SUPERMARKETS, INFORMAL MICRO-ENTERPRISES AND HOUSEHOLD CONSUMPTION

An assessment of the food systems implications in the case of Philippi East

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1. Abstract

There is growing concern around the impact of formal retailers and supermarkets, in particular on marginalised urban communities in developing countries. In post-apartheid South Africa, corporate investors and large-scale supermarket businesses have sought to make inroads into the township economy to capture a share of the food market which was historically served by micro-enterprises and informal street traders. This shift in the food system is evident in the establishment of many new shopping malls and retail outlets within township geographies. In response to the rise of supermarkets, researchers have begun to ask questions about how formal retailers have impacted on informal food businesses as well as household food procurement decisions.

Taking up these public policy concerns and research questions, the Sustainable Livelihoods Foundation (SLF) in partnership with the Centre for Excellence (CoE) at the University of the Western Cape (UWC), have undertaken an in-depth assessment of the impact of formal food retailers through a case study of an area within the Philippi East township in Cape Town. The Philippi East case study offers unique insights into questions about the rise of supermarkets in the township economy due to the high concentration of both formal food retailers and informal food traders within this site.

Our results indicate that the impact of supermarkets is more nuanced than suggested in prior research. Supermarkets are the main supply of household food (in value terms), with residents spending about one third of their food purchases at one of three outlets. As a result of the location of supermarkets in shopping malls, from which informal traders are largely excluded, there is minimal direct competition between informal retailers and formal retailers in spatial terms. Residents benefit from the proximity of the three shopping centres as they are able to conduct price comparisons and vary their shopping strategies. We found notable differences in the strategies of the lowest income group and higher income groups. Whereas the lowest group conduct a single monthly bulk shop, usually from one supermarket, high income groups shop more frequently from different sources.

From the perspective of informal traders, shopping malls and formal retailers both support and hinder business opportunities. The high pedestrian footfall outside the mall presents good opportunities for street traders to sell products, though the trader’s occupation of these sites is precarious in terms of land occupation and the absence of shelter. In the residential context, informal traders utilise a range of strategies (innovative, adaptive and unique) to remain an important source of food for households, ensuring that food is spatially accessible, relatively affordable and culturally responsive. Whilst seemingly sustainable against corporate encroachment, the informal food sellers do not necessarily contribute towards sustainable diets and in some aspects (such as poor hygiene and non-traceability) present a set of risks to food security.

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3. Abbreviations

CoCT – City of Cape Town
CoE – Centre of Excellence
LSM – Living Standards Measure
SLF – Sustainable Livelihoods Foundation
UWC – University of the Western Cape
4. Contents

1. Abstract .......................................................................................................................... 2
2. Acknowledgements ......................................................................................................... 2
3. Abbreviations .................................................................................................................. 3
4. Contents .......................................................................................................................... 4
5. Table of Figures ............................................................................................................... 5
6. Introduction ..................................................................................................................... 6
7. Methodology ................................................................................................................... 8
   7.1. Site .............................................................................................................................. 8
   7.2. Research Methods ..................................................................................................... 11
8. Findings ........................................................................................................................... 16
   8.1. Supermarkets and Formal Retail ............................................................................... 16
       8.1.1. Food Accessibility .............................................................................................. 16
       8.1.2. Consumer Practices ......................................................................................... 24
       8.1.3. Relationship with Informal Food Traders .......................................................... 27
   8.2. Spazas ....................................................................................................................... 29
       8.2.1. Consumer Practices .......................................................................................... 29
       8.2.2. Competition ....................................................................................................... 30
       8.2.3. Supply Linkages and Synergies ......................................................................... 33
       8.2.4. Adaptive and Innovative Spaza Strategies ......................................................... 37
   8.3. Street Traders ............................................................................................................ 38
       8.3.1. Consumer Practices .......................................................................................... 38
       8.3.2. Competition ....................................................................................................... 42
       8.3.3. Supply Linkages and Synergies ......................................................................... 43
       8.3.4. Adaptive and Innovative Trading Strategies ....................................................... 44
9. Discussion ......................................................................................................................... 47
10. References ....................................................................................................................... 49
5. Table of Figures

Figure 1: Spar’s monthly hamper specials ............................................................ 26
Figure 2: Street traders cluster around the entrance to Philippi Plaza .................... 28
Figure 3: Traders cluster outside the Shoprite centre ........................................... 28
Figure 4: Food items sold at spaza shops are similar to those sold at supermarkets .......... 32
Figure 5: The front of two identical advertising pamphlets showing the specials from two different spazas ..... 35
Figure 6: The back of two identical advertising pamphlets showing the hampers from two different spazas .... 36
Figure 7: Two advertising pamphlets from two consecutive months from the same spaza .......... 36
Figure 9: Along New Eisleben Road, pork braaiers line the sidewalk creating a popular street food destination ................................................................. 46
Figure 10: Traders selling fruit and vegetable and braaied gizzards are situated closest to mall entrances ...... 46

Map 1: Site location .......................................................................................... 9
Map 2: Site parameters ..................................................................................... 10
Map 3: Spatial summary of research methods .................................................. 14
Map 4: Consumer study location ...................................................................... 15
Map 5: Formal retail analysis ....................................................................... 18
Map 6: Shoprite spatial analysis ................................................................... 19
Map 7: Philippi Plaza spatial analysis .............................................................. 20
Map 8: Goal spatial analysis .......................................................................... 21
Map 9: Pedestrian activity analysis ................................................................. 22
Map 10: Goal vehicle access ......................................................................... 23
Map 11: Shoprite vehicle access .................................................................... 23
Map 12: Locations of spazas referred to in consumer survey ............................ 32
Map 13: The location of food and non-food street traders .............................. 41

Chart 1: Distribution of income amongst participants ............................................. 12
Chart 2: Monthly amount spent on food from supermarkets according to household income .......... 24
Chart 3: Frequency of shopping at Goal according to household income ............... 24
Chart 4: Frequency of buying food hampers from supermarkets according to income group .... 25
Chart 5: Monthly spending on food from spaza shops according to household income .......... 29
Chart 6: Frequency of credit procurement from spaza shops according to household income .......... 30
Chart 7: Distribution of street trader categories .................................................. 38
Chart 8: Monthly spending on food from street traders according to household income .......... 39
Chart 9: Frequency of buying braaied meat from street traders according to household income .......... 40
Chart 10: Frequency of buying fast food from street traders according to household income .......... 40

Table 1: Household spending at supermarkets, spazas and street traders ................... 27
Table 2: Hamper price check for Malume Spaza and Ntlantla Spaza ...................... 33
Table 3: Hamper price check for Elonini Spaza ................................................ 34
Table 4: Hamper price check for Goal ............................................................... 34
Table 5: Hamper price check for Spar ............................................................... 34
Table 6: Hamper price check for Shoprite ........................................................ 34
6. Introduction

Before the “supermarket revolution” (Humphrey, 2007), township residents in South Africa relied solely on procuring food from a combination of informal businesses and “outshopping” – the practice of patronising shops and supermarkets outside of one’s residential area (Strydom, 2011). Since the end of apartheid, the rapid transformation and corporatisation of the food system has resulted in the dramatic increase in the number of supermarkets within township geographies (Greenberg, 2010). While informal traders within townships have shown remarkable resilience and still account for a significant portion of food supply, research has identified concerns about the impact that new supermarkets have on informal traders and the subsequent consequences for food security.

The informal trading of food accounts for a significant percentage of the informal economy which ensures the livelihoods of many South Africans (Petersen, Charman and Kroll, 2017). According to Stats SA (2017), between January and March 2017, approximately 2 681 000 people worked in the informal sector. In terms of food access, many people rely on the convenience of shopping from informal traders and the informal food market makes up 32-45% of the South African food system (Greenberg, 2010; Greenberg, 2016). In Cape Town, informal food vending is an important component of the food economy, with a high occurrence in townships (Petersen, Charman and Kroll, 2017, p. 3).

Although the informal food sector plays a fundamental role in food retail, the corporate food sector dominates the food system. As a result of the “supermarket revolution”, by 2010 68% of all food retail was accounted for by the formal sector, 97% of which was made up by four large retailers: Shoprite, Pick n Pay, Spar and Woolworths (Battersby, Marshak and Mngqibisa, 2016, p. 1). Three of these supermarket groups (Shoprite, Pick n Pay and Spar) have made major inroads into the township food economy. A fourth major role-player in the township retail economy is the American corporate Walmart, who acquired a controlling share of the South African retailer, Massmart, which in turn, owns Jumbo cash and carry stores (Trade Intelligence, 2016).

Supermarkets are able to offer more affordable food items than informal traders because of their “ability to achieve economies of scale and control supply chains” (Battersby and Watson, 2018, p. 154). The size and control of supermarkets has both positive and negative outcomes for food accessibility. On the one hand, supermarkets can increase financial accessibility because they can lower the prices of food and bring stability to supply, whilst providing consumers with transparency and product integrity as a result of regulatory pressures. Battersby and Peyton (2014) argue that much of the research on the impact of supermarkets on food security in low-income urban areas focuses on the question of financial accessibility (in other words the affordability of food), whereas questions of physical accessibility (which these scholars understand as proximity, rather than the micro-context situations we describe in this study) are frequently ignored. Especially in the context of Cape Town’s spatial legacy of apartheid, physical access to food is essential for ensuring food security for the urban poor. On the other hand, civil society and researchers are concerned that, while supermarkets have lowered the cost of food, they are also increasing the risk of health-related diseases by providing calorie-dense, unhealthy food (Battersby and Watson, 2018, p. 153). Shopping malls provide a gateway for the entrenchment of corporate control within food systems. With the advent of both fast-foods and supermarkets, researchers note that the food system transition results in an increase in
diseases such as obesity, diabetes and micro-nutrient deficiencies, which in themselves represent a forms of (hidden) food insecurity (Battersby and Watson, 2018).

Furthermore, in the township context, there is concern that new supermarkets are displacing informal traders through direct competition. Supermarkets can economically undermine and spatially marginalise certain informal traders (Battersby and Watson, 2018, p. 153). Studies reveal that the number of informal food businesses in a certain area has decreased with the emergence of new supermarkets (Van der Heijden and Vink, 2013). If this is the case, the impact on food accessibility might be detrimental as many people are reliant on the convenience of shopping from informal traders. However, as Battersby and Watson (2018, p. 153) note, in some cases, supermarkets create opportunities for growth for certain traders, resulting in a complex and multi-layered relationship between supermarkets and informal traders.

Prior research (Crush and Frayne, 2011; Battersby and Watson, 2018) has noted inter-connectedness of the informal food sector and the formal food sector. As Crush and Frayne note: “It is important to avoid the dualistic trap of viewing the two as monolithic ‘sectors’ in opposition to one another” and there are many learnings and connections between the two that together create a single highly-complex integrated food system. The major synergy between informal traders and large formal retailers that is most commonly referred to in existing literature is the sourcing of stock (Battersby et al., 2016, p. 2). Building on the foundation of prior research, the aim of our research is to address the question of the impact of supermarkets on informal traders and consumers in a low-income urban area. The Philippi East research case, anecdotally, suggested fascinating connections and symbiosis between the formal and informal food systems. In response to this observation, the research sought to collect primary data from both traders and consumers, whilst triangulating this knowledge against a socio-spatial investigation of formal retailers. No prior research, to our knowledge, has investigated the micro-context in scope and depth from both the perspective of the informal traders and their clients (the shoppers). In this respect the paper charts a new frontier. We aim to offer a comprehensive understanding of specific retail dynamics which includes insights into consumers’ shopping decisions as well as traders’ retail strategies. The paper addresses the research questions through a unique spatial lens which offers certain insights into the spatial relationship between consumers, informal traders and supermarkets.

Through hard evidence, we will demonstrate that the increase in supermarkets in the case of Philippi East does not necessarily undermine the importance of informal traders in providing access to food, though does erode their share of the market. We will argue that the combination of both formal and informal food procurement options offers consumers a multitude of means to acquire food, addressing their ‘demand’ for convenience and reduce prices. Whilst supermarkets are clearly the dominant source of food supply, and along with other corporates define the food system, formal businesses are eliminate informal traders who retain certain competitive advantages.

The paper will be structured in the following order. First, the physical scope, the research methodology, and the data analysis methods will be described. Then, the research findings will be presented according to three subsections, firstly, supermarkets; secondly, spaza shops; and finally, street traders. Each of these subsections will describe findings conducted through a variety of different research methods. Subsequently, the findings will be discussed and analysed to provide a deeper level of insight into the research question.
7. Methodology

7.1. Site

The site of enquiry is located in the industrial area of Philippi East, approximately 22km from central Cape Town (see Map 1). The site is defined by four major roads – Govan Mbeki, New Eisleben, Sheffield and Stock Roads (see Map 2) – all of which are earmarked for future MyCiti BRT development. These four major roads in the precinct are also home to numbers informal traders who make use of the public road reserves and sidewalks to conduct their business. Bristol Road, Protea Road and the public land adjacent to the Joe Gqabi bus terminus area, were also included in the scope of the research. Within the site there are a number of land uses, namely: formal RDP settlements; informal settlements; agricultural sites; civic and institutional buildings; three major shopping malls each with their own large supermarket; a number of individual retailers; and four different wholesalers. At the time of writing, a new mall, Junction Mall, is under construction and will contain a Pick n Pay supermarket and Boxer cash and carry among many other corporate retailers.

When discussing the impact of supermarkets on food systems and informal traders in low-income urban areas, this precinct offers a particularly unique and interesting case due to the high concentration of formal retail activity. The precinct has a large low-income urban population, is the location of three (soon to be four) large supermarkets and another four (soon to be five) grocery wholesalers, and is home to 109 street traders selling food items as well as many spaza shops located within the residential areas. The residents living within the precinct have close access to both formal and informal retailers and thus it can be argued that there are no apparent spatial barriers to food access from an area level perspective.
Map 1: Site location
Map 2: Site parameters
7.2. Research Methods

The research was conducted over a three month period in 2017 and a one month period in 2018 by a highly experienced team of field researchers, who can collectively speak over six southern African languages. At all times, the team included a community liaison officer from the Philippi East area. A “small area census” approach was the core methodology used to conduct primary research within the precinct described above. The small area census approach, pioneered by SLF (Charman, Petersen, Piper, Liedeman and Legg, 2015), is a method that focusses on a small area within a larger township in which in-depth GPS, census and survey research is conducted. In addition to the census and survey methodology, a comprehensive qualitative enquiry and household consumer study were utilised to acquire deeper levels of insight into the food retail dynamics in the area.

Across methodologies, a key framing to the research is the spatial dynamic, both at the area-level and local-level. Mapping techniques were used throughout the research analysis to convey the spatial findings (see Map 3 for a spatial summary of the research methods). The research is less about assessing the food security implications and focuses more specifically on spatial dynamics and accessibility of food. Thus issues around food nutrition, while mentioned, are not dealt with comprehensively in this study. The spatial framing is a critical angle for research on supermarket impact in townships and offers an important layer to the enquiry, as many of the food system implications for supermarkets, informal traders and consumers have a spatial dimention.

The core methods utilised in the project were:

- A street trader survey which took place in 2017 and included questionnaires and geo-spatial data of 378 informal traders, 109 of which were selling food. The street trader survey only looked at traders operating on public land (sidewalks and road reserves) along the major roads in the precinct. The survey data was organised into a spreadsheet which categorised traders according to their goods or services. A wide range of information was included in the data set, such as the owners’ details, the type of infrastructure used and the perceived impact from supermarkets.

- A series of 20 in-depth, qualitative street trader interviews with a targeted group of food traders. These traders had previously been surveyed among the 109 food traders and represented typical examples of the four most common types of food trading: braaied pork, braaied chicken gizzards, fruit and vegetables and fast/cooked food. Discussions were loosely based on questions relating to competition from supermarkets, synergies or learnings between traders and formal retail, sourcing of stock, and strategies traders use to stay competitive. When quoting these interviews, the participant is referred to by the business type and reference letter, for example Braaied Meat A.

- A household consumer survey with 118 household heads in the residential areas of Better Life (a formal RDP settlement) and Phola Park (an informal settlement). Map 4 illustrates the location of these settlements in relation to the three malls, all of which are within walking distance. A purposeful selection of a bloc of streets within each settlement were used to
conducted the surveys and every house (with an available household head) in each chosen street was surveyed. The data set was both qualitative and quantitative and related to a variety of questions including household income and household configuration; shopping decisions from supermarkets, spazas and informal traders including spending and frequencies of shopping; brand loyalty; banking practices; and retail decisions such as hampers, credit and stokvels. The distribution of responses was analysed according to household income which divided the survey population into three income cohorts: upper, middle and lower according to how much the household earned per month (see Chart 1). To quote the consumer responses, the text refers to the consumer reference number, for example Consumer 1.

- Six in-depth, qualitative spaza interviews with owners of spaza shops located within Better Life and Phola Park. Spaza shops, which typically operate from private residential plots, were mostly excluded from the original street trader survey. Therefore, once the trader survey was completed, the fieldwork team sought to address this research gap by mapping and obtaining qualitative data from those spaza shops that were mentioned by households in the consumer survey. 12 spaza shops were mentioned in the consumer survey, two of which were foreign-owned and the rest were owned by South Africans. The research team managed to conduct six full in-depth discussions, all of which were with South African-owned spazas. The other six spaza owners were unable to be interviewed for the following reasons: 3 shops refused (one South African, one Somali and one Bangladeshi), one spaza shop was primarily a game shop selling little in the way of food items, one was a very small start-up, and one was primarily a spaza-shebeen (with whom a detailed interview was conducted). The aim was to triangulate information from the consumer survey with interviews from spaza shop owners. Discussions with spaza shops were based on questions similar to those from the qualitative discussions with street traders.

- An observational ethnographic analysis of formal retailers including supermarkets, wholesalers and fast-food outlets. Instead of interviewing formal shop owners, the research team spent three days observing retail dynamics, pricing strategies and consumer practices within formal shops. The focus was on understanding ways that formal retailers directly compete with informal food traders.

- A hamper price comparison of standard “10kg” food hampers comprising maize meal, white flour, white rice, white sugar and cooking oil. Through observations in the field, it became
clear that a number of wholesalers, supermarkets and spaza shops were selling hampers comprised of the same food items. Different brands were used by different outlets which dramatically reduced the price of the overall hamper. Thus, in order to understand the implications of brands and pricing strategies for hampers, the different hamper configurations and prices were compared by collecting advertising pamphlets from the different formal and informal retailers.

- **A movement analysis** of informal amaphela taxis and pedestrians within the precinct to understand the major movement routes. Pedestrian movements were mapped by counting pedestrians along certain routes within half-hour periods. Amaphela taxi ranks were observed and mapped and researchers interviewed taxi drivers to understand taxi dynamics, routes and prices.

- **A spatial analysis** of both formal and informal food dynamics in the area. Maps were generated from the GPS coordinates of informal businesses which were then analysed to understand the spatial patterns of trading locations and clustering patterns of certain informal business types. Maps of formal business were created by observational research in the field. A series of 1:1000 detailed maps of the three main supermarket nodes were generated through observations, GIS data and Google Earth imagery to understand the spatial relationship between formal and informal business. Additional maps, such as pedestrian movement maps, were developed through observations in the field.

The combination of many different types of qualitative and quantitative research methodologies with an overall emphasis on the spatial analysis results in an extensive and comprehensive data set that is highly original. The combination of many supermarkets as well as wholesalers within a single low-income precinct presents a unique opportunity to investigate the township food system research. The triangulation of perspectives from both traders as well as consumers greatly enhances the depth of the research.
Map 3: Spatial summary of research methods

- **Formal food retail**: 20 retailers spatially analysed
- **Consumer study area**: 117 household surveys and 6 spaza shop qualitative discussions conducted
- **Informal traders**: 110 surveys conducted and 20 qualitative discussions analysed
Map 4: Consumer study location

- Dotted line: Pedestrian route from Phola Park informal settlement
- Solid line: Pedestrian route from Better Life RDP settlement
8. Findings

8.1. Supermarkets and Formal Retail
8.1.1. Food Accessibility

The Philippi East study area is unique in its concentration of multiple formal food retailers and wholesalers within a walkable area of roughly 1km² (See Map 5). There are three large supermarkets, each located within a mall environment which support a variety of fast-food outlets, clothing stores and banks. The three malls are Shoprite Centre (See Map 6), Philippi Plaza (See Map 7) and Goal Centre (See Map 8), home to a Shoprite, a Superspar and Goal supermarket, respectively. Each mall has at least two fast food outlets and a liquor store and is a major hub of retail activity in the precinct. Outside of the malls, the precinct also has two large butcheries, two liquor stores and a Pick n Pay Express store attached to a BP petrol station. In addition, the precinct accommodates an equally significant wholesale supply system. Three independent wholesalers/cash and carries are located long Stock Road: J&K, Cape Cash & Carry and Goal Cash & Carry; and a fourth is located on Protea Road: Jumbo Cash & Carry, which is owned by Massmart/Walmart. These four wholesalers largely provide the stock for the many informal traders and spaza shops in the precinct. A fourth retail centre adjacent to Shoprite, to be known as Junction Mall, is in the process of construction and will contain a Pick n Pay supermarket and Boxer Superstore (also owned by Pick n Pay).

Formal retail in the precinct shows the dominance of the corporatized food system, with three large national corporations – Shoprite, Pick n Pay and Spar – and a multi-national fourth – Massmart, dominating the food and liquor market. Maps 6 – 8 show the degree to which corporatized business concentration occurs in Philippi East, such as in the Shoprite centre where Shoprite Holdings controls food (Shoprite), liquor (LiquorShop) and fast food (Hungry Lion). In Philippi Plaza, Spar owns a supermarket (Superspar) and a liquor outlet (Spar Tops). Market concentration also occurs with the independent retailers; for example, Goal owns Goal supermarket, Goal wholesaler, Goal Liquor and Striker Meat Wholesaler, all within the same vicinity.

According to the literature, there are two dimensions of accessibility to food that ensures food security: financial accessibility and physical accessibility. The Philippi East precinct presents an interesting case where there is physical access (within walking distance) to a variety of supermarkets that stock affordable food items. Map 9 demonstrates the main pedestrian routes within the precinct, most of which lead from the residential areas to the Goal mall or Shoprite mall. In addition to being able to walk to three different supermarkets, residents also have the option of making use of the amaphela taxis which concentrate outside the supermarkets. At the Goal mall (Map 10), two types of informal taxis – Cressidas and Avanzas – have organised themselves into unofficial “ranks” to offer consumers with shopping bags transport home for around R6. Shoprite mall (Map 11) has a less organised amaphela rank than Goal but nonetheless has many taxis waiting outside for shoppers. Philippi Plaza, on the other hand, is not conducive for taxis to drop off or pick up customers outside the mall. Furthermore, the environment surrounding Philippi Plaza is unsafe for pedestrians who must cross a large empty field for the quickest route. This case highlights the importance of framing the food security issue of ‘accessibility’ at not simply about accessibility within an area, but an issue through to the micro-context of the street level.
Whilst generally, physical accessibility is a low barrier to supermarkets in Philippi East, affordability of food does still affect poor households. Government grants play a direct role in mitigating this for many of the poorest households. The four most common grants are, Child Support Grants, Older Person’s Grants, Disability Grants and Foster Child Grants. Out of the 118 households, 53% are beneficiaries of at least one of these types of grants. There are other strategies used by households that call on the community’s social capital in order to access food, such as religious institutions and social networks. Stokvels are another example; however, the data suggests that it is not the poorest households that are contributing most often to stokvels, but instead the better-off household. A more important strategy for the poorest households, is the practice of monthly bulk buying and the reliance on month-end hampers.

The ‘supermarketisation’ and corporatisation of the food system, it is argued, negatively influences food security through enabling poor nutrition. It appears that the reliance on supermarket hampers, which are made up of highly refined carbohydrates and a huge amount of sugar, represents this transition towards a less nutritious diet. Wealthier households are less reliant on food hampers and have the resources to purchase healthier foods which all the supermarkets stock, including wholegrains. But the wealthier cohort are also buying more fast food, more frequently, than poorer households. 63% of consumers reported that they buy fast food when they do their grocery shopping at the supermarkets but this percentage increases to 85% for the highest-income group. Therefore, although access to supermarkets increases the food procurement options for households in Philippi East, supermarkets and corporate food systems sustain the transition in diet towards cheap, poor-quality, calorie-dense foods for some households.
Map 5: Formal retail analysis
Map 6: Shoprite spatial analysis
Map 7: Philippi Plaza spatial analysis
Map 8: Goal spatial analysis
Map 9: Pedestrian activity analysis

- PEDESTRIAN COUNT (midday, weekday)
  1. 1 pedestrian in 15 min
  2. 168 pedestrians in 15 min
  3. 15 pedestrians in 15 min
  4. 46 pedestrians in 15 min
  5. 40 pedestrians in 15 min
  6. 17 pedestrians in 15 min
  7. 11 pedestrians in 15 min
Map 10: Goal vehicle access

Map 11: Shoprite vehicle access
8.1.2. Consumer Practices

Of the three supermarkets, Goal, an independently owned supermarket, is the most popular. The consumer data confirmed this by showing that of the 118 households surveyed, 95% shop at Goal, 80% shop at Shoprite and 42% shop at Spar. Only one interviewee doesn’t shop from any of the three Philippi East supermarkets because he prefers to shop at supermarkets in Mitchell’s Plain. On average, households spend R1458 per month on food shopping from supermarkets. This amount alters according to households’ income, with higher earners spending considerably more on supermarket shopping than lower earners (see chart 2). Higher-income earners are also more likely to buy fast food from the malls when doing their shopping. The poorest cohort are more highly constrained in their shopping choices despite the availability of retail outlets.

Chart 2: Monthly amount spent on food from supermarkets according to household income

A key shopping pattern we learnt is the practice of monthly “bulk” shopping, particularly from Goal. Of households who shop at Goal (who make up 95% of the participants), 71% shop monthly and 24% shop weekly; of those who shop at Shoprite, 48% shop monthly and 36% shop weekly; and of Spar shoppers, 54% shop monthly and 16% shop weekly. The monthly bulk shop is a particularly important strategy for households in the lowest income bracket, 81% of whom shop monthly from Goal (see chart 3). In contrast, higher earning households shop more frequently from a wider range of supermarkets instead of relying solely on a single bulk shop. Both Goal and Shoprite are popular across all three income groups. Spar, on the other hand, is patronised significantly more by higher-earning households, albeit relatively infrequently.

Chart 3: Frequency of shopping at Goal according to household income
Another indication of the practice of monthly bulk shopping is the high number of households purchasing month-end hampers. The hamper is a standard combination of food items that includes: white rice, refined maize meal, white flour, white sugar and cooking oil (see Figure 1). A hamper typically contains each of these items in either 5kg or 10kg quantities (with cooking oil at 750ml or 2l). Around the end of each month (to coincide with payday and the issuing of social grants), Goal and Spar sell these items in hampers, while Shoprite sells these items individually on ‘special’ (in other words discounted). Product brands play an essential role in the pricing of these hampers and the price is significantly reduced if a no-name or poorly established brand is used. Often sugar and cooking oil are the two items where brand value is substituted in order to reduce the hamper cost. The brands of Spekko (rice), Sasko (flour) and White Star (maize meal) are most consistently used in the hampers. Vegetables are also sold by Spar and Goal in “combos”, usually of potatoes, onions, carrots and butternuts. The research found that 74% of all households purchase food hampers from supermarkets. 47% of households report purchasing hampers “often”, while the remaining 27% report buying hampers “sometimes”. The reliance on hampers varies according to income group, with higher earners buying hampers significantly less than low- and middle-income groups (see Chart 4). The hamper concept responds to the fact that lower-income groups tend to shop monthly and favour bulk purchases.

Chart 4: Frequency of buying food hampers from supermarkets according to income group

The qualitative explanations given for supermarket preferences emphasises the importance of monthly bulk buying. When asked, “Why do you shop at Goal?” the most common answers are about affordability, proximity and the monthly hampers and specials. Many participants also mention Goal’s wholesale prices and the fact that one “can find everything you need” (Consumer 11). Very few interviewees who shop at Goal mention the quality of products as being a factor; however, the small group of participants who do not shop at Goal, claim that the quality at Goal is poor. It therefore appears that Goal’s appeal is its ability to offer cheap food in bulk quantities in close proximity to Better Life and Phola Park.

Contrary to Goal’s appeal, is the perception that Shoprite has good quality and fresh products, sells items cheaply in smaller quantities and has a wide range of items and services (such as paying for DSTV). Interestingly, many interviewees use Goal as their reference point when explaining why they shop at Shoprite, such as “I only go (to Shoprite) for additional items that I couldn’t get from Goal” (Consumer 55) or, “We look for prices and quality and we compare with Goal” (Consumer 47). Many participants also explain that they only go to Shoprite when there are cheap specials advertised, often around month-end. This suggests that there is also monthly bulk-buying taking place from Shoprite, but not to the same extent that it occurs at Goal. The lowest income group buys food monthly from Shoprite, while many more middle- and high-income group consumers buy weekly and even daily.
For the 20% of households who do not shop at Shoprite, the two explanations given are that Shoprite is expensive and far away. However, Map 4 shows that for Better Life households, Shoprite is actually closer than Goal, and for Phola Park households, Shoprite is only 400m further. Similarly, the large portion of interviewees who do not shop at Spar claim that unaffordability and physical distance are the biggest reasons. Some participants report that the high crime in the area around Spar is a deterrent, while for others, Spar is not even a consideration: “I have never thought of going there” (Consumer 34), “I do not see a need to shop at Spar” (Consumer 13), and “I just don’t like to” (Consumer 62). This confirms Spar’s position as a less desirable supermarket in Philippi East, especially for consumers in the low-income group. Even for those consumers who do shop at Spar, it is only because of particular items, certain specials that are advertised, or because of “certain items not at Shoprite and Goal” (Consumer 15). Around one third of high-income consumers shop monthly from Spar. For these shoppers it is the variety of products, perceived quality and freshness of food items, and quality of meat that draws them to Spar.

Half the consumers also shop for food outside of the precinct. This practice is known as “outshopping” and was commonly associated with the lack of supermarkets in township areas in South Africa during apartheid. Since the precinct has a variety of formal retail options, the informants reported to outshop in places like Wynberg or Mitchell’s Plain (Promenade Mall) when there are particular specials advertised, or for specific services or special occasions. Some report that they outshop where they work because it is convenient for them. As expected, a higher percentage of middle- and high-income households outshop than households from the lowest income group.

Figure 1: Spar’s monthly hamper specials
8.1.3. Relationship with Informal Food Traders

In accordance with the literature, Philippi East confirms that there is a complex and interconnected relationship between formal food retail and informal food traders. Traders benefit from supermarkets and wholesalers by taking advantage of the footfall they attract, by sourcing stock and by learning certain pricing and retail strategies. They are also disadvantaged by the competition that supermarkets present through their ability to lower food prices and thus attract more customers. Supermarkets are dominating the food system in Philippi East, with consumers spending significantly more per month on supermarkets than from informal traders and spaza shops. Table 1 shows that consumers are obtaining 65% of their food in value terms from supermarkets and 35% from informally businesses. Given that Philippi has several supermarkets in close proximity to residential areas, our data suggest that supermarkets have encroached on informal food supplies, though it is unclear how much further encroachment will occur. As we will now argue, there are numerous factors why informal businesses will continue to trade in food and for those well situated, our research highlights that many of these micro-enterprises are not just survivalist but (highly) profitable.

Table 1: Household spending at supermarkets, spazas and street traders

<table>
<thead>
<tr>
<th></th>
<th>SUPERMARKET</th>
<th>SPAZA</th>
<th>STREET TRADER</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVE. SPENDING (pm)</td>
<td>R1458 (65%)</td>
<td>R410 (18%)</td>
<td>R392 (17%)</td>
</tr>
<tr>
<td>AVE. FREQUENCY</td>
<td>Monthly</td>
<td>Weekly</td>
<td>Weekly</td>
</tr>
</tbody>
</table>

In spatial terms, the relationship between informal and formal retail is most complex outside the entrances to the malls. On the one hand, informal traders undoubtedly benefit from the pedestrian activity that the malls (and importantly, the supermarkets) attract, which translates into purchasing opportunities. On the other hand, the traders are spatially excluded from the confines of the malls. In defiance of mall owners and municipal by-laws, the traders occupy sites on public land outside the boundary where they tend to cluster towards entrances (see Figures 2 and 3). This spatial concentration can been seen at all three mall entrances. Within the tight spatial confines of these informal markets, there is a specific ordering of informal businesses. Food traders selling fruit and vegetables, braaied chicken gizzards and snacks are located most closely to the entrances to the malls. These types of food business require minimal infrastructure and space, are highly mobile and offer ready-to-eat convenient snacks. Street businesses with larger spatial requirements, such as those selling cooked food or braaied red meat, are located further from the mall entrance.

Goal has the largest and most diverse informal food market, with a number of fruit and vegetable traders, braais, take-aways, butchers and traders selling snacks (see Map 8). Shoprite is home to a large number of informal traders, but only a small percentage sell food (see Map 6). There are much fewer number and variety of informal food traders at the entrance to Spar (See Map 7). Apart from the few braaied meat and cooked food businesses outside the malls, the supermarkets generally sell the same food items that the informal traders that cluster around them sell. Sellers of fruit and vegetables and snacks, in particular, experience direct competition from supermarkets because of the similarity in product. However, the logic of the corporate food business model is to dominate market opportunities in the food system and the researchers found evidence of formal businesses competing
with braaied meat and cooked food traders too for a share of the local food culture market. An example of this is Shoprite’s selling of braaied meat in kiosks outside the supermarket or the selling of culturally significant foods, such as sheep heads and chicken gizzards.

There are much lower concentrations of traders outside the wholesalers. Instead, the relationship of dependence between traders and wholesalers relates to the supply of products. J&K, Cape Cash & Carry, Goal Wholesaler and Jumbo Cash & Carry are all used by streets traders and spaza shops in Philippi East to buy stock in bulk. Spaza shops, in particular, are found to have very specific connections with the wholesalers in the precinct. We discuss this relationship in great detail in our analysis of spaza shops in the following subsection.

*Figure 2: Street traders cluster around the entrance to Philippi Plaza*

*Figure 3: Traders cluster outside the Shoprite centre*
8.2. Spazas
8.2.1. Consumer Practices

Contrary to the claim that supermarkets are eradicating the opportunities for spazas, the results of the consumer study demonstrate that, while households are doing the bulk of their shopping from supermarkets, they are certainly also frequenting spaza shops on a regular basis. 74% of households report that they buy food items from spaza shops. 25% of households buy food from spazas daily and 29% weekly. Consumers patronise shops located in their immediate area. This confirms the theory that spaza shops are operating at the most local level (Charman, Petersen and Piper, 2012), which is further emphasised by the main reason given for buying from spazas: it is close/convenient. The close proximity to households means that consumers do not have to pay for taxis when doing their shopping. Part of the convenience factor is a result of spazas staying open in the evenings until 9pm or 10pm after consumers are home from work (ibid). Transactions also take place very quickly as only cash is accepted, no receipts are printed (so there is no traceability to transactions) and customers do not have to wait in long queues.

Consumers report spending on average R410 on food from spazas per month, suggesting that while spazas are patronised frequently, they do not account for the majority of food items for households. This is supported by the second most common reason for buying food from spazas: to buy small quantities of “top-up” or “emergency” items. Many respondents describe how they mostly use spazas when they run out of basic food items which they refer to as “top-up” shopping. Consumers from the different income groups spend more comparable amounts on spaza food shopping than supermarket shopping (See Chart 5). Furthermore, the frequency with which different income groups shop at spazas does not differ as much as with supermarkets.

The three most common food items bought from spazas are bread, milk and cool drinks, while other common items include tea bags, soup, frozen chicken pieces, sausages, and other basic dry and tinned foods. Unhealthy snacks that are high in salt and sugar, such as sweets, chips and biscuits, are also frequently bought from spaza shops. The most common explanation from the 27% of households who do not buy their food from spazas, is their concern with affordability as they feel that spazas are more expensive than supermarkets. There are two other reasons people oppose shopping at spazas: one is that some food items are thought to be past the expiry date, a second is that some consumers think that the spaza shops do not stock a large variety of items or brands.

Whilst some researchers emphasise the significance of credit for customers and the role of credit in food security for the poorest consumers (Cook, 2012; Battersby and Peyton, 2014), others researchers
found that credit was only afforded to select customers on restrictive terms (Charman et al, 2011). Our research found that the provision of credit plays a minor role in the informal food system in Philippi East. When asked for reasons for shopping at spaza shops, only 6% of those who frequent spaza shops mention their ability to get credit as being a factor. When asked specifically about whether they ever buy food on credit from spaza shops, only 9% answer “often”, 13% answer “sometimes”, and the vast majority of 78% say “never”. Consumers within the lowest income group are more likely to buy from spazas on credit (see Chart 6), though for the majority of poor consumers credit is not obtainable.

Chart 6: Frequency of credit procurement from spaza shops according to household income

It seems that access to cheap monthly food hampers from spaza shops is more significant for consumers than access to credit. 38% of households purchase hampers from spaza shops. When asked why respondents buy hampers from spazas instead of supermarkets, the most common answer is that often the hamper prices from spazas and supermarkets are comparable but from a spaza shop they can carry the heavy hamper home instead of paying for a taxi from a supermarket. Most respondents report that they look out for hamper specials and will only buy from spazas if it is advertised as cheaper.

8.2.2. Competition

The consumer survey data confirms that spaza shops in Philippi East are generally not under threat of eradication by large supermarkets. Spatially, spaza shops and supermarkets operate at different levels, with spazas responding to consumers’ needs at the most local level. The mapping of spaza shops that were reported in the consumer study (see Map 12) demonstrates the locational proximity between households and their preferred spaza shops. Supermarkets attract customers from a much larger area and are located further from residential areas and closer to major roads. Thus, spatially, spaza shops are located far from supermarkets and do not experience direct spatial competition from supermarkets.

This is not to say that spazas do not experience any competition from supermarkets in the area. According to the qualitative discussions with six spaza shops, the shop-keepers do experience some competition from supermarkets, although it is difficult to determine any change that supermarkets brought to the area as all the spazas only started operating subsequent to the establishment of Shoprite and Goal. The Spar was built after many spazas were already established, though it is not mentioned as a competitive threat. Shoprite and Goal present the most competition for spaza shops.
Spaza A claims Shoprite is the biggest competition, Spaza D is most concerned about Goal, while Spazas B and E claim that all the large retailers present competition.

Spaza D does not believe that the supermarkets seriously threaten her business’s survival as long as she monitors the prices. For Spaza D, Goal was only a concern at a time when they “flooded the settlement with flyers showing low prices” which affected the business badly. The spaza responded by constantly monitoring Goal’s pricing system. For Spaza E, there is competition because of the supermarkets’ marketing strategies and low prices, “the big supermarkets are using all forms of marketing to up their sales and this is giving small businesses a big challenge.” While Spaza E claims, “there is nothing we can do to challenge the big supermarkets”, he also says “it’s both a benefit and a cost to have these super markets around – it is a big benefit because we do not have to go far for stock and we do not have to spend a lot on transport to bring the stock as Goal, Jumbo and J&K are walkable”.

Spaza E feels that the biggest competition is from other spaza shops in Phola Park rather than supermarkets because, as spazas, they sell much smaller quantities of what supermarkets sell (and are therefore targeting a different type of shopping need), “There is no way of regulating prices in Phola Park. Each one puts their own mark-up price because as shop owners we don’t buy from the same suppliers.” However, Spaza A in Better Life claims that in order to mitigate competition between spazas, there is a system of informal price-fixing, “if one shop was cheaper, the shop-keepers would then call a meeting with the competitor and request them to rectify their prices”. In support of this claim, Spaza B (also in Better Life) reports that there is little competition “because we stock at the same places and have the same specials”.

Spaza shops experience competition from supermarkets because generally the sell identical food products to those found in supermarkets, only in smaller quantities (Figure 4). Instead of offering a range of unique products, spazas are essentially operating as tiny ‘satellite’ supermarkets. Because of this, they do not present a healthier alternative to supermarkets but further entrench the move towards unhealthy diets. In particular, the selling of cheap sweets, chips, cool drinks, energy drinks and white bread, perpetuates the transition towards a diet high in sugar, saturated fats and refined carbohydrates. The selling of hampers which include highly refined, high-sugar products, further adds to this issue. While some spaza shops sell small amounts of fresh fruit and vegetables, the spatial arrangement and architecture of spaza shops is not conducive for product inspection as customers generally like to browse to pick out certain items that look freshest. The only visual connection that a customer has to the spaza shop is through a tiny window through which money and goods are exchanged.
Map 12: Locations of spazas referred to in consumer survey

Figure 4: Food items sold at spaza shops are similar to those sold at supermarkets
8.2.3. Supply Linkages and Synergies

While there are reports of competition from supermarkets, spaza shops have adapted to the encroaching corporate food system and show considerable resilience. One strategy that enables spaza shops to remain competitive is the strengthening of links between the Philippi East spaza shops and formal retailers, particularly in relation to the sourcing of stock.

Spaza shops in Philippi East are fortunate to have access to three supermarkets, four wholesalers and two large butcheries all within walking distance. This has created a competitive environment for the bulk purchasing of stock between different wholesalers and supermarkets that target spaza owners which has resulted in an interesting relationship between spazas and their wholesalers. Our research takes this finding one step further to suggest that some spazas are not merely sourcing stock from formal retailers, but are in some ways acting as ‘agents’ of certain formal wholesalers. This relationship is best demonstrated by the selling of month-end hampers by spazas which is, in the first instance, a strategy learned from supermarkets.

The hamper system is revealing (and intriguing) because more than sourcing stock from formal wholesalers, the wholesalers are assisting spazas with the marketing of hampers and products on special, as well as determining the prices of hampers and certain items. Three of the six interviewed spaza owners describe how, when purchasing hamper stock before month end, the wholesaler prints out 200 to 300 pamphlets advertising the hampers and specials (See Figures 5 – 7). The pamphlets do not reveal the name of the wholesaler but rather contain a proxy name, such as “Super 11” for Jumbo and “Super Rainbow Stores” for Cape Cash and Carry. The pamphlets always advertise the price of two different sized hampers (5kg and 10kg) and a variety of individual items on special. In the case of two different spazas (such as Spaza B and E) sourcing from the same wholesaler, the pamphlets are identical, except for the spaza name in the top right corner. The hampers always contain the same five items and the prices of the spaza hampers follow the same patterns as the supermarket hampers. Like the supermarket hampers, the overall price is determined by the different brands used and it is often less popular brands of sugar and cooking oil that are used to bring down the overall price. Generally, the prices of hampers from spazas (those within an agency like arrangement) are very competitive and often cost less than the equivalent hampers at Goal, Spar and Shoprite. In order to understand the complex pricing system of hampers, the pricing data is compared in Tables 2 – 6.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BRAND</th>
<th>QUANTITY</th>
<th>INDIVIDUAL PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>Econo</td>
<td>10kg</td>
<td>116.00</td>
</tr>
<tr>
<td>Maize Meal</td>
<td>White Star</td>
<td>10kg</td>
<td>65.00</td>
</tr>
<tr>
<td>Rice</td>
<td>Spekko</td>
<td>10kg</td>
<td>98.00</td>
</tr>
<tr>
<td>Cake Flour</td>
<td>Sasko</td>
<td>10kg</td>
<td>77.00</td>
</tr>
<tr>
<td>Cooking oil</td>
<td>Econo</td>
<td>2L</td>
<td>30.00</td>
</tr>
</tbody>
</table>
Table 3: Hamper price check for eJonini Spaza

Hamper: R384 + R5 free airtime

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BRAND</th>
<th>QUANTITY</th>
<th>INDIVIDUAL PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>Best Choice</td>
<td>10kg</td>
<td>114.99</td>
</tr>
<tr>
<td>Maize Meal</td>
<td>White Star</td>
<td>10kg</td>
<td>64.99</td>
</tr>
<tr>
<td>Rice</td>
<td>Spekko</td>
<td>10kg</td>
<td>99.99</td>
</tr>
<tr>
<td>Cake Flour</td>
<td>Sasko</td>
<td>10kg</td>
<td>78.99</td>
</tr>
<tr>
<td>Cooking oil</td>
<td>D’Lite</td>
<td>2L</td>
<td>29.99</td>
</tr>
</tbody>
</table>

Table 4: Hamper price check for Goal

Hamper: R459.95

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BRAND</th>
<th>QUANTITY</th>
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</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>Selati</td>
<td>10kg</td>
</tr>
<tr>
<td>Maize Meal</td>
<td>White Star</td>
<td>10kg</td>
</tr>
<tr>
<td>Rice</td>
<td>Spekko</td>
<td>10kg</td>
</tr>
<tr>
<td>Cake Flour</td>
<td>Sasko</td>
<td>10kg</td>
</tr>
<tr>
<td>Cooking oil</td>
<td>Pan</td>
<td>2L</td>
</tr>
</tbody>
</table>

Table 5: Hamper price check for Spar

Hamper: R339.95

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BRAND</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>Savemor</td>
<td>10kg</td>
</tr>
<tr>
<td>Maize Meal</td>
<td>White Star</td>
<td>10kg</td>
</tr>
<tr>
<td>Rice</td>
<td>Allsome</td>
<td>10kg</td>
</tr>
<tr>
<td>Cake Flour</td>
<td>Spar</td>
<td>10kg</td>
</tr>
<tr>
<td>Cooking oil</td>
<td>Pan</td>
<td>2L</td>
</tr>
</tbody>
</table>

Table 6: Hamper price check for Shoprite

*The data reflects the individual prices of items sold on special as Shoprite does not sell hampers.

Individual items: R499.91

<table>
<thead>
<tr>
<th>ITEM</th>
<th>BRAND</th>
<th>QUANTITY</th>
<th>INDIVIDUAL PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>Huletts</td>
<td>10kg</td>
<td>149.99</td>
</tr>
<tr>
<td>Maize Meal</td>
<td>White Star</td>
<td>10kg</td>
<td>79.95</td>
</tr>
<tr>
<td>Rice</td>
<td>Spekko</td>
<td>10kg</td>
<td>129.99</td>
</tr>
<tr>
<td>Cake Flour</td>
<td>Sasko</td>
<td>10kg</td>
<td>109.99</td>
</tr>
<tr>
<td>Cooking oil</td>
<td>Crown</td>
<td>2L</td>
<td>29.99</td>
</tr>
</tbody>
</table>
Each spaza independently sources its stock, with the different store-keepers procuring stock from a range of suppliers. Spaza A gets stock from Cape Cash and Carry who gives them 300 flyers a month to sell hampers. Spaza A sells around 20 hampers per month. Spaza B and E buy stock from Jumbo (owned by Massmart/Walmart) who gives them around 200 flyers a month and they each sell around 15 hampers a month. Both spazas also buy stock from other formal shops such as Goal and J&K but obtain their hampers (and specials) from Jumbo. For Spaza E, Goal is a major competitor so he will price check when doing shopping there to make sure his hamper prices match Goal’s. Spaza D also takes time to price check to make sure her hampers are only R15 more than Goal’s (to account for the cost of a taxi that customers would have to pay). Spaza D mostly buys stock from Goal but also uses J&K, Jumbo and Cape Cash and Carry. It is not clear whether Spaza D gets pamphlets from a wholesaler. Spaza C is the only spaza that doesn’t sell hampers (because staple foods are not their main seller). The operator gets his stock from a variety of places including (informal) wholesalers in Mitchell’s Plain, Epping Market, and County Fair in Epping.

In the case of hampers as well as other retail strategies, evidence indicates a strong interconnectedness between spazas and formal wholesalers; offering the latter a ‘route to market’. It must be noted that the wholesalers wield power in this relationship as the wholesaler determines the brand composition of the hamper, sets the price and determines which other products are to be promoted, thus placing pressure on the shop-keeper to stock certain items/brands. There are benefits for the spaza owner, including the important advertising and pricing strategy.

*Figure 5: The front of two identical advertising pamphlets showing the specials from two different spazas*
Figure 6: The back of two identical advertising pamphlets showing the hampers from two different spazas

Figure 7: Two advertising pamphlets from two consecutive months from the same spaza
8.2.4. Adaptive and Innovative Spaza Strategies

While some retail strategies used by spaza shops (such as hampers and advertising) are learnt or copied from supermarkets and wholesalers, other strategies are unique to spaza shops and offer spazas a competitive edge over supermarkets, and by doing so, can ensure their survival. One of the strategies that is often repeated in the literature, is the long hours that spazas operate for, allowing customers to do their shopping after their commute home from work in the evenings (Charman et al, 2012). This point is supported by the consumer survey and qualitative discussions with spaza owners who are fully aware of the advantage this gives them. Another strategy is the provision of credit to customers, though as previously mentioned, the consumer survey data found that credit is substantially less significant than stated in some literature. This finding was confirmed through our qualitative discussions with spaza owners, most of whom report that if they do give credit, they only do so for a very small number of customers whom they trust. Some spazas say that as a matter of principle they don’t allow credit because, in the words of Spaza B, “you [your business] can die quick”.

The most obvious way that spazas offer an adaptive and innovative service in relation to supermarkets, is in the selling of food items in smaller units than what is sold at supermarkets. Furthermore, their locational proximity to households offers consumers a quick and easy shopping opportunity. Their spatial position enables spazas to serve the need for “convenience” or “top-up” shopping that is done in small quantities but relatively frequently. In order to maximise on the selling of small items, spaza owners significantly mark-up the prices of certain items such as sweets and loose cigarettes. Spazas can also rely on the close proximity to households to mark up the price of some heavy items (such as hampers) by the amount it costs for a return taxi to the closest supermarket. This supports another important strategy used by spazas to compete with the formal retailers: the constant monitoring and price-checking in order to undercut supermarket prices. Spaza E, for example, reports that they are sure to never mark-up prices by more than R5 from a wholesaler in order to match the supermarket price.

A strength of the spaza shop is in its ability to respond to the local needs and demands of the community. Many of the spazas that were recorded are clearly selling alcohol as well as counterfeit cigarettes in addition to regular food and household items. This was made clear by the advertising of alcoholic beverages, the bottle caps littered around the entrance to the spaza and, in some more obvious cases, crates of alcohol stored inside the shop. Although the selling of alcohol without a license is illegal and could result in the spazas getting arrested, prosecuted, fined or imprisoned, this high-risk strategy gives spazas a competitive edge through understanding the demands of their communities in the absence of formal bars and taverns. Spaza B responds to the community’s needs by selling a range of cheap products for school lunch boxes which includes a juice (R7), a Taxi chocolate biscuit (R1), a polony slice (R1), a cheese slice (R2) and half a loaf of bread (R6.50).

On the whole, the spaza entrepreneurs seem confident that their survival is not directly under threat by supermarkets and recognise the unique role that spazas play in their communities. As Spaza D explains, “The role of the Spaza is to provide a service, a great convenience, and when I close for two hours to do purchases, the people complain. I don’t go to bed without R2000 from the shop daily.” Spaza E explains, “The spaza is more than just providing a service. It’s about building relationships – this is what keeps customers coming. It is also about convenience – the big shops close early and spaza shops then play an important role for township residents.”
8.3. Street Traders

8.3.1. Consumer Practices

Of the 378 traders surveyed, 109 are operating food businesses (See map 13). The most common food businesses are cooked food or fast food (32%), followed closely by meat braaing (31%), which includes the braaing of red meat or chicken feet or gizzards. The next most common food business is the selling of fruit and vegetables (24%). There is a small number of traders selling snacks and sweets (6%) and an even smaller number selling raw meat or live animals (5%); however, some of the meat braaiers also sell raw meat, especially “fifth quarter meat” or tripe. See Chart 7 for the distribution of all types of informal street traders, including food traders.

Chart 7: Distribution of street trader categories

The consumer study found that there remains a demand for street food businesses despite competition from supermarkets and fast-food retailers. The average amount of money spent per month on food from street traders is R392, which is R18 less than what is spent on spaza shops. Together, spaza shops and street traders account for R802 (35%) of food spending per month, while supermarkets account for R1458 (65%) (see Table 1). While most households are spending more at supermarkets, informal food businesses do still account for a substantial proportion of the total food spending and should not be underestimated.
In a similar way to spazas, households’ income is not a significant variable for the amount of money spent on street traders each month. In the case of supermarkets, wealthier households spend significantly more on food than lower income households. However, for streets traders and spazas, a similar proportion of sales comes from the low-income group as it does from the high-income group (see Chart 8). This suggests that for higher income households, there is a larger discrepancy between what is spent on supermarkets and what is spent on informal traders and spazas.

![Chart 8: Monthly spending on food from street traders according to household income](image)

The degree to which households frequent street traders differs considerably between the four types of food categories. Fruit and vegetable and braaied meat businesses are the most popular, each selling to 78% of household consumers. Fruit and vegetable businesses are the most frequently patronised, with 70% of those who shop from them doing so weekly and 21% daily, showing that households shop at fruit and vegetable street traders more frequently than at supermarkets. Households are not spending as much from fruit and vegetable street traders as from supermarkets because, as many of the interviewees explained, they use the street traders for small amounts of “top-up” fruit and vegetables, often when their fresh produce from supermarkets runs out – “I buy only a few items, when my veg from Goal has finished” (Consumer 26).

The price of smaller quantities of produce is thought to be cheaper and the location of street traders is more convenient than supermarkets, as one interviewee explained, “Maybe I want to buy only one apple, therefore I won’t go to Shoprite for it” (Consumer 20). The proximity of traders and the affordability of small amounts are especially relevant for fresh produce as it has a very limited shelf-life, requiring consumers to constantly replenish items. This is even more accurate for households who do not own a fridge and need to consume fresh produce very soon after it is bought – “Sometimes it is too expensive at the big shops because you need (to buy) this veg every day” (Consumer 18).

While braaied meat is bought from street traders by the same percentage (78%) of consumers as fruit and vegetables, it is not bought as frequently. Furthermore, household income has a much larger impact on the frequency with which consumers buy braaied meat than it does for fruit and vegetables. Chart 9 show that higher earners are buying braaied meat more frequently, suggesting that braaied meat is a more of a luxury item that satisfies a particular craving. The qualitative explanations for buying braaied meat confirms this idea, with many participants referring to their “craving for braaied meat” (Consumer 26), the fact that they “love the taste” (Consumer 102), and choose it “for a change” (Consumer 57), or to “indulge when I have money” (Consumer 71). Some interviewees speak about the convenience of buying braaied meat, such as “when I feel lazy to cook” (Consumer 37), and “it’s a quick and easy meal” (Consumer 81), while others emphasise the cultural importance of braaied meat as a special food, equating it with “township lifestyle” (Consumer 38), as one woman expresses, “street braai is juicy, it’s delicious – prepared to my African liking!” (Consumer 5).
Only 50% of participants report to buy fast food from traders, which includes any cooked food prepared on site, such as *amagwinya*, pap and stew or fish and chips. Participants give similar answers for buying fast food as they do for buying braaied meat, often referring to a “craving” or suggesting that it is about the convenience of a quick and easy meal. The other half of participants who don’t buy fast food from traders, suggest that buying fast food is excessive – “I prefer my own cooking” (Consumer 3), and “it’s a waste of money” (Consumer 16). Some participants are put off by the fact that they perceive the food as unhygienic or unhealthy. Interestingly, the lowest income group has the largest portion of consumers who don’t buy fast food as well as consumers who buy fast food from street traders daily (see Chart 10). This could be explained by wealthier consumers shifting to corporate and formal fast food sources rather than fast food from the street. For all income groups, consumers who do buy fast food from street traders are doing so either weekly or daily, with very few buying monthly.

Similarly, a much higher proportion of low-income consumers buy raw meat from street traders than the middle and upper tiers, and purchase more frequently. The majority of high-income earners (70%) and middle income earners (64%) never buy raw meat from traders, often giving reasons that the meat is unhygienic, unappealing, unsafe or of poor quality and that they prefer buying meat from supermarkets or formal butcheries – “The streets are not right. You don’t even know how do they keep it clean. It’s just not for me” (Consumer 27). Many participants also suggest that they do not trust the meat traders – “It is hard to tell if what you buy is what they say it is” (Consumer 99), and “I don’t trust them at all” (Consumer 55). The 43% of interviewees who do buy raw meat from street traders, specify that they are generally buying offal (tripe), which is supposedly fresher from the traders than from supermarkets. Sometimes the animal is slaughtered by the traders on site which can add to the appeal, “Because it’s slaughtered live in front of us so we are certain of what meat we buy,” (Consumer 10). Similar to braaied meat although not as popular, tripe is seen as a special...
food that satisfies a particular craving, “we buy it sometimes if we craving for it” (Consumer 93), “the family loves offal” (Consumer 37), and “I like tripe and it’s only available at the street traders” (Consumer 16).

Although the trend in consumer behaviour is to buy bulk groceries for the month or week from supermarkets, consumers still choose to buy from informal street traders in addition to supermarkets. Consumers provide different reasons for buying from street traders; however, generally, fruit and vegetable traders provide for essential weekly “top-up” purchases, while braaied meat, fast food and raw meat traders provide a special product offering that satisfies a particular craving and contributes to a “township lifestyle” but is not available – or is less appealing – from supermarkets. Across all food business types, street traders are well-located for convenience and accessibility, and are competitively priced, especially for buying in smaller quantities.

Map 13: The location of food and non-food street traders
8.3.2. Competition

The consumer study suggests that competition from the supermarkets is not so intense to eradicate street traders. According to the qualitative interviews, competition from supermarkets is a concern for certain street traders, though some claim to be unaffected or even to benefit from them. Pork braaiers are one group of traders who appear to be largely unaffected and report that their businesses are thriving, “I chose this business (because) it’s fast to make money on, and I enjoy it...I am not impacted by the supermarkets – we are trading on a different style from them... We offer a good service and quality foods,” (Braaied Meat A). On the contrary, it appears as though braaied meat traders are only positively affected by the malls, “Malls do not affect us negatively. Even though some supermarkets try to do braai, their meat is way too expensive to attract customers. In fact, malls bring more customers to us and we also replenish at Striker if we run out of supplies on a busy day,” (Braaied Meat D). The meat braaiers experience competition from each other more than from supermarkets and must therefore make sure their product is of a consistent high quality and is well priced. Ultimately, it seems that the braaied meat businesses are extremely popular and are generating large profits, “On good days it’s over 250 people coming to my braai” (Braaied Meat D), and Braaied Meat E claims to make at least R1000 per day in profit on a quiet day.

Chicken gizzards braais are a relatively new type of food business that have become very popular, especially amongst Zimbabwean traders. The margins are lower than the pork braaiers and the stands are more flexible as a much smaller braai is needed. Braaied Gizzard B described an incident where Shoprite started selling braaied gizzards for cheaper but stopped after the gizzard traders, with the help from members of the community, protested and boycotted Shoprite. This demonstrates how Shoprite aims to constantly expand its market share of traditional township foodservice. There is now considerable competition amongst gizzard braaiers situated outside the malls, a development which is positive for consumers although highlights the fragility of informal markets to overtrading. Braaied Gizzard A described how she used to make R2000 in profit per day when she was the only one selling gizzards, but now, due to the influx of other gizzard businesses, she only makes between R500 and R600 a day. Braaied Gizzard C was struggling to the point where she was about to close her business, “The market has drastically changed and we have taken a big knock. There are so many people doing the same business close to each other. Competition has become so tough”.

Fast food businesses in Philippi seem to be unaffected by supermarkets because, as most traders report, they sell different food products to what is sold at supermarkets. Generally, the fast food businesses seem to be doing well in the area, as Fast Food A reports, “The business is able to make much profits – especially on weekends and month ends... I do not get affected by corporates because I do different foods from the one they are doing. Most of times I cook traditional foods, which people like most”. However, Shoprite does try to infiltrate the informal food market by selling items such as amagwinya. In response to this, Fast Food D, who also sells amagwinya, exclaims, “They are tripling what I am doing. You can’t compete with a brother when you are a baby!” but at the same time, does not appear to be struggling in her business and explains, “It (the supermarkets) is a win-win. Because Shoprite employees come here and buy from here”. Generally, fast food traders are less concerned about competition between each other as most claim, “My foods are different from other food businesses” (Fast Food A). Selling traditional or cultural cooked foods permits micro-entrepreneurs to differentiate their products from competitors and corporate fast-foods. In Philippi
Village next to the Shoprite, there is more competition between traders which are concentrated here in greater numbers. Fast Food C sells a unique product of healthy plant-based meals, but still experiences competition from other restaurants in Philippi Village as they all share the same customers: the NGO workers at the Philippi East offices and the Shoprite mall workers.

It seems as though competition from supermarkets is most threatening in the case of fruit and vegetable sellers. As Fruit and Vegetable E states, “the Goal supermarkets does affect us, people buy from them saying Goal is cheaper than us”. It is difficult to differentiate a fruit and vegetable business in a unique way, and the supermarkets’ economies of scale will always allow them to sell the same products for cheaper. Generally, fruit and vegetable traders seem to be making smaller profits than the meat braaiers and fast food, as Fruit and Vegetable D explains, “We do make profits in the stand but sometimes it comes slowly like in middle of the month,” and Fruit and vegetable C, “I mostly surviving on weekends in these times, or from people going to or from work. In the middle of the month at times we only working for capital and money to go stock again”.

While formal business and supermarkets control a large share of the food system in Philippi East, formal businesses have not suffocated informal businesses. Fruit and vegetable sellers seem to experience competition from supermarkets most acutely as their products are the most similar to what supermarkets sell. In the case of chicken gizzard braaiers, apart from one incident where Shoprite tried to copy them, competition between traders is much more of a concern and has resulted in some businesses considering closing down.

8.3.3. Supply Linkages and Synergies

According to most food traders, the malls have unintentionally benefited their businesses rather than threatened them, by providing busy foot traffic, conveniently providing top-up stock and employing people who buy from them during lunch breaks and before and after work. For meat braaiers and gizzard braaiers, having malls in the area that provide cheap meat is a significant advantage that means that they don’t have to travel far to get stock. Most meat braaiers buy stock from Striker and Goal, which they claim is cheap and of a good quality. Interestingly, consumers would disagree that the meat from Goal and Striker is of a good quality (according to the consumer survey), but are more discerning when buying meat for home use. Whereas when buying braaied meat from the street, quality is less important as the taste is defined by the way the food is cooked as well as the spices used.

The pork braaiers are less dependent on the foot traffic that malls attract as they generally create a destination in their own right. Gizzard braaiers, on the other hand, are highly dependent on the activity that malls bring and are mostly located at the entrances to the malls. Braaied Gizzard B, who is situated at the entrance to Shoprite, explains, “I had to look for a busy place that would have many people
walking in the streets so that I could get more customers”. Braaied Gizzard C, who works outside the Goal, iterates this, “After spending their money in the Goal centre they use the change to buy the gizzards to munch on their way home”. Many of the fast food sellers, particularly those in Philippi Village, state that mall employees buy food from them on a regular basis, such as Fast Food E, “The average daily customers are females from local banks working in the Shoprite mall complex, like Nedbank and Capitec staff come there daily for breakfast and lunch”. Unlike in the case of spaza hampers, there are not as complex and intertwined relationships between informal street traders and supermarkets, although they do still form part of the same supply chain.

8.3.4. Adaptive and Innovative Trading Strategies

In order to survive despite competition from supermarkets and other similar businesses, informal street traders must adopt a variety of trading strategies that can give them a competitive edge. There are clear spatial distribution strategies of informal food trading, with some food businesses forming very clear nodes of activity where a certain type of food is sold. The best example of this is the cluster of pork braaiers located along New Eisleben Road, who attract customers from all over greater Cape Town and have created a well-known destination for braaied pork (see Figure 9). Fruit and vegetable businesses and braaied gizzard businesses, as we noted earlier, tend to cluster around entrances to the supermarkets (see Figure 10). Cooked food businesses are generally not situated around malls, except in the case of the Goal, where fast food caravans line the adjacent street. The “Container Walk” at Philippi Village is a formalised street trader container complex and contains a number of fast food outlets. The Container Walk is coincidently located next to the Shoprite, which creates a hub of fast food activity that supplies lunch to many of the Shoprite mall workers. Sheffield Road, which has a high concentration of traders, specifically hair salons and barbers, also has many fast food businesses situated in between the hair salons.

Other strategies vary amongst the different business types and can include selling a unique product or running the business in innovative ways. Most of the traders offer ready-to-eat either fresh or cooked food that is competitively priced. The businesses selling cooked and braaied food, already have a competitive edge over supermarkets by providing a product that is culturally relevant, as Braaied Meat E explains, “People in the township enjoy pork and so the malls and fast food joints like Hungry Lion can never touch me as they do not specialise in that kind of kasi food”. Some pork braaiers claim that their use of special spices gives them an edge over other pork braaiers, “my pork is affordable and fresh and what makes me different is my spice is very nice” (Braaied Meat C), while other braaiers use pricing strategies such as Braaied Meat E, “I do the ‘pasella’ piece where a customer gets a free piece for every R50 that they spend”. Some braaiers work together to ensure they are sourcing well-priced meat, such as a group of three of the original braaiers who together will boycott the farm where they buy from until the farmer drops the prices for them. All the pork braaiers interviewed sell pork chops at a variety of prices to suit different needs, starting at around R5 for a chop, “Pork varies from R10, R20, and R30. We also sell R5 pieces since we want to accommodate the poor people and school children,” (Braaied Meat A).

All braaiers claim that their product has to be consistently fresh and of a good quality, “We keep our own competition by making sure we always deliver a good service and quality foods,” (Braaied Meat
A). Traders lay the meat out on a table so that customers can choose exactly which piece they want. Some traders, such as Braaied Meat D, have started doing orders over the phone which increase the number of customers. For all traders, trading times are flexible according to the busyness, “We start at seven in the morning and the time to close will depend if it’s busy,” (Braaied Meat B). Ultimately, to be competitive, pork braaiers must be conscious of their customers’ preferences, “The quality of the way we braai is the number one advantage we have, then comes the cleanliness and the way we serve people, which plays a crucial role in setting us aside from others... we also do not slaughter here, we are not allowed to, so the place is clean and customers love that”.

The gizzards braaiers offer an affordable high-protein and nutrient-rich snack which can be eaten conveniently and on-the-go. However, for the gizzard braaiers, it is harder to differentiate themselves as the product and service has fewer variables than the braaied pork. Braaied Gizzard D, is at a loss as to how she can improve the business which is on its last legs, whereas Braaied Gizzard B speaks about having a competitive edge over other gizzard braaiers, “I think our service is better, and our spices are better than the others”; however, she still claims that the business normally struggles, “But it’s a bit quiet in the middle of the month – we only work for capital on these days – but we make more profit at the end of the month”. Along with keeping the stand clean and selling fresh meat with good spices, the gizzard braaiers see the importance of maintaining close proximity to supermarkets. Unlike pork braaiers who operate from a unique spatial destination, gizzard braaiers generally do not have specific customers that always buy from them but rather rely on passing pedestrians.

Traders selling fast food have much more opportunity to define their products and services in very specific ways. Each fast food trader interviewed claims that their food is different or special compared to other traders. As with all food traders, they must ensure their products are of a good quality, “The amagwinya are always fresh. I keep my competition by serving good quality and good service,” (Fast Food A). If they have enough space, some fast food traders place tables and chairs outside their stand to allow customers the option of eating there, while other fast food businesses offer a take-away option only. Some traders establish WhatsApp groups with their customers to let them know about specials and menu changes. Fast Food C provides this service and also has an active Facebook page where she advertises her business. Some fast food traders position themselves in a particular area to target certain customers, such as Fast Food A who is situated at the entrance road to Marikana informal settlement, “people go to work and from work, so then they will buy food from me”. The fast food traders at the container walk target the NGO workers from Philippi Village and the Shoprite mall employees. A strategy that Fast Food C uses to increase her customer base is to target the school children by offering small cheap meal options specifically for them. Most of the fast food traders also offer catering services, even if only on an ad-hoc basis.

Fruit and vegetable sellers provide households with relatively affordably priced and conveniently located sources of fresh produce. Although many households buy vegetables monthly in bulk from supermarkets, the food traders allow households to continue eating fresh produce after their bulk produce has run out. They also offer pedestrians a very healthy, convenient and cheap snack that can be eaten on the move or taken to school or work. Many fruit and vegetable traders keep a bottle of clean water behind the stand to clean the fruit and vegetables with in case customers want to eat it immediately.
Figure 8: Along New Eisleben Road, pork braaiers line the sidewalk creating a popular street food destination

Figure 9: Traders selling fruit and vegetable and braaied gizzards are situated closest to mall entrances
9. Discussion

The Philippi East precinct demonstrates the extent to which the corporate food sector can penetrate township environments in South Africa. The high occurrence of supermarkets and formal food retailers provides households with options of where to buy food, most of which are within walking distance. Competition between retailers ensures food prices are (relatively) competitive, though it is difficult to compare prices across different brands. Affordability is a major determinant of people’s shopping choices. Some affordable foods (such as those in hampers) undermine food security through promoting unsustainable diets. While spatial barriers to food are low at the area level, accessibility for supermarkets/malls need to be understood at the micro-context level as well as the area level, which means taking into consideration factors such as safety, the availability of public transport and pedestrian access.

Street traders and spaza shops are particularly adept at responding to spatial cues at the most local level. For some informal food businesses (such as fruit and vegetables, snacks and braaied gizzards), the business thrives from a location in close proximity to the supermarkets to trade off the existing dense pedestrian footfall. This often requires contravening certain by-laws in order to get as close as possible to the entrances of the malls. Other informal food businesses can successfully operate by concentrating together (clustering) to create their own destinations (such as the meat braaiers and take-aways) that are nevertheless located along already-established pedestrian routes and in nodes along busy high streets. For the street traders around malls and along high streets, proximity to transport nodes (such as the informal amaphela ranks) and vehicle access (including off street parking) is as important as proximity to pedestrian routes. Spaza shops respond to the spatial proximity to households for pedestrian access and are scattered throughout dense residential settlements.

Our research provides a new insight into the interconnection between informal and formal food systems. The relationship is complex and can be both competitive and symbiotic. Despite this close (and often beneficial) relationship, formal retailers dominate the food system, in terms of supply and in household purchases. Supermarkets and formal retail accounts for 65% of households’ food purchases, while street traders and spaza shops together account for 35%, though it must be recognised that informal traders obtain their supplies from formal retailers which means that some retailers (such as Goal) benefit at multiple points in the food supply chain. Although spending is higher from supermarkets, consumers shop less frequently from informal businesses. Household income has a strong influence on shopping decisions. Poorer households typically do one large bulk shop around month-end, which often includes a food hamper, whereas non-poor shop more frequently from different retailers.

There are still many reasons why consumers choose to buy food informally, which suggests that the share of the market captured by supermarkets has reached its upper-level (taking into consideration current household income distribution). We investigated the reasons why informal businesses are able to remain competitive within their current market share, using innovative and adaptive retail strategies. Some of their main strategies are selling food in small and hence affordable quantities, situating the business in close proximity to footpaths and residences (the providing spatial convenience), operating the business at times of high demand (including early morning and late evening) and selling food in culturally demanded or acceptable forms and formats.

Spaza shops supply very similar items to supermarkets, but cater to a specific need described by consumers as “top-up” shopping. Thus spaza shops sell basic food items at small quantities to consumers who live within a few blocks and typically shop on a frequent basis. Spaza shops stay open
late to attract customers after work, which adds to their convenience. Many spaza shops sell alcohol and cheap cigarettes in defiance of the law. Credit, which is often considered an important benefit of spaza shops, plays a minor role in Philippi East with the majority of consumers claiming they do not get credit from spaza shops. Spaza owners mostly buy stock from wholesalers situated within Philippi East. Some spazas have very strong links to wholesalers who provide spazas with hampers at predetermined prices and configurations, though on terms over which the spaza shop-keeper has little influence. Where such an agency relationship exist, wholesalers print out advertising pamphlets for the spazas which are then distributed within the community. The consequence of these relationships on competitiveness requires further investigation. In spatial terms, spazas occupy different territories to supermarkets and are therefore not in direct competition. However, spazas do experience competition from supermarkets with regard to affordability of goods offered and need constantly monitor the prices of supermarkets in order to stay competitive, especially at month end when shoppers are deciding where to do their bulk shop.

Traders selling braaied meat, such as braaied pork and braaied gizzards, have a unique product offering that is steeped in cultural significance (via the open fire) and responds to very specific consumer preferences. These traders experience more competition from each other than they do from supermarkets. In order to stay competitive, traders must ensure their product is of a consistently good quality and is in line with their consumers’ preferences. Some pork braaiers also sell raw meat, which usually involves the innards or offal. This is another response to a specific consumer demand that is linked to cultural preferences. Most braaied meat traders buy their stock from supermarkets and wholesalers within the Philippi East area. A small number of braaied meat traders buy live animals from farms outside of Cape Town. Cooked food traders sell specific products that speaks to cultural preferences and satisfies a particular craving. For the most part, cooked food traders do not feel threatened by supermarkets as they are confident in the uniqueness of their product in contrast to corporatized fast food. We did find evidence of cases in which supermarkets have tried to increase their market share by selling traditional food items such as amagwinya, offal and sheep heads, though most shoppers prefer informal suppliers. In the case of the Philippi container mall, the cooked food traders claim to benefit from the nearby Shoprite mall as they can stock up from the supermarket, target passing pedestrians and cater to the employees from the malls. This case highlights the importance, from a land development regulatory perspective, of ensuring the inclusion of business opportunities for informal foodservice within malls.

Informal fruit and vegetable traders experience the most competition from supermarkets but also depend on malls for access to pedestrian footfall. Often fruit and vegetable businesses are clustered closest to the entrance to malls. To differentiate their products from supermarkets’, traders sell their fruit and vegetables in small but affordable quantities by ‘breaking bulk’. Like spaza shops, fruit and vegetable traders sell conveniently located “top-up” items that are often bought when consumers use up their monthly bulk items, need to replenish fresh produce, or when they require a convenient snacks to be eaten on-the-go. Although Philippi East is located close to the farms in the Philippi Horticultural Area, very little produce is obtained from the farm gate with most traders obtaining their supplies from the Epping Fresh Produce Market.

Despite a shift in the food system which is evident in the number of new shopping malls and retail outlets within the township in recent years, informal food traders still play a critical role for consumers. Additionally, informal businesses have shown considerable resilience in the face of supermarket and retail competition. The Philippi East case study offers a unique insight into the encroachment of supermarkets and the survival of informal traders in different spatial situations and across different sub-sectors within the township food system. Whilst the rise of supermarkets has taken market share away from informal micro-enterprises, the concentration of customers at
shopping malls does afford opportunities to some informal traders, though on generally unfavourable spatial terms. In terms of supply systems, the linkages between formal and informal food retailers means that the informal component does not constitute an independent system, but rather an additional route to market for the corporate controlled system.

10. References


