

Slow Covid-19 economic recovery compels African companies to adapt

By [Clement Chinaka](#)

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The World Economic Forum (WEF) reported this week that the pandemic has hit global trade and investment at an "unprecedented speed and scale" and revealed the fragility of the modern supply chain. This is because governments, businesses and individual consumers have suddenly struggled to procure basic products and materials.



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Recent data from Trade Shift reveals that in China, domestic and international trade transactions suffered a week-on-week drop of 56% beginning mid-February. The United States, United Kingdom, and Europe followed suit, with a combined initial drop of 26% in the beginning of April, and a continuing decline of 17% in late April.

Intra-African trade

We must anticipate that trade flows will turn more inwards than outwards, and global supply chains will be reconfigured in the face of growing calls by some countries with larger economies for more self-sufficiency. For us as Africans, the message is clear – we need to drive intra-African trade backed by smarter, leaner supply chains. It is a pity that the launch of the Africa Continental Free Trade Area has been postponed.

We are very fortunate that most of Africa is trailing behind the global north in terms of the impacts of the virus. We are seeing what is happening in affected countries there and can gauge what is working and what is not working, and therefore can avoid costly mistakes. African businesses in this unpredictable new environment will need to set themselves up for maximum agility and resilience. They will need to be well capitalised, adaptable and have good forecasting and planning capability to avoid costly experimentation.

There will be lots of opportunities for those who understand the dynamics of this new market and react to them fast.

Successful companies going forward will be those that analysis and understand the changes in customer behaviour and needs, and adapt quickly to meet those needs. Lots of investment will need to go into encouraging consumers to consume services differently. It is certainly not a time to skimp on marketing budgets. One thing is clear – this crisis will make sure all businesses truly learn what being customer-centric is all about.

Innovate

Businesses will need to adapt their operations to selling less than before, or selling to larger numbers of people with lower incomes. Speed of execution will be crucial and to achieve this, businesses may need to partner with others to deliver to customers faster.

The winners will increasingly be those who innovate to find a way to make their goods/services cheaper, or who can make more profits from selling lower volumes.

This will be no different for financial services businesses across Africa, where offerings are being tailored to cater for more variable incomes and we have had to come up with innovative ways to continue to deliver services to customers under the new world of lockdowns and social distancing. As more customers work from home, successful businesses will broaden their digital reach as face-to-face contact is either prohibited or undesirable for health reasons.

This is not a time to panic. Africa can thrive if innovation and practical measures, based on insights into customers and the new trends, are adopted early.

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