

TOWNSHIP ECONOMY IN 2020

Informal Food Service in South Africa's Townships

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Aside from the retailing of groceries, fruit and vegetables, informal foodservice is a critical sector of the township economy, and comprises the preparation of sit-down and take-away food in the township and street trade economy. Township foodservice industry effectively forms a distinct food retailing informal economy suited to local circumstances outside of formal and regulatory frameworks. Post COVID-19's economic effects mean that this important but largely underestimated South African business - takes on an increasingly important aspect for food security for millions of our poorest residents. South Africa's urban townships are home to many thousands of such informal foodservice businesses consisting of anything

from a braai grid on the pavement, deep fried take-aways in old shipping containers through to sit-down 'restaurant' shisanyama venues. These outlets are geared to local consumer budgets and cultural preferences in ways not directly met by the formal economy. Yet, through an inability to meet the regulatory standards most are non-compliant with the various by-laws on food safety, trading permits, and through their common use of open fires. Here, we discuss the findings of our research based on over 610 informal foodservice outlets, and a further 50 qualitative interviews of microenterprises in Cape Town townships of Phillippi, Sweet Home Farm, Nyanga and Masiphumelele.

Operations

Township informal foodservice enterprises commonly operate at peak times of trade such as commuting

FIGURE 1

A shisanyama in Phillippi



periods, allowing for the high participation rates of women (especially those with dependent children) to adjust opening hours to suit other life responsibilities. Reflecting this social dynamic, the commodity chains for the sector are generally short and value adding to products is simple. As such micro-enterprise profitability is a generally modest - although likely a pragmatic economic activity in otherwise the potentially limiting circumstances that structural poverty commonly brings to township residents. These enterprises are also suited to lifestyle factors with the majority of township enterprises only trading at times of highest consumer demand and tend to close outside these periods. Field observations of the money cycle reveal how Thursday evening through to Sunday afternoons are premium trading times, and busiest at month-end. Linked to this broader trading cycle appears to be a symbiotic relationship between informal foodservice and liquor traders. In many cases each of these enterprises were seen to rely considerably upon the other.

Value chains

Generally deeply informal - cash based, unregulated and undocumented - township foodservice reflects the consumption end of the South African industrial food chain. These microenterprises are highly autonomous and self-reliant, most commonly female operated, and are directly responsible for their own stock and input procurement, food preparation and retailing. Informal foodservice microenterprises source their main food inputs (meat, bread, potatoes, maize) from formal economy businesses (wholesalers) who in turn buy directly from commercial abattoirs, importers and farms. Informal economy supplier links are also quite apparent, with suppliers providing cultural niche items such as live chickens (spent hens), vegetables, transportation, electricity (access hire), water and real estate provision, labour, and occasional items such as condiments and firewood. Interestingly, many of the food items traded would be of limited value to formal markets. Unprocessed abattoir "fifth quarter" products



FIGURE 2

Chicken feet, which would not normally be sold in formal markets, are sold in the informal food sector.

(including visceral fat, alimentary tract, visceral organs, feet and animal heads) make up a considerable proportion of traded products. In this way the informal economy potentially creates an important role for markets through full 'nose to tail' utilization of animal products and potentially serves a useful role in enhancing overall market efficiency.

Markets

Informal foodservice enterprises are almost exclusively reliant on trading into immediate geographic markets and serving neighbours and local residents who generally arrive on foot. These local geographic ties may potentially limit the market growth potential for these businesses. As such the retail turnover of many enterprises appears to be largely a simple function of demand / customer traffic: business or product differentiation between enterprises appears limited - at times many similar businesses operate literally side by side with each other. Yet traders appear to intentionally avoid overt competitive behaviour. This is evident from common strategies such as not retailing products being traded by one's neighbours (which means that (for example) food retailers rarely retail liquor, whilst liquor retailing shebeens generally do not sell food). Operators instead appear to work hard at maintaining positive relationships with their clientele through actions such as maintaining their own opening hours, playing favours with regular customers by giving out bonus items on a sale, or serving unique sauces/spices. Beyond such efforts, location, operating hours, lowering input costs, and operating without paying rent could all be considered further components towards individual enterprise survival.

Judging by the number of food-related and informal foodservice micro-enterprises within the township, these localities appear to be a relatively opportune business environment for such businesses. Importantly operating in such localities gives potential for individuals and their microenterprises to enter economic

markets, meaning that a lack of infrastructure (e.g. not having a food grade kitchen, or a cool room), legality issues (such as lack of permits, certificates), a lack of menu offerings or facilities does not prevent new foodservice enterprises from emerging. Indeed there can be benefits to this informality; for example the emphasis on cash trade effectively avoids much of the bureaucracy of business registration, accounts and taxation and minimizes the capital outlay required to commence operations. These businesses also play an important role for consumers. Over three quarters of fifty respondents highlighted that informal foodservice was both affordable and tasty - serving a prominent township culture of eating on the street or purchasing street food. Informal foodservice commonly operates during commuting hours to serve people on the move to and from work. In many cases purchasing and consuming such ready-made food could be seen to be more economically efficient for consumers in comparison to preparing their own meals within the home.

Support mechanisms required

Informal foodservice should be considered the grass roots of economic self-reliance and entrepreneurship within the township economy. Many of these enterprises represent an important financial income stream and subsidised food source for township women who may otherwise be unable to access formal employment, or who have life circumstances (such as dependent children or home responsibilities) potentially incompatible with other work opportunities. The great majority of these microenterprises profit a few hundred Rands per day. Whilst this might not represent a substantive income the business activity clearly makes rational sense as a livelihood strategy emerging out of the life circumstances of the women who operate them.

With food security in South Africa's poorest localities now emerging as a key flashpoint for community well-being our municipalities need to reconsider their legal

and controlling approach to such businesses, furthermore even encouraging such activity. This would require increasingly amenable town planning considerations and within reason, a reconsideration of current restrictive by-laws that impact activities of food preparation, trading activities and locations. Enhancing access to municipal utilities such as public street lighting (to allow for increased trading hours), water, electricity and trading spaces would also go some way towards supporting operators in the sector.

Further Reading:

Petersen L.M. & A.J.E. Charman (2018) The role of family in the township informal economy of food and drink in KwaMashu, South Africa. *International Journal of Sociology and Social Policy* (Special Issue on "Family firms and the informal sector in developing economies").

Petersen L.M., Charman A.J.E. & F. Kroll (2017) A value chain study of informal foodservice enterprises in Cape Town, South Africa. *Development Southern Africa*.

Petersen L.M. & A.J.E. Charman (2017) The scope and scale of the informal food economy of South African urban residential townships - results of a small-area microenterprise census. *Development Southern Africa*