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**HUB**



# DIGITAL IMPACT STUDY

## EXECUTIVE SUMMARY

DECEMBER 2021



## INTRODUCTION

Between September and November 2021, consultants from DAI's Center for Digital Acceleration supported the USAID Southern Africa Trade and Investment Hub (USAID TradeHub) 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 for the project's activities post-COVID-19. This research team conducted 27 key informant interviews with Trade Promotion Service Providers (TPSPs), exporters, and buyers who have been engaged with the USAID TradeHub program. The full research findings and recommendations can be found in the PowerPoint report.

## INTERVIEW FINDINGS

### THE BENEFITS AND CHALLENGES TO TRADING IN THE DIGITAL SPACE

Exporters agree that networking and relationship-building online is challenging, preferring in-person interaction, which allows them to better assess the “seriousness” and genuineness of potential business partners. This also follows for buyers, who are unable to effectively assess product quality and conduct essential business—such as factory tours—online. However, buyers and TPSPs consider virtual events to be, in some cases, more efficient. Two buyers expressed a preference for virtual events, noting that they can save time by meeting several exporters at once without the need to travel. All parties agree, however, that relationship-building virtually can take significantly more time than doing so in-person, due to difficulties in building trust online.

Exporters report varying levels of digital literacy, but they do not believe that their digital skill level is a challenge to operating online. However, TPSPs report that exporters need support to reach the adequate levels of professionalism in their online interactions.

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, noting that they would not have attended informational events online pre-COVID-19. Some exporters recognize that operating online has afforded them some financial benefits, though a majority of exporters consider that the cost-saving of operating online is not worth the trade-offs. Similarly, exporters are not concerned with their carbon footprint, with some noting that the financial benefit of attending events in-person outweighs the potential environmental cost. TPSPs and buyers are more concerned with their carbon footprint and are looking to reduce their environmental impact.

In general, exporters, TPSPs and buyers note that connectivity can be a challenge for some firms operating in Southern Africa, particularly when video is required for a meeting or event. However, only six exporters report connectivity to be a barrier to online collaboration.

### LESSONS LEARNED AND BEST PRACTICES 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. Many exporters try to attend all the USAID TradeHub webinars, reporting that they are extremely useful for understanding what buyers want and demystifying export requirements, rules, and regulations. However, some exporters do not have the time to attend. Specific feedback included a request for networking opportunities during the events, such as through discussions and sharing of speaker and attendee lists. They generally thought the content of the webinars was useful, but some exporters reported that the webinars overall are too general. For instance, exporters may have specific questions around export of their product to a certain country. Exporters would like the opportunity to request webinar topics, engage with speakers one-on-one for Q&A, and to give feedback on the sessions.

There is consensus that the move from large, in-person events to online trade expos has not been successful. Only five exporters reported attending large online trade expos, with most noting that they were difficult to navigate or too time-consuming. TPSPs report that organizers of large online trade expos have not provided sufficient support to help attendees navigate the platforms and participate fully. For example, many event organizers left buyers and exporters to network without guidance or structured networking sessions.

All interviewees see virtual B2B meetings and e-commerce support as very effective and efficient when combined with digital skills-related support to exporters. By matchmaking exporters and buyers, and helping exporters prepare for the events and launch on e-commerce platforms, TPSPs have created a professional setting in which buyers can view the products of numerous exporters at once. TPSPs report a faster sales turnaround for exporters that attend targeted B2B meetings, compared to those attending larger (in-person or online) trade events. Exporters consider the wrap-around support on digital presence and digital skills provided by TPSPs such as Catalyze, Andres Salidas, and Albert Scott to be invaluable. By helping exporters practice using online platforms, giving pitches, and filming videos, these TPSPs helped professionalize exporters' online presence. The USAID TradeHub involvement also builds credibility, as exporters understand that the buyers are genuine, and buyers can trust that exporters have been hand-picked for relevance.

## 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. Most exporters prefer in-person engagement, but they also believe that online events and meetings like webinars can still be helpful as a complement to in-person engagement.

## CASE STUDIES

A series of case studies are included in the full PowerPoint report, exploring different trade promotion models, and their successes and challenges. Including:

- *'Catalyze, South Africa: Enabling virtual B2B linkages'* explores the model of TPSP Catalyze which supports exporters in southern Africa through targeted B2B programs and improvement of exporters' digital footprints and digital skills.
- *'Swaziland Fair Trade (SWIFT), Eswatini: Digitalization in the crafts sector'* looks at how SWIFT supports the specific needs of arts and crafts exporters through a LookBook and B2B linkages.
- *'Sebvest African Trade Platform: Trust through information'* takes a look at how the digital marketplace enables efficiency and builds trust between players in the trade process.
- *'Albert Scott: Providing e-commerce platform support'* showcases the success of Albert Scott and USAID TradeHub supporting exporters to list on Amazon.com.
- *'Andres Saldias, USA: Firm digitalization and sector trends'* explores how, by bringing in sector-wide analysis to support, Andres Saldias helps firms prepare for the future of trade.

## ANALYSIS

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

All stakeholders report that exporters need capacity building in shaping their online presence, social media management, making pitch videos, and conducting digital marketing to keep up with increasing digitalization. Exporters, TPSPs, and buyers view having a professional online presence as vital for an exporter's success. Some exporters do not have the necessary equipment (e.g. laptops, webcams, or video production equipment) needed to build a professional online presence or engage fully in buyer meetings and other online events. 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.' TPSPs report that providing this detailed support is time-consuming, and not all TPSPs feel that they have the capacity and/or skills to commit to providing this support.

## FACILITATION OF TRUST IN THE ONLINE SPACE

As noted above, 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 between parties. All stakeholders note that trust-building takes longer online, requiring consistent communication and more effort than in-person.

Exporters and buyers report that having USAID TradeHub linked to the event or engagement confirm that they are being connected to genuine and credible potential partners and can thus expedite the trust-building process. Participants in the TPSP-led events (such as SWIFT and Catalyze B2B sessions) are viewed as vetted by USAID TradeHub and therefore credible. Similarly, connections made by consultants (e.g. Andres Salidas) and on platforms (e.g. The African Trade Platform) linked to the USAID TradeHub are seen as credible due to the USAID TradeHub association and reputation of these exporters and consultants.

Another key factor in trust-building online is the professionalism and online presence of exporters. A polished online presence helps exporters demonstrate credibility and professionalism to potential buyers. For instance, high-quality marketing, branding, videos, and factory tours can help buyers to understand the exporter and their products. Buyers and TPSPs emphasize the importance of exporters being professional online by being responsive to emails and through preparing professional presentations.

Finally, interviewees note that information-sharing and increased transparency can increase trust: the more information an exporter can provide to buyers, the better. For instance, exporters should provide potential buyers with as much detail as possible and be in regular communication throughout the business cycle to ensure buyers are kept up to date. The African Trade Platform, for instance, seeks to plug this gap by providing data on exporters' products.

## RECOMMENDATIONS

1. **Provide trends analysis around digitalization of trade.** An increased understanding of market trends could encourage exporters with low levels of digital skills to adapt to increasing digitalization and to invest time in the development of their online presence. The USAID TradeHub could:
  - a. Work with external market analysis firms or independent consultants to conduct a trend analysis of digitalization in different sectors.
  - b. Conduct webinars to share this information widely with firms.
  - c. Support TPSPs with dissemination plans of trends analysis and provide TPSPs with guidance on interventions that can help exporters align themselves with these trends.
2. **Develop a lifecycle for virtual B2B engagement** that takes firms and TPSPs through the typical stages of virtual business deals and their expected timelines. By doing so, the USAID TradeHub could ensure that all stakeholders are on the same page when estimating time taken to make these connections. The research team recommends that the USAID TradeHub:
  - a. Conduct an analysis of time taken to make a deal in the online space.
  - b. Provide a breakdown of the stages of this lifecycle.
  - c. Publicize this as a USAID TradeHub knowledge product.
3. **Work with TPSPs to improve exporters' digital skills and readiness**, allaying some of the frustrations expressed by TPSPs with the low digital skills of exporters that they work with and TPSPs' own lack of skills or capacity to provide this support to exporters.
  - a. 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.
  - b. Provide training of trainers (ToT) to TPSPs and work with them to develop packages of support, to allow them to sell this training to exporters in the medium-to-long-term.
4. **Create opportunities for blended online and in-person engagement** by supporting TPSPs to create innovative ways to continue operating in a blend of online and offline and pilot these methods. 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.

- 5. Support the provision of valuable trade-related information to exporters via webinars.** These events have had highly positive feedback and, as exporters prefer these to be online, the program can continue providing information virtually, while identifying and capacitating one or more entities to take over. In the short-term, incorporate specific improvements requested by firms, as follows:
- a. Provide feedback mechanisms such as online surveys for firms and TPSPs to request topics.
  - b. Keep webinar chat function open and share webinar attendee lists to encourage networking.
  - c. Providing opportunities for firms with niche questions to speak to specialists, such as through Q&A sessions or consultants office hours.
  - d. Continue to record webinars and consider a communications plan to ensure reach of webinars and dissemination of materials.

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. The USAID TradeHub might:

- e. 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.
- f. 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.