cases the U.S.
- Existing formal functional management structures
- Readiness to cost share
- Scope to expand/ supply-capacity
- Light-touch support required to expand markets
- Will not crowd out other market players
- Some basic standards

Key Features: management skills, processing capacity, product certification. Such a company would have an experienced and capable management structure and team with the capacity to generate management accounts, negotiate export deals, and scale their production to meet export demands.

## Key Challenges:

- Limited knowledge of market opportunities for diversification purposes in South Africa
- Limited knowledge of and ability to comply with tailored buyer requirements
- Inability to access appropriate financial products and services because of supply-side challenges

Exporter Requirements to Grow: desire to expand and diversify export markets and access finance (debt and equity)

# DEFINITIONS: Levels of Digitalization

As the research team identified exporters at different levels of digitalization, we developed the following definitions to refer to firms at these different stages. Please note that a majority of firms under this study at levels 1 and 2.

**LEVEL 1 Under-digitalized (L1):** Nascent or smaller, often rural and/or sole-trader or family-run businesses who do not tend to have laptops and thus use their mobile phones for business. They do not have a digital presence and conduct most business engagement and networking in-person or over the phone. They have resisted almost any integration of digital tools into business processes because leadership is comfortable with non-technological means of conducting business.

**LEVEL 2 Minimally-digitalized (L2):** Businesses which have integrated some basic digital tools into business processes. They may have a social media presence and/or basic website, have laptops, and feel they have sufficient digital skills to join webinars and conduct meetings virtually. They may have pivoted to online sales through social media platforms such as Facebook and WhatsApp but do not have e-commerce built into their business processes. They may not know how to effectively build an online presence.

**LEVEL 3 Digitally-integrated (L3):** Businesses with more tech-savvy staff. They have integrated some digital tools into processes and may have already pivoted to online sales. They have websites, may utilize digital trade platforms, have digital catalogues, conduct sales online, and accept e-payments. They feel comfortable with building and maintaining an online presence but may need support to conduct effective online marketing and produce high-quality video content.

**LEVEL 4 Digital innovators (L4):** Tech-savvy business who are fully comfortable operating in the digital space and adding new digital capabilities as opportunities arise. Most business processes are digitized: they sell their products on multiple e-commerce platforms, advertise through social media and other online platforms, accept multiple forms of e-payment, and partner with express logistics providers for last-mile delivery.

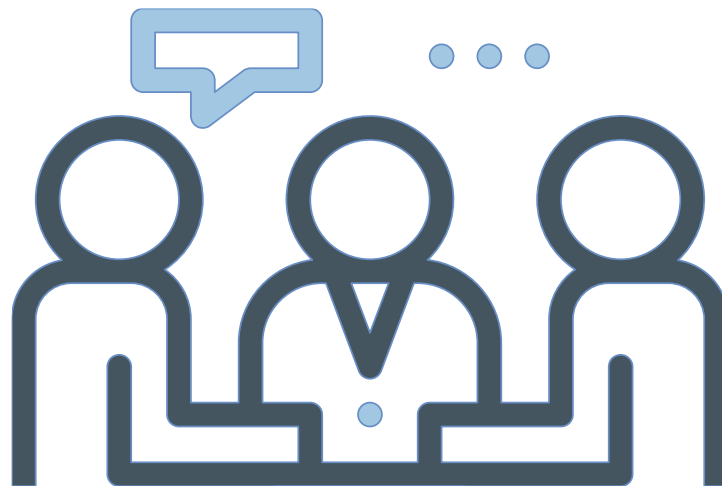


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## INTERVIEW FINDINGS

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# THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

# THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

Networking and relationship-building online is challenging.

- **Exporters are unsure of whether online networking can be effective, since they fear that in-person interaction is essential for buyers to experience their products** - Tintsaba Crafts (L2. Gazelle) and Matharia Empreendimentos (L2. Bushbuck). Some in the handicrafts and textiles/apparel sectors also feel that the "story" behind their product and their own passion comes across better in person - Leon Engelbrecht Design (L3. Bushbuck) and Eswatini Tintsaba Crafts (L2. Gazelle).
- 50% of the exporters (Tintsaba Crafts L2. Gazelle, Afri-Expo Textiles L2. Impala, Condor Nuts L1. Impala, INVXT Agroinvestimentos L2. Bushbuck, Matharia Empreendimentos L2. Bushbuck, The Radiance Group L2. Bushbuck, Taneta Investments Ltd. L2. Bushbuck) interviewed preferred in-person interaction because it allows them to build rapport and credibility with potential business partners. They can also better assess the "seriousness" of individuals, which they define as one's credibility, genuine interest in making a deal, and a general sense of the buyer as a person. For instance, a significant concern for exporters is that they may waste time and products sending samples to individuals who do not intend on making a purchase. The remaining 50% did not specify a preference.
- Overall, six of sixteen exporters shared that (DLG Naturals; Afri-Expo Textiles (L2. Impala), Matharia Empreendimentos (L2, Bushbuck), Bio Óleos de Miombo (L3, Bushbuck); The Radiance Group (L2, Bushbuck); Taneta Investments Ltd. (L2, Bushbuck) **it is difficult to build trust online**

*Building relationships as quickly as possible is a challenge – establishing e-commerce capabilities – but the rest of the sale involves physically being on the ground – Ontdek, Buyer/TPSP*

# THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

**Networking and relationship-building online is challenging (continued).**

- Exporters note that **during COVID-19, they have been focused on networking and building relationships** so that when economic prospects improve, they are well-positioned to expand their business. However, networking has been more challenging, since they are unlikely to "run into" people as they would at a show, and they have lost the face-to-face aspect of networking events. Some exporters feel that online networking demands more preparatory work, such as building social media profiles, which is time consuming (e.g. Eswatini Kitchen LI, Impala).
- Some exporters (e.g. INVXT Agroinvestimentos L2, Bushbuck) note that they have more contacts in their database, but that they have not yet seen the financial benefit of their online networking efforts.
- Buyers Venture Lift Africa and Ontdek note that online shouldn't be the first interaction and building relationships online takes time, as much of the sale takes place in-person. They note that data can help build trust – information on exporters and the sales process is vital.
- Two TPSPs (Sebvest and VentureLift) shared that while there are many benefits to networking online in terms of efficiency, it can **take significantly more time to build effective relationships virtually**. TPSP Andres Saldias, for instance, notes that post-pandemic business cycle is much longer: the loss of the "human factor" has made the process of building trust much longer.

# THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

Some buyers and TPSPs see virtual events as more efficient.

- Two buyers (PNP and Ontdek) expressed a preference for virtual events noting that it saves them time, particularly when events are well planned, and samples are sent ahead of time. TPSPs (SWIFT and Catalyze) confirm that the buyers they engage with want to continue with online B2B trade events, as they can sit at a desk and meet numerous, carefully selected exporters across the African continent.
- **Only three exporters** - Afri-Expo Textiles (L2, Impala), Leon Engelbrecht Design (L3, Bushbuck), Fynbos Fine Foods (L2, Gazelle) - **shared that online meetings are more efficient than trade shows**, particularly as they can join events without wasting time travelling - DLG Naturals (L3, Impala) and Donkey Milk Industries (L1, Impala).
- However, **six exporters** - DLG Naturals (L3, Impala), Eswatini Kitchen (L1, Impala), Maleta Gems and Jewels (L3, Bushbuck), Bio Óleos de Miombo (L3, Bushbuck), Condor Nuts (L1, Impala), Taneta Investments Ltd. (L2, Bushbuck) - **stated that they find that targeted B2B events are more beneficial than larger trade shows**. Trade shows require significant upfront investment and planning (see lessons learned section) that smaller or more nascent exporters – such as Level 1 and Level 2 businesses - often cannot afford.

Firms are being expected to pivot to virtual factory tours

- **Most exporters and buyers did not mention challenges** in conducting factory visits online. Only one exporter - DLG Naturals (L3, Impala) raised the point that doing a factory visit virtually, or through virtual reality, is preferable to not doing a visit at all.
- TPSP Andres Saldias noted that buyers have been unable to do due diligence through factory visits during COVID-19, due to travel restrictions. In order to meet their due diligence requirements, many firms have had to pivot to virtual factory tours. He supported a few exporters in the textiles and apparel sector to pivot to virtual tours, but he found that **exporters struggle with creating high quality videos or have poor connectivity which disrupts live tours and leads to delays in the audit**.

*All of our success over the last year and a half has been through direct marketing with the USAID TradeHub. If we had gone and travelled, we would not have been as successful as we have been with the USAID TradeHub facilitating connections.*

Eswatini Kitchen, a specialty foods exporter (Level 1, Impala)

# THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

Exporters report varying levels of digital literacy, but TPSPs and buyers feel that exporters need significant support.

- Level 1 firms – such as Donkey Milk Industries (Impala), Eswatini Kitchen (Impala), and Condor Nuts (Impala) – **lack the equipment they need to participate fully in online events and meetings.** TPSP Catalyze note that many firms they support experience this challenge. For instance, those who rely on mobile phones cannot use video or share their screen in meetings and struggle to follow presentations or join more complex virtual events. Some businesses - Donkey Milk Industries (L1, Impala), Nova Chocolate, and those represented by CATALYZE ) can join online events, but feel they need better equipment (such as high-quality cameras) to be more professional.
- **For some, connectivity challenges mean they must limit video use, which is an important aspect of online meetings** as video adds a personal touch to virtual meetings.
- Connectivity is not seen as a significant barrier by any firm, though some note that it is a challenge when they travel to more rural locations.
- Six firms - Afri-Expo Textiles (L2, Impala), Zeri Leather/Jalad Africa (L2, Bushbuck,) Maleta Gems and Jewels (L3, Bushbuck), INVXT Agroinvestimentos (L2, Bushbuck), Leon Engelbrecht Design (L3, Bushbuck), Taneta Investments Ltd. (L2, Bushbuck) - expressed that they have sufficient digital literacy to join online events and acknowledge that everyone is learning in this new space and must adapt together. However, **TPSPs and buyers report that many exporters' digital skills are insufficient to participate fully and professionally in the online space** (e.g. ability to use virtual platforms, competence in and responsiveness to email communications, and proficiency with social media and online marketing.)

*If someone were to do an assessment of what a reasonable timeline is for a partnership, cross referencing the data and establishing baselines, this would likely help exporters better understand and prepare for export.*

VentureLift Africa, a Buyer and TPSP supporting small businesses in Southern Africa



# THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

## Exporters benefit from increased access to information online.

- Those exporters who attend online webinars (13 out of 16 interviewed) see them as useful because they would not have previously attended informational events in person. **They value having the ability and opportunity to learn at no cost to them and from their own office or home** - DLG Naturals (L3, Impala), Fynbos Fine Foods (L2, Gazelle), Bio Óleos de Miombo (L3, Bushbuck), and Donkey Milk Industries (L1, Impala).
- For instance, exporters reported that the webinars introducing them to certain buyers and platforms were useful (e.g. the ATP webinar and "eCommerce Made Simple: Exporting to the U.S. via Amazon.com" by Albert Scott). **Exporters also report that webinars explaining AGOA or outlining specific export requirements for their sector are very helpful** (e.g. the Cosmetics Association webinars on exporting to the U.S.).
- TPSPs (Ontdek and Andres Saldias) note that webinars are a useful way to inform exporters on what they need before export; however, they do not go far enough to ensure exporters are qualified for export.

## Firms and TPSP/buyers view the importance of reducing carbon footprint differently

- **Most firms are not concerned with the carbon footprint associated with travel to in-person events.**
- Exporters that wish to comment on the issue note that, for their business, the financial benefit of in-person events outweighs the environmental cost.
- Some TPSPs and buyers want to limit travel to reduce their carbon footprint. They also acknowledge the large amount of waste produced by in-person trade shows.

*The USAID TradeHub events are generally better than other webinars we have attended. The webinars overall have been very helpful – we are used to going to trade shows and seminars – the webinars have opened up more opportunities for learning while spending little money and travel expense.*

DLG Naturals, a cosmetics firm producing and exporting marula oil (Level 3, Impala)

# THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

## Some firms struggle with connectivity

- In general, exporters, TPSPs and buyers note that connectivity can be a challenge for some, particularly when video is required for a meeting or event. It is noted that international buyers – i.e. not Africa-based – do not always understand the connectivity challenges they have. Interviewees note that not being able to use video can impede the effectiveness of an online meeting.
- 6 of the 27 interviewees report that connectivity is a challenge for effective online collaboration, including electricity and internet - Malawi Maleta Gems (L3, Bushbuck), Namibia Taneta Investments (L2, Bushbuck), DLG Naturals (L3, Impala), and Eswatini Tintsaba Crafts (L2, Gazelle).

## For exporters, the cost savings associated with operating online are not worth the trade-offs.

- Most exporters (12 of 16) report cost savings from attending events online, but exporters **feel the expenditure to attend in-person events is worth the cost.**
- Many exporters (56%) interviewed foresee events continuing online, which will help them keep costs down while still allowing buyers to see/touch their products (Maleta Gems and Jewels L3. Bushbuck). **However, both exporters and buyers believe that meeting in *tailored* online B2B events is beneficial and can be efficient.**
- Overall, exporters feel that the success of virtual events and online networking is indicated by financial benefits/sales made. Since large online trade shows and online networking generally has not produced tangible results (i.e. sales made) the cost of travelling to trade shows is still seen as worth it.

*We have had a very positive experience with the USAID TradeHub – travel has been so difficult due to COVID-19 tests and the like, the virtual platform has really been useful and there is lots of room for growth there. We can see this being the norm as people get used to it.*

Leon Engelbrecht Design, a textiles and apparel exporter based in Namibia (Level 3, Bushbuck)



# LESSONS LEARNED AND BEST PRACTICES FROM ONLINE EVENTS

# LESSONS LEARNED AND BEST PRACTICES FROM ONLINE EVENTS

**The USAID TradeHub webinars add significant value to exporters and TPSPs.**

- **The informational webinars organized by USAID TradeHub are seen by exporters, TPSPs and some buyers to be one of USAID TradeHub's biggest value-adds.** Buyers PnP and Ontdek noted that the webinars are of very high quality and among the best they've attended.
- 25% of exporters interviewed tried to attend all the USAID TradeHub webinars, citing that they are useful for understanding what buyers want and demystifying export requirements, rules, and regulations. In addition to webinars like those on AGOA and industry-specific webinars on trade requirements (e.g. by the Cosmetics Association), exporters noted that the Amazon presentation by Albert Scott and the 5-Minutes-to-Town webinar were helpful introductions to specific platforms.
- 3 out of 16 exporters - Eswatini Kitchen (L1, Impala), Bio Óleos de Miombo (L3, Bushbuck), Maleta Gems and Jewels (L3, Bushbuck) shared that they would not have attended similar events in-person, so they value the ability to access information in a webinar format as it **minimizes their time commitments and expenses.**

*The webinars and speaking events by TradeHub are expanding access to knowledge, education, collaboration, and knowledge sharing – it's a bigger deal than what you see at face value. When a firm tries to engage with [Ontdek], they all are starting at different learning points of how to engage international markets – the digital information sharing and standardization TradeHub does goes a long way toward bridging this gap.*

Ontdek, a TPSP and Buyer based in the U.S.

# LESSONS LEARNED AND BEST PRACTICES FROM ONLINE EVENTS

The USAID TradeHub webinars add significant value to exporters and TPSPs (continued)

- Course content is generally deemed useful, but exporters report that **some webinars are too general**. For instance, exporters may have specific questions around export of their product to a certain country. **Some exporters and TPSPs would also appreciate having the opportunity to give feedback and to request future trainings on specific topics**. For exporters that feel the webinars do not offer information they need e.g. Condor Nuts (LI, Impala), this would provide them an opportunity to express what they would find useful.
- **Exporters feel that the event recordings are vital**, as they offer the flexibility to listen to the webinar when it suits them. However, **joining live is also deemed very important**, as it provides the opportunity to pose specific questions to the speaker. Indeed, some exporters would like webinars to be more interactive – one session was referenced where they were able to go off mute, which was felt to be more personal.
- Firms want **attendee and speaker lists** so that they can use the webinars as a networking opportunity. TPSPs would like to track attendance by the exporters they support.

# LESSONS LEARNED AND BEST PRACTICES FROM ONLINE EVENTS

Interviewees consider virtual trade expos to be largely ineffective.

- **There is consensus that the move from large, in-person events to online trade expos has not been successful.** Only five exporters report attending large online trade expos - Condor Nuts (L1, Impala), INVXT Agroinvestimentos (L2, Bushbuck), The Radiance Group (L2, Bushbuck), and Fynbos Fine Foods (L2, Gazelle) - with most noting that they were **trickier to navigate than the smaller B2B webinars**. Others note that they **have not had time to attend**, as such events often require firms to log on for several days at a time. Buyers Ontdek, VentureLift Africa and PnP note that they do not attend large online events.
- TPSPs (Catalyze, Andres Saldias) report that organizers of large online trade expos have not provided sufficient support to help attendees navigate the platforms and participate in the events fully. There is a sense that such events do not go beyond asking participants to log in, and then leaving them to network without guidance.
- **Attempts to promote networking during online events**, such as through breakout rooms, **proved challenging**. Exporters found it time-consuming and ineffective for making connections and sales. Attendance lists are usually not provided ahead of time, which makes it difficult for stakeholders to plan strategic meetings. In any case, **exporters report that they would not have the time to go through attendee lists** and do the necessary planning for online meetings. Buyers also confirm (e.g. PnP) that they are unlikely to respond to "cold" contact and prefer to garner relationships with exporters in-person (VentureLift Africa) or through targeted online meetings, such as the B2B meetings organized by SWIFT and Catalyze with the USAID TradeHub support (see quote below and the next slide).
- Catalyze noted that smaller shows of around 300 people have used breakout rooms to connect firms and they have supported them with the technology. This has been useful but Catalyze still foresees a hybrid model in the future.

*"We really liked the model for the [B2B] meeting, it was a win-win for all involved – very cost effective, high exposure, an excellent opportunity!"*

Bio Óleos de Miombo (Level 3, Bushbuck), a cosmetics and homeware exporter in Mozambique, commenting on a B2B meeting facilitated by SWIFT in September 2021

# LESSONS LEARNED AND BEST PRACTICES FROM ONLINE EVENTS

Virtual B2B meetings can be very effective and efficient when combined with digital skills-related support to exporters.

- **Targeted B2B meetings are considered the most valuable form of online interaction.** 25% of exporters agreed that smaller, tailored events – such as those organized by SWIFT and Catalyze– are more efficient and effective than in-person meetings and events.
- By matchmaking exporters and buyers, and supporting the exporters to prepare for the events, TPSPs have created a **professional and efficient setting** in which buyers can view the products of several exporters at once. **Buyers confirm that the efficiency of these events is appealing** as they can spend a short amount of time viewing concise pitches from exporters without travel.
- Smaller events also **allow exporters time to prepare, ensuring they have a professional online presence** in place, which buyers and TPSPs report is vital for the exporters' credibility and appeal. Smaller events also give them the time to ensure that their pitch is professional and matched to the buyer's needs, as well as to send samples if required. Buyers agree that professionalism is key (PnP), so pitches and online presence must be high quality.
- **The support that Catalyze, SWIFT, and Andres Saldias provide to exporters has helped prepare them for increased digitalization and is considered invaluable.** Practicing using online platforms, practicing pitches, selecting products to showcase, and developing an online presence (including social media, websites, and pitch videos) helped make these buyer events successful and professional.
- Albert Scott and Sevest's support to exporters to place their product on e-commerce platforms (Amazon and ATP) has also been beneficial, as they provide the **wrap-around support**, like advice on product descriptions and required documentation.
- **The USAID TradeHub's involvement in the preparation and matchmaking process was seen as important by all parties.** The USAID TradeHub involvement also helps build credibility, as exporters understand that the buyers are genuine, and buyers can trust that exporters have been hand-picked by the USAID TradeHub for relevance.
- Buyers are unlikely to respond to cold emails, and relationship building could take much more time without in-person interactions that foster relationships over time. TPSPs report a faster sales turnaround for exporters that attend targeted B2B meetings, compared to those attending larger (in-person or online) trade events.



# THE FUTURE OF TRADE EVENTS



# THE FUTURE OF TRADE EVENTS

All stakeholders foresee a hybrid of online and in-person interactions

- **The majority (60%) of buyers, TPSPs and exporters shared that, while in-person interaction is often superior, the digitalization of trade-related engagement is set to continue.** Exporters recognize that they need to adapt to the new normal – regardless of their opinion on doing so - which they foresee as a hybrid of in-person and virtual interactions.
- **Only 25% of exporters** - DLG Naturals (L3, Impala), Afri-Expo Textiles (L2, Impala), Condor Nuts (L1, Impala), the Radiance Group (L2, Bushbuck) **would prefer to go back to in-person engagement as soon as possible**, noting that this format is better than virtual alternatives for building relationships, particularly in terms of building trust. These exporters are particularly excited for the return of traditional ways of working, as they struggled to adapt to online. However, **most exporters also believe that online events and meetings can be helpful on some occasions.** For instance, after having initial meetings in-person to build relationships, follow-up, and make pitches could be completed virtually.
- All interviewees feel that large trade expos will return to in-person and have seen many be postponed to 2022 and later rather than take place online.
- **Online engagement is seen as a helpful complement to in-person trade shows**, particularly in the case of targeted B2B meetings, which are viewed as effective in making deals. All exporters and buyers foresee that they will continue to invest resources in attending in-person trade shows but may use online meetings to reduce travel.
- Exporters and TPSPs also feel that **informational webinars should continue**, as exporters would be unlikely to attend these sorts of sessions in-person.

*"Nothing beats physically touching the product and meeting a person to discuss business face to face. You can judge the person you are dealing with more accurately as opposed to someone hiding behind a computer screen – you can assess whether someone is serious about their dealings."*

Afri-Expo Textiles, a textiles and apparel exporter (Level 2, Impala)



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+ INVESTMENT  
**HUB**

ANALYSIS

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SUPPORT THAT  
FIRMS NEED TO  
ADAPT TO THE  
VIRTUAL WAY OF  
DOING BUSINESS

# SUPPORT THAT FIRMS NEED TO ADAPT TO THE VIRTUAL WAY OF DOING BUSINESS

## Capacity building in online presence and marketing

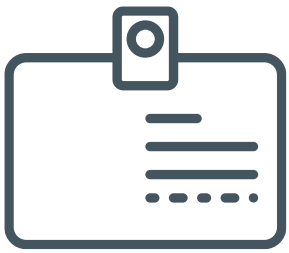
- Four firms expressed directly that having a **professional online presence as vital for the future of trade**. As B2B events by SWIFT and Catalyze have demonstrated, **a professional online presence is an important way for exporters to build trust with buyers and to network effectively in the new normal**.
- Exporters report that they need significant support in this area, including **capacity building in online marketing and social media management, and development of pitch videos**.
- 63% of exporters are concerned with their lack of capacity to spend time and resources on social media marketing and the development of their online presence. They note that they do not have the capacity to spend their own time on this, and do not have the finances to hire staff or consultants. Capacity requirements differ between sectors.
- **TPSPs report that providing this detailed support is time-consuming. Not all TPSPs feel they have the capacity and/or skills to commit to providing this support.** For instance, SWIFT and Catalyze (see case study on slides 26 and 33) provide support to the development of exporters' online presence, digital skills advice, and event rehearsal, but acknowledge it takes significant resources. Some TPSPs feel that they do not have the digital skills or capacity to support exporters in this way. Ontdek feels that exporters should be required to have a certain level of development before Ontdek is engaged to support them.

## IT equipment

- **Level I exporters do not have the necessary equipment** (e.g. laptops, webcams or video production equipment) needed to build a professional online presence, engage fully in buyer meetings and other online events, or (where necessary) to conduct virtual factory tours. (For a sector breakdown, see slides 28-32).

*It is "easy" for firms to work independently on expanding their online presence, it's "busy work." However, in the long-term, we need a more targeted investment and capacity building to develop professional photos and establish an online presence that is sustainable and aligned with long-term vision.*

Taneta Investments, a Namibian cosmetics exporter (Level 2, Bushbuck)



# Case Study: Catalyze, South Africa

## *Enabling virtual B2B linkages*

Catalyze is a South Africa-based trade promotion service provider (TPSP) that supports 500+ African companies annually to engage effectively at international, regional, and national trade events, and to develop their businesses into new fast-developing and strategic markets. Catalyze has previously led delegations of southern African exporters to trade shows around the world, but they have seen their support change due to increased digitalization since the onset of the COVID-19 pandemic. The USAID TradeHub has worked with Catalyze since April 2021.

### **The Catalyze Model**

The Catalyze model centers around targeted B2B programs, making linkages between exporters and buyers in virtual buyer mission events. Catalyze not only connects exporters to buyers, but works closely with companies' digital footprints, ensuring exporters have the online presence, presentation materials, and skills required to present to buyers.

### **Why this model works**

As noted on slide 22, exporters, buyers, and TPSPs report that the tailored support that “surrounds” digital events and B2B meetings is vital in helping exporters keep up with the increasing digitalization of trade. Exporters practice using the online platform and work with Catalyze to refine and tailor their pitches to buyers' needs, and Catalyze helps exporters develop their online presence (such as pitch videos, social media pages and websites). Due to this support, buyers can see a professional online profile of the exporters and benefit from professional pitches by relevant companies, without the need for buyers to travel. This combination of making the connection through a trusted intermediary and ensuring exporters have a professional and comprehensive online presence and pitch, saves buyers time and facilitates trust building before the meeting takes place.

### **Successes and Challenges in Digital Engagement**

On September 28-29, 2021, the USAID TradeHub in partnership with 14 embassies of the Southern African Development Community (SADC) hosted the SADC Market Place, a webinar and virtual buyer mission with over 300 attendees. The event brought together U.S. buyers, such as Allied International, Black Cat Global, VentureLift Africa, Bedemco, Ontdek, and Something South African, and exporters to engage in meetings. Catalyze adapted the existing Pine platform for the event, building in multi-lingual translation platforms and interpretation. Adapting the platform to meet the needs of the diverse audience and supporting exporters and buyers to navigate the platform is a vital aspect of Catalyze support: indeed, interviewees reported that online trade events are often ineffective, as platforms are complex and organizers leave participants to navigate independently, without the support needed. Taneta Investments (Namibia) and Maleta Gems (Malawi) noted that the SADC Market Place was very useful for making connections with buyers, with Maleta Gems sending samples to a potential buyer as a result of the event. However, some firms still struggle with capacity to attend online events: 260 Brands Ltd noted that the SADC Market Place platform was more difficult to navigate than the webinars they had previously attended, but the test run prior to the event was vital as they do not feel digitally savvy. They did feel that they missed some opportunities on the platform as they did not understand the Booths. Indeed, Catalyze note that some firms do require significant support which they do not always have the capacity to provide. Overall, the SADC Marketplace received positive feedback, and indeed one success of the gathering was a deal made between Bedemco and INVXT Agroinvestimentos Mozambique for sesame seeds.



## SECTOR BY SECTOR ANALYSIS

- Textiles and Apparel
- Cosmetics
- Specialty Foods
- Agricultural Products
- Crafts

- Four firms were interviewed, including 3 exporters - Afri-Expo Textiles (Level 2, Impala), Leon Engelbrecht Designs (Level 3, Bushbuck) and Jalad Afriza/Zeri Leather (Level 2, Bushbuck) – and one TPSP, Andres Saldias.
- Firms in this sector believe that while **virtual events** are good for networking during the COVID-19 pandemic, they **are not a substitute for in-person interaction**.
- Internet infrastructure in the region remains poor, and **individuals cannot use their video without compromising their connection**.
- When they cannot see an individual while engaging in virtual business, exporters are less likely to trust that individual and, more specifically, cannot assess their “seriousness.” **During virtual meetings, exporters cannot judge whether people are serious about a trade deal, or tell which products spark their interest the most.**
- In-person engagement is especially important for **conducting site visits and ensuring compliance**, e.g. with human rights and safety standards.
- Exporters in this sector need assistance and skills building around taking **professional photos and high-quality videos** that showcase their products and factories.
- Exporters in this sector **greatly appreciated and benefited from events on specialized topics** such as preparing for export, and SWIFT webinars focused on lean production and finance.
- Exporters additionally suggested that **an information sharing platform should be created so that buyers, exporters, and TPSPs can interact with buyers and understand the customer requirements** to better develop internal marketing strategies.

*"In the [textiles and apparel] industry before COVID, it was important to meet face-to-face and conduct business in-person – it showed interest and professionalism to have international suppliers attending meetings in New York, for example. There's nothing like this anymore – whereas they used to not do business unless they met you, the threshold for trust has shifted and now you have to be ok with virtual introductions" Andres Saldias, TPSP, USA*

- *Four firms were interviewed, all exporters. DLG Naturals (Level 3, Impala), Taneta Investments (Level 2, Bushbuck), Donkey Milk Industries (Level 1, Impala), and Bio Oleos de Miombo (Level 3, Bushbuck).*
- Exporters note that there are opportunities to be had online, but only if you can be **responsive to connections and engage with professionalism online**. However, all exporters agree that making connections and finalizing a deal is **much easier in-person**.
- As in other sectors, **exporters find that assessing “seriousness” online** is a challenge, and exporters lament that they often have buyers **requesting samples to try them for free**, with no real interest in conducting business.
- Having a platform or general information on who is present prior to the event would help firms follow up and build connections with participants.
- Two exporters in this sector expressed that they not only need to know who is present beforehand, but **they would also like additional guidance on how to take full advantage of the virtual trade expos**, particularly in terms of making connections at webinars and online networking events and maintaining connections post-event.
- Exporters view virtual events as helpful, though often too generalized. One exporter suggested trainings or tailored information on cosmetic product labeling, highlighting a need for **more specialized trainings**, .
- Regarding additional assistance the USAID TradeHub could provide, the exporters in the cosmetics industry need **skill-building around professional marketing and taking higher quality photos**.

*"Virtual is impersonal – it's not the same as face-to-face and it's difficult to network. Without virtual though we would have lost even more – there's more opportunity with virtual events, more discussion to be had and more topics/expertise represented" DLG Naturals, Botswana*



- Seven firms were interviewed, including 5 exporters – Matharia Empreedimentos (Level 2, Bushbuck), Fynbos Fine Foods (Level 2, Bushbuck), Eswatini Kitchen (Level 1, Impala), and Condor Nuts (Level 1, Impala), and 2 buyers, PnP and Nova Chocolate.
- Interviewees representing the specialty foods sector agreed that they prefer **in-person engagement to virtual engagement**.
- Exporters in this sector had trouble combatting fraud in a virtual environment, as buyers need to **taste or see the product, but exporters fear fraudulent requests for samples**. Some report that they have sent samples only to learn the person was not a buyer.
- The exporters **actively attended virtual trade expos and webinars** during the COVID-19 pandemic, including numerous TradeHub webinars, and larger events such as the African Agri Council exhibition and the Organic International Expo.
- Given the impact of the pandemic on regional economies, the exporters concluded that **rather than focus their time and energy on closing deals**, they would rather **focus on networking and building relationships** so that when economic prospects improve, they are well positioned to expand their business.
- Virtual events would be more effective if an **attendance list and contact information or summaries** were shared **prior to the event** so that the firms could maintain connections.
- Though actively engaged, many of the exporters representing specialty foods reported that they are **not digitally literate** and need skill-building around website development, digital marketing, and social media management.

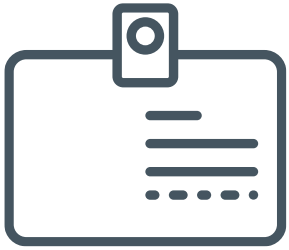
*"Networking is much better in person, maybe because there is no face-to-face interaction. We feel that many people miss our products as they cannot touch them. It takes time to do searching and we are not sure if people know how to look for us – there must be a better way to reach people online but for now networking is still the most important bit."* Matharia Empreedimentos, Mozambique.

- *Two exporters firms were interviewed - INVXT Agroinvestments (Level 2, Bushbuck) and The Radiance Group (Level 2, Impala).*
- The experience of digital interventions and business during the pandemic was not significantly different for agricultural product exporters than that of firms in the specialty foods sector.
- Exporters emphasized the importance of face-to-face engagement for building trust on both sides: one exporter referenced the possibility to use photoshop or show fake products online, so in-person is important to show you are genuine and have a quality product.
- Both exporters interviewed have been actively engaged with the USAID TradeHub events and attended virtual trade shows.
- Both exporters note that **engaging in-person is more expensive due to travel costs**, but that the cost is worth it as they have not seen financial benefit from networking online. Both report they have not made sales through online engagement.

*"We must 'be like water' and maintain flexibility – we will prioritize in-person events, but will do everything in our power to remain engaged in an online medium" INVXT Agroinvestimentos, Mozambique*

- *Two exporters were interviewed, and 1 TPSP reported on the crafts sector . Tintsaba Crafts (Level 2, Gazelle) and Maleta Gems and Jewels (Level 3, Bushbuck).*
- Both exporters interviewed are well-established exporters, which report that **during the pandemic, they relied on their history and relationships with previous buyers to support their business.**
- Both exporters report that **in-person is still preferable**, due to the need to physically examine their products and understand the story behind the crafts. However, they feel their involvement with the USAID TradeHub and networks with existing clients has allowed them to be credible online in the past 18 months.
- Both exporters have been supported by SWIFT and have attended numerous webinars and B2B meetings in collaboration with the USAID TradeHub.
- Both exporters report that **they are not digitally literate and are ill-equipped to successfully engage with their clientele online.** One also noted that they require better **audiovisual equipment** to be able to create high-quality product videos and photos. This expressed need for greater digital skills and capacity to market their product on social media aligns with the needs expressed by firms in the textile and apparel, cosmetics, and specialty foods sectors

*"Physical meetings are important for touching and feeling the items and seeing it being made is also a valuable experience, but we will have to go into virtual selling and marketing. We have a mental block on social media. We have a gap in knowledge and not enough time to invest in it due to low staff numbers." Tintsaba Crafts, Eswatini*



# Case Study: Swaziland Fair Trade (SWIFT), Eswatini

## *Digitalization in the crafts sector*

Swaziland Fair Trade (SWIFT) is a member-based organization principally supporting the arts and crafts sector with training and capacity building to increase their trade prospects. SWIFT works with a host of regional exporters, also supported by the USAID TradeHub, to list in SWIFT's LookBook which are digital tools that the TPSP uses to attract buyers internationally.

### **The SWIFT Model**

SWIFT's model represents a new way of profiling exporters in the craft and arts sectors while creating buyer-seller linkages. SWIFT takes a modular approach to improving exporters' prospects – they provide capacity building on how to speak to buyers, how to tell the story of their product and run social media accounts, and how to select which products to showcase to buyers. SWIFT works with exporters to develop profiles for an online LookBook for the crafts and arts sector, which helps exporters showcase their products and share their story with international audiences.

### **Why this model works**

The LookBook is an important tool for the arts and crafts industry due to an increasing trend towards handmade products and buyers wishing to know the origin of and story behind the product they are buying. SWIFT provides exporters with valuable support to share their products online in visually appealing ways, select which products to showcase to buys, and to tell their “story”. Indeed, Lesotho-based Jalad Africa noted that they were very surprised to hear that buyers would be interested in their company’s story, and had overlooked sharing this in the past. They felt very prepared to present to buyers after 1-1 coaching with SWIFT. In addition, SWIFT supports exporters to prepare for online events, in terms of presentation but also in conducting a dry run to ensure that exporters are familiar with the platform. This is vital in the arts and crafts sector due to the often-lower digital skills of exporters.

### **Successes and Challenges**

On 27th September 2021, SWIFT held a virtual trade show with a group of 6 buyers and 12 exporters. Exporters presented for five minutes in front of both buyers and the other exporters, which allowed the exporters to learn from one another as well as to make connections with buyers. Exporters such as Tintsaba Crafts and Jalad Africa/Zeri Leather had excellent feedback on the sessions and the vital preparatory work SWIFT provided. Mozambican firm Bio Oleos de Miombo noted that they really appreciated the model of the event as it was cost effective and allowed exposure of their brand to numerous buyers. They were successful in garnering the interest of a buyer, but conversation stalled when they were unsure how their goods apply in the FDA Framework. They felt they did not get all the support they needed ahead of the meeting. Presenting exporters Maleta Gems and Jewels and Zoya Handbags made a deal with one another as a result of the session.

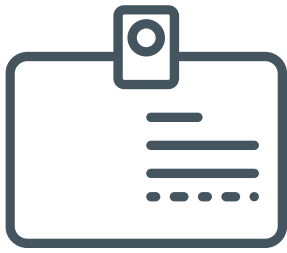


# FACILITATION OF TRUST IN THE ONLINE SPACE

# FACILITATION OF TRUST IN THE ONLINE SPACE

- One of the main barriers to conducting business online for both buyers and exporters is the difficulty in relationship-building, particularly in terms of assessing the credibility of the potential business partner and building trust.
- **By virtue of being involved in the interaction, the USAID TradeHub helps increase trust in the interaction.** Exporters and buyers report that having USAID's name linked to the event or engagement confirms that they are being connected to **genuine and credible potential partners**. For instance, participants in the TPSP-led events (such as the SWIFT and Catalyze B2B sessions) are viewed as vetted by USAID and therefore credible. Similarly, connections made by TPSPs (e.g. Andres Saldias) and on platforms (e.g. The African Trade Platform, created by Sebvest) linked to the USAID TradeHub are also considered to be credible due to the USAID association and reputation of these firms and consultants.
- With or without these intermediaries, trust building **takes longer online**. TPSPs and buyers confirm that relationship building in the online space takes consistent communication and more effort than in person. TPSPs need more time to facilitate engagement between buyers and exporters in a digital setting. Given USAID involvement helps build trust by lending credibility, it may be that USAID TradeHub backing could shorten trust-building processes.
- To build these relationships virtually, there are a few factors that are reported to enhance trust:
  - **Polished online presence:** this helps exporters garner trust with potential buyers by appearing more professional and credible. For instance, a social media presence, video product presentations, and video factory tours can help buyers have a picture of that exporter and their products.
  - **Professionalism online:** buyers and TPSPs confirm the importance of exporters being responsive to emails and other inquiries, preparing professional presentations, and appearing to have done their research ahead of meetings. Buyer feedback from the SWIFT and Catalyze B2B meetings show how impressed they were with the professionalism of exporters in their presentations. Albert Scott note the importance of ensuring simple things, such as proper spelling in product descriptions on e-commerce platforms and product labels.
  - **More data and increased transparency can increase trust:** the more information an exporter can provide to buyers the better. This is related to both points above: exporters should provide potential buyers with as much detail as they are able and be in regular communication throughout the business cycle to ensure buyers are kept up to date. The African Trade Platform, for instance (see case study on slide 36) seeks to plug this gap.

On slides 39-43 we consider these factors and make recommendations on how to enhance trust between Southern African and U.S. buyers as the USAID TradeHub facilitates market linkages.



# Case Study: Sevest African Trade Platform

## *Trust through information*

Sevest Capital Partners and the USAID TradeHub have partnered to establish the African Trade Platform (ATP), an innovative digital marketplace that utilizes state-of-the-art algorithms to match trade players within a transaction, enabling efficiency in the trade process.

### **Motivating firms to participate in digital trading**

The African Trade Platform provides a digital marketplace where buyers and sellers can network conveniently and trade efficiently, with the benefit of reduced transaction costs and overcoming Africa's often challenging infrastructure. As well as the platform itself, Sevest also provide guidance and advice to exporters on, for instance, what forms or approvals they need to export to a certain country, ensuring professionalism and efficiency in transactions. This model helps exporters achieve market readiness while ensuring that due diligence is conducted and minimizing the potential for fraud – a fear reported by many firms. Exporters are motivated to sign up to the platform as they received this valuable, personalized support and the many benefits of trading digitally, such as efficiency and reduced costs. Continued use is motivated through a) the ease of the platform – e.g. sellers are notified when a buyer signs up that is looking for their product and b) the Rewards Program, which encourages firms to keep logging transactions.

### **A Platform Designed to Build Trust**

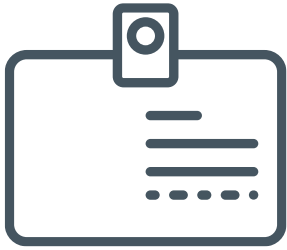
The platform addresses numerous trust-building challenges associated with trading online, as outlined in the previous slide, by acting as a middleman between buyers and sellers. Firms consulted for this research, particularly in the specialty food and agricultural product sectors, raise fears of fake online buyer profiles and the time and money they may waste engaging with or sending samples to fraudulent buyers. Buyers similarly expressed that it is essential to see and test the products in order to verify their quality. ATP seeks to provide a space for stakeholders to connect in a safe and professional forum, verified by USAID and Sevest as credible institutions, provided with the data they require to build trust in one another as genuine traders, and guarantee that the products are of high quality. Vitally, the platform includes both trust and verification systems, allowing stakeholders to trade with entities new to them without the need to engage in a time-consuming relationship building process.

- Trust: Being associated with USAID and by virtue of being accepted onto the ATP platform, stakeholders are confirmed to be legitimate.
- Verification: When an exporter registers, they must upload company documentation which the Sevest team verifies, then Sevest verifies the exporter's product (physical visit) and conducts a specification review before buyer purchase. Payments are also verified through an Escrow account.

### **Looking Forward: The Rewards Program**

In 2021, ATP launched the Rewards Program, encouraging firms to complete registration, upload company documents and continue to trade on the platform by offering rewards. As a firm gathers more Rewards, they gain benefits such as free coaching sessions by an ATP members or a boost of their product on the marketplace for one month. Firms also see direct benefits from high numbers of Rewards, such as an increase in enquiries or appearing higher in search results. Buyers understand that firms with a high rating have accurate product specifications, have timely delivery, and have had more successful transactions. The Rewards Program therefore serves a dual purpose of incentivizing firms to provide verifiable and accurate company and product information, whilst assuring buyers that the firm they are trading with is reliable and has a good track record.

By addressing the key barrier to online trade – trust – through data provision and backed up by peer review, Sevest has created a platform that facilitates trust between buyers, exporters and other stakeholders.



# Case Study: Albert Scott

## *Providing e-commerce platform support*

Albert Scott, LLC is an e-commerce management consulting firm representing many of the world's leading brands on Amazon.com. Through its highly developed infrastructure, Albert Scott is working with the USAID TradeHub to provide listing, marketing, and retail services for exporters based in Southern Africa. Albert Scott started by piloting 5 exporters and is now supporting nearly 50 Southern African brands to get their product on Amazon.com.

### **The Albert Scott Model**

Albert Scott works with Southern African exporters to create product presentations within the Amazon catalog. They support exporters to select the product(s) they want to display, the price point, and their logistics plan. They develop the product page, with graphic optimization, product descriptions and professional product photography. Finally, Albert Scott report on sales numbers, sales traffic, and buyer profiles to help exporters understand how to increase sales.

### **Why this model works**

The benefit of trading on Amazon.com is that it removes the need for large marketing budgets and does not require significant digital skills of exporters, as online presence and a comprehensive marketing strategy are not as important as the search terms and product descriptions associated with the product(s) on Amazon.com. In addition, Albert Scott was able to develop a financial model for brands that takes into consideration the retail prices, estimated product listing fees, estimated shipping fees, annual marketing spends and net income for each product which enables the brands to determine the estimated profits or loss before any sales occur. The pricing of products plays a key role in terms of its sale advantages, so my providing this support Albert Scott helped firms to attract buyers on a crowded e-commerce platform. Albert Scott also provided expertise with regards to packaging, both in terms of requirements (e.g. FDA requirements) and in visual appeal. The Albert Scott team designs graphics for each brand, and provides the written content for Amazon.com to ensure it includes the text common in Amazon searches to optimize sales. Their valuable insights help firms to ensure the product page is professional, attractive, and brings high numbers of traffic.

### **Successes and Challenges**

The Albert Scott model has proven highly effective to date, successfully placing products of numerous exporters on Amazon.com, including products from speciality foods producers Eswatini Kitchen and 260 Brands Ltd. These exporters note that they are not confident in their own digital skills, yet e-commerce has allowed them to enter new markets. In January 2021, Eswatini Kitchen placed their chilli-based sauces on Amazon.com, marking the first time they had traded to the USA. The exporters supported by Albert Scott to place their products on Amazon.com been successful, such as Donkey Milk which is receiving good reviews of their cosmetics products on the platform and has send two shipments to the USA. Albert Scott worked with the USAID TradeHub to provide support to Zambian exporter 260 Brands Ltd. – manufacturers of organic soya pieces - to list their "Golden Goddess" product on Amazon.com. Through effective keyword and search optimization, the product was number one in its subcategory after 45 days of the listing going live. Listing on Amazon.com has improved some brands export competitiveness, by encouraging brand redesign (whether due to FDA compliance or appeal to buyers) and providing them with experience on exporting including a better understanding of regulation, logistics, shipping costs).



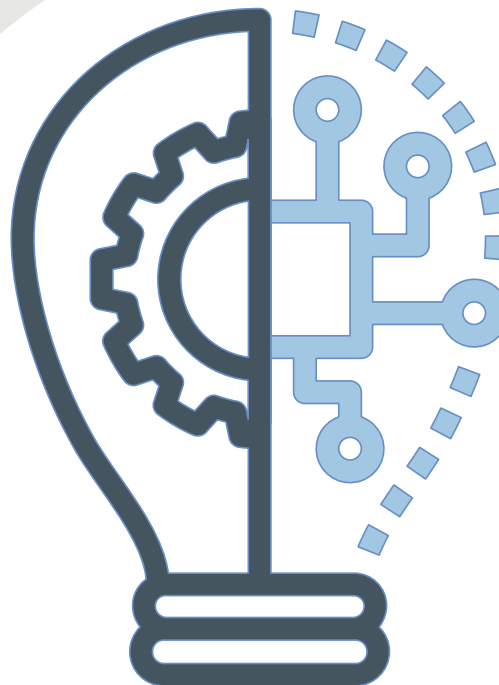


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## RECOMMENDATIONS

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# RECOMMENDATION 1: Provide trends analysis around digitalization of trade

TPSPs and exporters reported a need for a better understanding of sector-specific market trends resulting from increased digitalization. An increased understanding of market trends could encourage exporters with low levels of digital skills (e.g. Level 1 and 2 firms, as defined on slide 10) to adapt to increasing digitalization and to invest time in the development of their online presence. The research team recommends that the USAID TradeHub:

- Work with external market analysis firms or independent consultants to **conduct a trend analysis** of digitalization in different sectors.
- Conduct webinars to **share this information widely** with firms.
- Support TPSPs with **dissemination plans** of trends analysis to ensure that the results of analysis are widely available to exporters they support, as well as providing TPSPs with guidance on specific interventions that can help exporters align themselves with these trends.

## RECOMMENDATION 2: Develop a lifecycle for virtual B2B engagement

The research team identified frustration among exporters at the amount of time it takes to foster effective relationships online. TPSPs are similarly frustrated that exporters and the USAID TradeHub do not understand that the lifecycle of a virtual business deal can be longer, given the challenges of building relationships online. By developing a clear lifecycle that takes exporters and TPSPs through the typical stages of virtual business deals and their expected timelines, the USAID TradeHub could ensure that all stakeholders are on the same page when estimating time taken to make these connections. It can also help the USAID TradeHub understand whether the involvement of the USAID brand expedites the process due to added credibility (see prior slide on trust). The research team recommends that the USAID TradeHub:

- Conduct an **analysis of time taken** to make a deal in the online space.
- Provide a breakdown of the stages of this lifecycle.
- **Publicize this** as one of the USAID TradeHub's knowledge products.

## RECOMMENDATION 3: Work with TPSPs to improve exporters' digital skills and readiness

TPSPs have expressed frustration with the low digital skills of exporters that they work with, citing their own lack of skills or capacity to provide this support to exporters. In the short-term, in collaboration with TPSPs, the USAID TradeHub could co-create tools for a) digital skills and readiness assessments and b) curricula for remedial digital skills training. In the medium-term, the USAID TradeHub could provide training of trainers (ToT) to TPSPs and work with them to develop packages of support, to allow them to implement this training to exporters after the life of the USAID TradeHub program. The research team recommends that the USAID TradeHub:

- **With TPSPs, co-create a digital skills and readiness assessment** to determine where firms are in the four stages of digitalization (outlined on slide 10).
- **With TPSPs, co-create a comprehensive digital skills curricula** for firms that includes topics such as:
  - Basic online communications skills
  - Online brand development and social media marketing
  - Website development
  - Digitalization trends (as in recommendation one)
- **Provide training of trainers** to TPSPs to help them implement remedial digital skills training to firms.
- **Work with TPSPs to package this support** into a series of products and services that TPSPs can sell to exporters in the future.

## RECOMMENDATION 4: Create opportunities for blended online and in-person engagement

There is clearly an appetite for the continuation of both in-person and virtual interaction between exporters, buyers, and TPSPs. This is true across sectors, with the exception of agricultural products, where there is less interest in online interaction. Interviewees from across all three groups noted several interesting examples of blended models for engagement, but these models do not appear to be widely used in international trade facilitation, and the USAID TradeHub has not invested in them to date.

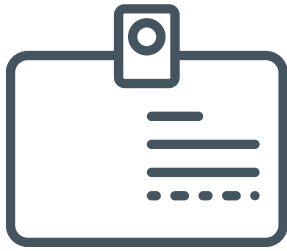
The USAID TradeHub can support TPSPs to create innovative ways to continue operating in a blend of online and offline and pilot these methods. Such a model would help all stakeholders, including the USAID TradeHub, reduce their carbon footprint. For instance, firms are reluctant to invest in sending samples as they fear buyers may not follow up on the intent to purchase; buyers, in turn, must see samples to trust firms. By acting as an intermediary in this transaction, such as through tasting events or sample rooms, TPSPs/the USAID TradeHub can foster trust. Some sector specific examples include:

- **Sending samples ahead of meetings** to buyers (all sectors)
- Hosting **tasting events** (specialty foods)
- Setting up **physical sample rooms** (e.g for textiles and crafts) in a central location **with follow-up pitches** for interested buyers.

# RECOMMENDATION 5: Support the provision of valuable trade-related information to exporters via webinars

Most interviewees agree that one of the biggest value-adds from the USAID TradeHub is the provision of accessible and practical information to exporters via the project's webinars. For TPSPs, these webinars are particularly important, since they prepare exporters for TPSP support, creating a baseline of knowledge among exporters and easing the burden on the level of information that TPSPs must provide. The research team recommends that the USAID TradeHub continue to provide webinars, while identifying and capacitating one or more entities to take over.

- In the short-term, incorporate specific improvements requested by firms, as follows:
  - **Provide feedback mechanisms such as online surveys** for firms to inform the webinar provider about gaps in their knowledge, so future webinars can be tailored to firms' needs.
  - **Keep webinar chat function open and share webinar attendee lists** (with permission), so firms can use webinars to network and TPSPs can track attendance.
  - **Provide opportunities for exporters with niche questions to speak to specialists**, such as through targeted Q&A webinars or consultant "office hours".
  - Continue to **record webinars** and consider a communication plan to ensure increased awareness of webinars and dissemination of recordings after webinars.
- In the medium- to long-term, **identify a local, trusted partner** who could continue providing webinars after the program ends. This partner may be a local private firm or donor-funded program but must be perceived as an honest broker in the trade space. USAID TradeHub might:
  - Develop **webinar best practice documents for handover**, outlining best practice and lessons learned, information on digital engagement best practice, lists of topics covered, and communications plans.
  - **Provide capacity building** (including above documents) to TPSPs to improve their ability to run high-quality webinars, focused on niche topics that are of specific interest to their members.



# Case Study: Andres Saldias, USA

## *Firm digitalization and sector trends*

Andres Saldias is a global apparel advisor and trade linkage consultant who has been providing advice to factories on how to reach new markets. Andres has worked with the USAID TradeHub in Southern Africa providing an advisory service to exporters since 2019.

### **The Andres Saldias Model**

Andres Saldias has significant connections in the apparel and textiles sector and can thus match factories that have been identified by the USAID TradeHub as being export-ready with potential buyers. In addition to making these connections, Andres Saldias provides factories with a valuable analysis of sector trends and advice on how to reach new markets, including constraints, opportunities and improvements needed for the exporters to keep up with trends in the sector. The USAID TradeHub Country teams provide support to exporters based on marketing and buyer information requirements provided by Andres.

### **Why this model works**

Since the onset of COVID-19, the way in which exporters and buyers engage has changed. By sharing sector trends and information on digitalization, Andres works with exporters to help them understand how to keep up with changes to trade in the sector as a result of the COVID-19 pandemic and increasing digitalization of trade. Andres motivates change in operations within the factories, such as a more professional online presence and improved online communications (as opposed to reliance on telephone), changes which exporters are often reluctant to make unless they can see the benefit and/or evidence. Indeed, email communication following introductions by Andres Saldias, between buyers and exporters has worked well during COVID-19 restrictions.

Vital factory visits have been unable to take place since 2020. An expert in compliance, Andres Saldias works with factories to produce video factory tours that can be shared with interested buyers, ensuring that all aspects of buyer audits (including human rights and safety standards) are covered before engagement with buyers.

### **Successes and Challenges**

Andres Saldias provides support to textiles and apparel exporters in a region where there is capacity to supply to the US market. In Lesotho, for example, there is significant interest from Kontoor Brans and Gill Apparel, with negotiations ongoing with Liberation Clothing. However, suppliers were often not operating successfully online, with slow responses to email enquiries, had low quality or were lacking video factory tours, had low quality marketing materials and pictures, and in many cases did not have a working website or social media pages.

Often, the support Andres provides is asking for a significant overhaul in how a firm does their marketing and/or operates, so they meet the high standards of potential buyers. They may need to create websites and digital presentations, start using email, and produce high-quality video factory tours. Firms may be reluctant – particularly at middle management level – to adapt to new ways of working, therefore persuasion in the form of market trend information is essential. For instance, many firms were slow in responding to requests for information and email enquiries from buyers and needed support to understand that this is not acceptable in a time where most communication takes place online. Andres works directly with exporters to produce high quality video for factory tours and high-quality marketing materials, working directly with a videographer to create factory tour videos and digital pitches, as firms often do not have the capacity or skills.

Suppliers such as Far East textiles in Eswatini and Liberation Clothing in Lesotho were able to carry out high quality factory tours with support by Andres Saldias, while other suppliers such as Spilla Clothing and Long River Garments in Lesotho struggled to carry out high quality tours. These tour videos have also provided marketing material to firms for use even beyond this linkage.



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## CONCLUDING REMARKS

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# CONCLUDING REMARKS

- Whilst some exporters do not feel prepared for operating in an increasingly digital space, all stakeholders agree that in the future, trade-related engagement will be a hybrid of online and in-person interaction.
- The USAID TradeHub is already viewed positively, particularly in terms of value-add in adding legitimacy to virtual engagements and providing exporters with information.
- The USAID TradeHub can continue to support the trade ecosystem in a carbon-efficient way by conducting webinars, supporting virtual B2B events and stakeholder participation in digital platforms, and preparing TPSPs to provide digital skills training to exporters.
- By keeping TPSPs engaged and providing training to TPSPs in how to support exporters to operate in the online space, The USAID TradeHub can ensure sustainability of these efforts after the life of the program.
- Next steps for this assignment will be a) Presentation of findings at co-creation event with project stakeholders and b) Presentation of findings at thought leadership event for public audience. These are to be confirmed in collaboration with the USAID TradeHub team.

# Annex A – Interview Questions

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1. Please provide some background on your firm.
2. Have you attended any online/virtual trade-related events since March 2020?
  - What kind of events have you attended?
  - What has worked/what hasn't worked?
  - If you have not attended any online events, what has prevented you from doing so?
3. To what extent did your firm engage in online/virtual trade-related activities before March 2020?
4. Do you feel your firm/organization can conduct your role effectively through online/virtual events? What are your firm's main challenges in making this transition to working digitally? What are the main opportunities/benefits?
5. Have you noticed financial benefit in attending online events, compared to in-person events? If yes, what kinds of costs have you managed to reduce the most?
6. Do you consider your participation in online/virtual events to have reduced your firm's carbon footprint or any potential negative environmental impact? If yes, what kinds of environmental impacts have you reduced?
7. Has participation in online events allowed you to expand your organization's reach? Please provide examples.
8. Which events do you feel must be in person, or benefit most from in-person interaction? Why?
9. Do you feel online/virtual events allow your firm to build trust with potential trade partners/ your members?
10. What do you see as the "new normal" for engagement between TPSPs and suppliers/buyers?
  - Who do you think the main actors will be in this "new normal"?
  - How do you think this new normal could benefit/inhibit trade in the region as a whole?
11. Has your firm received any support from the USAID TradeHub to engage digitally?
12. What kind of support does your firm need in order to take advantage of digital engagement going forward?
13. Is there anything else you would like to add that we have not covered regarding digital trade promotion activities?



# Annex B – Interview Questions

## Tailored to TPSPs

1. Please provide some background on your firm.
2. What has been your involvement with the USAID TradeHub/ What support have you provided firms? Any success stories?
3. How would you describe the model of support you provide firms to engage digitally?
4. Are you seeing any trends in what support firms need?
5. What do you see as the “new normal” for engagement between TPSPs and suppliers/buyers?
  1. Who do you think the main actors will be in this “new normal”?
  2. How do you think this new normal could benefit/inhibit trade in the region as a whole?
6. Is there any support that you need to be able to effectively support firms in the digital space?
7. Is there anything else you would like to add that we have not covered regarding digital trade promotion activities?



# Annex C – Firms by digitalization level and export readiness

Firm	Sector	Country	Digitalization level	Export Readiness
260 Brands Ltd	Speciality Foods	Zambia	3	Impala
Matharia Empreendimentos	Speciality Foods	Mozambique	2	Bushbuck
Fynbos Fine Foods	Speciality Foods	South Africa	2	Gazelle
Eswatini Kitchen	Speciality Foods	Eswatini	1	Impala
Condor Nuts	Speciality Foods	Mozambique	1	Impala
Afri-Expo Textiles	Textiles and Apparel	Lesotho	2	Impala
Leon Engebrecht Design	Textiles and Apparel	Namibia	3	Bushbuck
Jalad Africa/Zeri Leather	Textiles and Apparel	Lesotho	2	Bushbuck
DLG Naturals	Cosmetics	Botswana	3	Impala
Taneta Investments Ltd.	Cosmetics	Namibia	2	Bushbuck
Donkey Milk Industries	Cosmetics	Botswana	1	Impala
Bio Óleos de Miombo	Cosmetics	Mozambique	3	Bushbuck
Tintsaba Crafts	Crafts	Eswatini	2	Gazelle
Maleta Gems and Jewels	Crafts	Malawi	3	Bushbuck
INVXT Agroinvestimentos	Agricultural Products	Mozambique	2	Bushbuck
The Radiance Group	Agricultural Products	Mozambique	2	Bushbuck



# Research Team

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