

A close-up photograph of a person's hands, with dark skin, holding a small globe of the African continent. The hands are positioned on either side of the globe, with fingers spread, supporting it. The globe shows the map of Africa with various countries and geographical features. The background is a soft, out-of-focus green and blue.

Cross Border Trade in Africa Challenges and Solutions

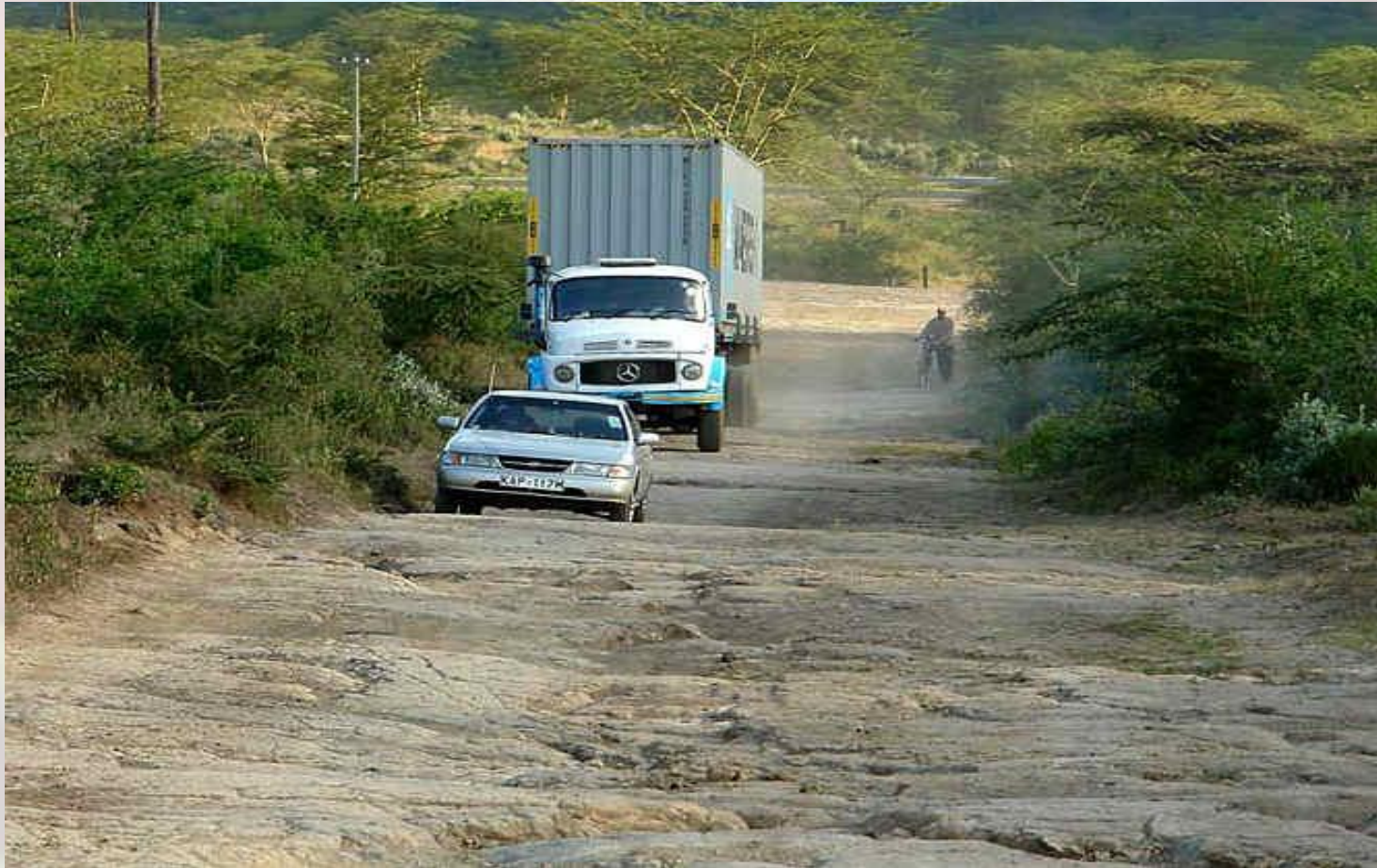
Presented by AfRetail

Realities and Diversities



Congestion: Kenya, Malaba

Realities and Diversities



Infrastructure: Kenya

Realities and Diversities



Markets: Nigeria

Realities and Diversities



Enugu Polo Park Mall, Nigeria

This is Also Africa



Gateway Mall: South Africa

The Project



- Objectives

- Identify key challenges affecting cross border trade
- Provide possible practical solutions to retailers

- Scope

- SA retailers going into African countries
- Retail sector solely
- Brick and mortar expansion into Africa
- Solutions to focus on key challenges as per findings

Research Methodology

A background image showing a pair of hands gently holding a small globe of the Earth. The hands are positioned on either side of the globe, with fingers spread, supporting it from below and the sides. The globe shows continents in light green and oceans in light blue. The overall image has a soft, ethereal quality with a light blue and white color palette.

- Literature review
 - Economic publications, White papers, Internet articles
- Interviews
 - 5 SA Retailers, Kenyan Retailer, Academics, Consultants, Manufacturer, a company that does its own Clearing, a Courier Company
- Questionnaires
 - Department of Trade and Industry

RSA in the African Context

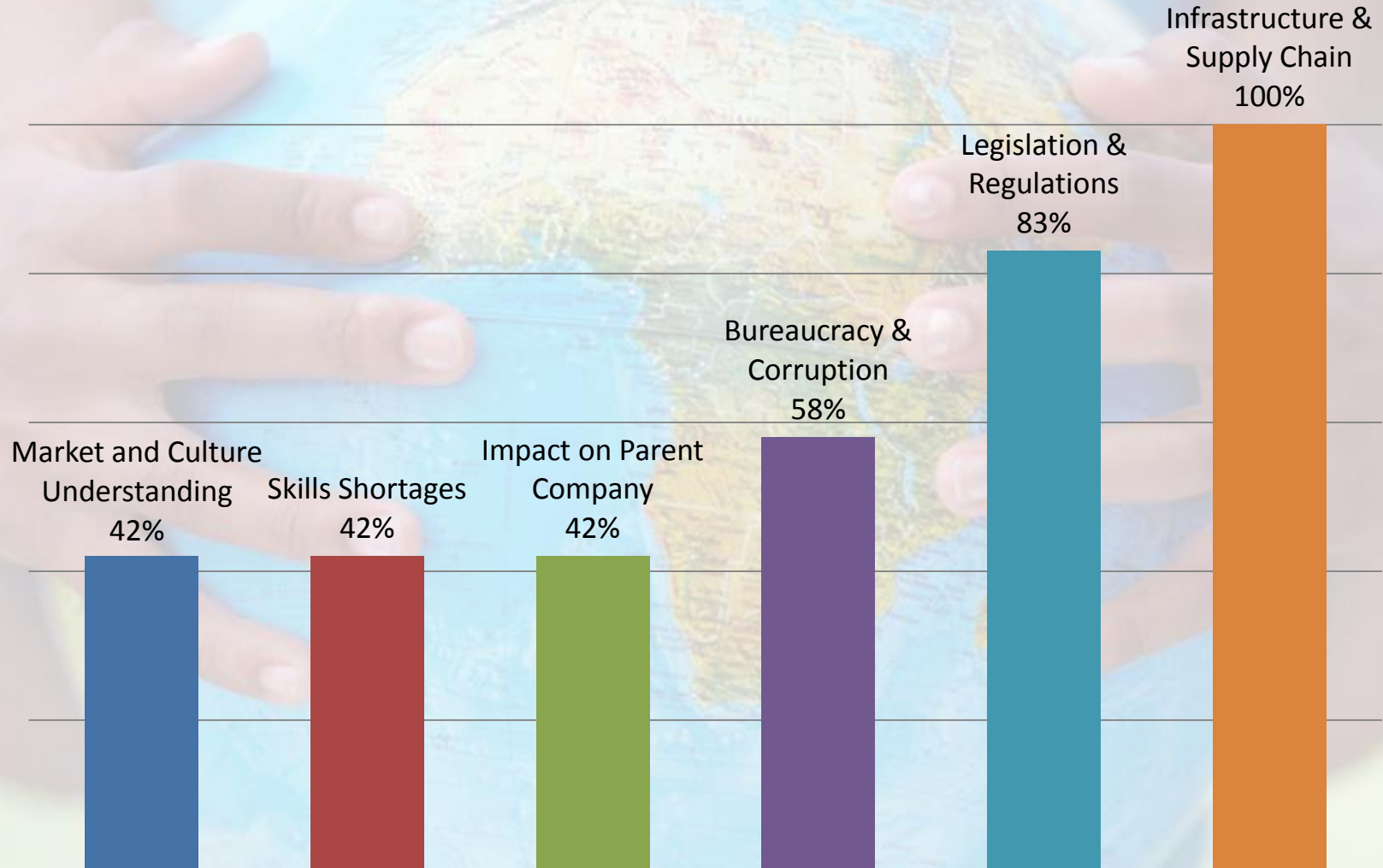
- South Africa's **slow economic growth rate** relative to other African countries
 - South Africa's GDP average = 3% over the past 3 years
- The **bulk of trade** has been with the **developed world**
 - Trade with the developed world = 54%
 - Trade within Africa = 14%
- Developed world average GDP less than 3%



A close-up photograph of a person's hands holding a small globe of the Earth. The hands are positioned on either side of the globe, with fingers gently gripping it. The globe shows a map of the world, with the Americas visible in the foreground. The word "OPPORTUNITY" is written in large, white, sans-serif capital letters across the center of the image, partially obscuring the globe and the hands. The background is a soft, out-of-focus green.

OPPORTUNITY

Findings - Challenges



Solutions Considered

- Use of experts
- Partnerships/ joint ventures
- Building strong relationships with all stakeholders
- Committing sufficient financial resources
- Up-skilling employees
- Collaboration among retailers
- Contribution by the W&R SETA
- Small scale trial
- Adapting business model
- Research

Selecting the Key Recommendation

- 5 proposed solutions
 - Going into **partnerships**;
 - Ensuring that the company has the right **skills**;
 - Investing sufficient **financial resources**;
 - Tailor-making the local **business model**; and
 - Conducting adequate and appropriate **research**.
- Decision making **criteria**:
 - Positive effect on **return**?
 - **Implementable**?
 - **Cost effective**?

Proposed Recommendation

- Africa is a combination of different states and **not** one block of **homogeneous** countries
- **Regions/trading blocs** are not homogeneous
- There are **significant differences** even within countries
- All of the alternative solutions **hinged** on quantity and quality of research

Adequate and Appropriate Research

Business Canvas - Research

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segment
<ul style="list-style-type: none"> Academics Government Departments Other Retailers Clearing Agents Suppliers Transport Companies Legal Experts Accountants / Auditors Staff Potential Customers 	<ul style="list-style-type: none"> Immersion Consultation Feasibility analysis Collaboration Product testing 	<ul style="list-style-type: none"> Practical solution around researching cross border trade Leading to educated decisions and reduced risk 	<ul style="list-style-type: none"> Solid, sustainable, mutually beneficial and profitable relationships 	<ul style="list-style-type: none"> Target Markets
			Channels <ul style="list-style-type: none"> Internal team meetings Collated document 	
Cost Structure		Revenue Streams / Savings		
<ul style="list-style-type: none"> Local market immersion cost The cost of time Consultation costs Seminar/talks/forums/conference fees Less expensive costs relating to internet, mail, telephone etc. 		<ul style="list-style-type: none"> Revenue <ul style="list-style-type: none"> There is a growing middle class in Africa and A growing size of young population The average economic growth of 6% Savings <ul style="list-style-type: none"> The reduction of costs associated with inadequate research. 		

Effects of Inadequate Research

Case Study: Botswana

Challenge : Legislation

Extended closure due to trading licence complexities



Effects of Inadequate Research

Case Study: Ghana

Challenge : Market Understanding

Inappropriate product offering



Effects of Inadequate Research

Case Study: Rwanda

Challenge : Culture

Employment contract



Effects of Inadequate Research

- Loss of sales
- Excessive markdowns
- Additional costs
- Operational challenges

REDUCED PROFITABILITY

Implementation Plan

STEP 1:

Decide on countries / a country

Country analysis (population, economy, wealth)

STEP 2:

Identify barriers and enablers to entry

STEP 3:

Market analysis

(Segmentation, Targeting, Positioning)

Implementation Plan

Step 4:
Start descriptive research phase

Supply chain
&
Infrastructure

- Onsite visits
- Physical infrastructure

Legislation

- RSA & local lawyers
- Local municipalities, government and businesses

Bureaucracy
& Corruption

- Attorneys
- Clearing agents, transporters, local government

Implementation Plan



Risks and Mitigating Factors



- Risks

- Time
- Cost
- Outdated and incorrect information

- Mitigation

- Focused research strategy including:
 - Defined scope
 - Clear deadlines
 - Adequately allocated budget
 - Dedicated resources
 - Immersion

PARALYSIS BY RESEARCH

- ✓ CONCEPT TESTS
- ✓ FOCUS GROUPS
- ✓ INTERNET PANELS
- ✓ STORE INTERCEPTS
- ✓ IN-HOME TESTS
- ✓ MORE FOCUS GROUPS
- ✓ BASES I TEST
- ✓ BASES II TEST

WE FINALLY GOT THROUGH ALL
THE MARKET RESEARCH REQUIRED
TO LAUNCH OUR NEW PRODUCT.

BUT WE'RE
RETIRED NOW.

z z z

TOM
FISH
BURNÉ

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Conclusion

The challenges are real

Research is the overarching solution

There are huge rewards to be reaped

Be willing to be in it for the long haul

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Thank You

Team AfRetail

