

Load shedding: Forcing the township economy to go international?

 By [Craig Hannabus](#)

25 Apr 2023

While the protests in 2021 were expected to bring the Kasi economy to its knees, quite the opposite happened. Entrepreneurs who had cut their innovation 'teeth' during Covid faced the new challenge head on.



Source: © Bizcommunity.com [Bizcommunity.com](#) Craig Hannabus asks if load shedding is forcing the township economy to go international

Township delivery networks sprang up, filling the gap that Mr. Delivery was struggling to fill. Spaza shops went from strength to strength. New eateries sprang up, mimicking those found in the affluent parts of Jo'burg. These, and many other innovations provided a foundation for big brands to partner with entrepreneurs in new and exciting ways.

Load shedding in real numbers is devastating

However, the fairytale has been short-lived. According to a recent *News24* article, since Eskom has stepped up its load shedding schedule, 66% of township businesses have had to cut jobs, with 60% unable to operate during load shedding hours.

The implications are massive. Not only does the township economy contribute 5.2% to South Africa's GDP, but it also employs over 2.6 million people. Load shedding in real numbers is devastating.

Hyper-local brands

The township economy is also built partially on a reawakened love of local brands. We're not talking South African brands (although that's a thing too), we're talking hyper-local brands. As in, something your neighbour makes.

This serves to keep cash circulating within the township, which means that one transaction enriches a long line of people, all living around you. One of the measures of a community's wealth is the lifespan of cash within that community before it exits into the world.

With a load shedding economy, township residents with money to spend will have to look outside the township for premium goods and luxury experiences. It's a double whammy when load shedding and a fairly closed consumer ecosystem come to blows. Load shedding always wins.

The one saving grace

One saving grace is that with an increase in internet availability and a high unemployment rate, many are turning to web-based businesses to generate an income.

According to the World Bank, a growing body of research shows that access to Wi-Fi has a positive effect on an embattled economy by providing access to global markets.

Are global markets hungry for South African products? The international success of [Maxhosa Africa](#) proves that.

With higher demand, stronger international currencies, and a hungry populace, the Kasi economy may be saved after all.

We live in hope

When it comes to things like fashion, we have the government to thank for where we are today. Nearly 15 years ago, the government instituted ridiculously high import duties on clothing in an effort to curb the influx of cheap brands from China.

The plan was to stimulate the local fashion economy and it seems to have worked. What needs to happen next is the cutting of export taxes to support township entrepreneurs. While it would serve the country to lower both these (and other taxes), there's been no word as to whether this will happen.

How does this affect marketers? Well, should South Africa begin exporting locally made items (like fashion), in bulk, we may need to start understanding the international consumer a lot more. We live in hope.

ABOUT CRAIG HANNABUS

Craig is the strategy director at Rogerwilco. His most recent career history, which spans more than 15 years, is dominated by digital - before that he worked in logistics.

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