

## An inquiry into the evolving supermarket industry in Africa

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### **1. Introduction**

The global food retail sector has, over the past few decades, evolved into a highly dynamic and competitive industry. The rise of supermarkets, as explained by many other researchers, was initially experienced in developed countries in Northern America and Western Europe (Hagen, 2002; Senauer and Venturini, 2005; Cacho, 2003; Reardon and Berdegue, 2002 and Weatherspoon and Reardon, 2003). Supermarkets spread to less-developed and developing countries, as economic, political and social environments allowed, and multinational companies wished to expand beyond their saturated and highly competitive domestic markets. In an overview of the rise and development of the supermarket industry, as diffusion model, Reardon, Timmer, Barret and Berdegue (2003) observe a shift in the tendency of supermarkets to occupy only a small niche in capital cities, serving only the rich and middle class, to spreading well beyond the middle class in order to penetrate deeply into the food markets of the poor.

Over the last 35 years, developed countries experienced rapid growth in both size and numbers of supermarket chain stores. Supermarkets used to play a small role in the food retail environment but, as Weatherspoon and Reardon (2003) explain, the rise of supermarkets caused a transformation in the total food retail sector. Reardon and Berdegue (2002) state clearly that supermarkets are now the dominant players in the agrifood economies of many developing countries, specifically emphasizing the fact that supermarkets have become the dominant food retailers in Asian, Latin American and some African countries over the past decade. The influence exerted on local economies, the traditional retail sector and the agricultural sectors are diverse and significant. It is therefore essential to clearly understand the determinants of the trends and changes within the international food retail industry.

The primary objective of this paper is to inquire into the evolving supermarket industry in Africa, to consider the effect on local economies, traditional food retailers and the agricultural sector. In an attempt to achieve the primary objective, it is inevitable to depict the determinants of expansion and development of supermarkets in the world, to understand the observed expansion trend of the international food retail industry. Accordingly, the impact of supermarket expansion on regional economies, the traditional and/or alternative market place and the agricultural sectors in Africa, can be debated with reference to previous findings.

### **2. Determinant of growth and expansion in the food retail industry**

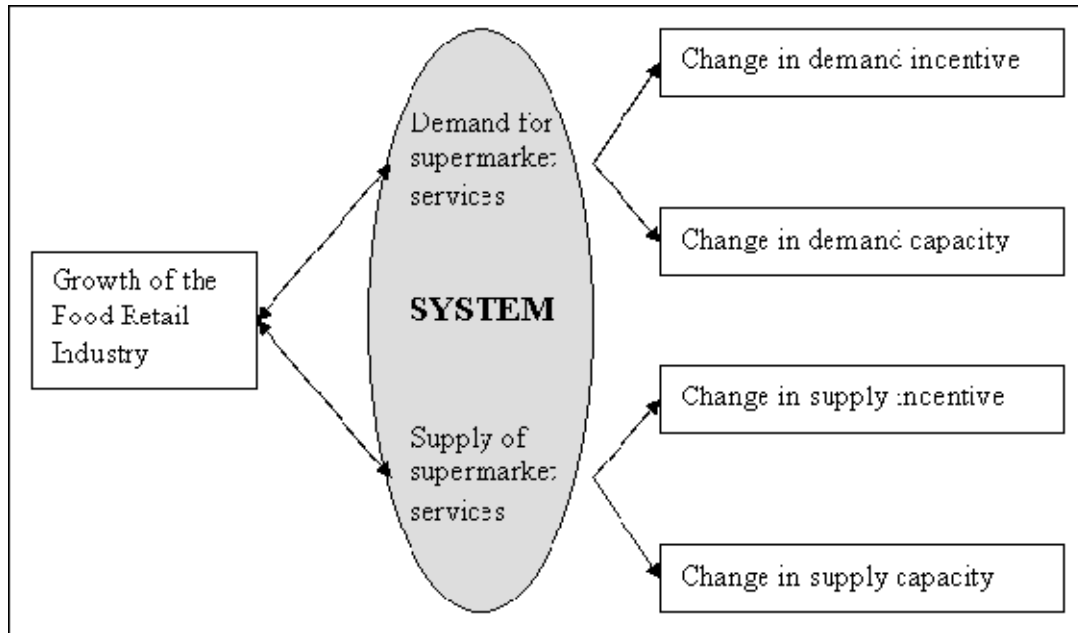
Reardon *et al.* (2003) conceptualised the determinants of the diffusion of supermarkets in developing countries as a changing system of demand for and supply of supermarket services. Supply incentives (motivation for supermarket expansion) and supply capacity (enabling environment promoting supermarket growth) of supermarket services, together with demand incentives (urbanisation, westernisation, etc.) and demand capacity (consumer's per capita

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income and access to and/or ownership of facilities and amenities) for supermarket services, sufficiently explains the changes and development of the international food retailing industry. Within a liberalized, modern market, changes in the supply and demand system determine the direction of growth of the industry. Previously, changes occurred due to new science and technology and new business management but, more recently, the demand side has played a much more important role. Figure 1 below provides an illustration of the determinants of change and growth in the food retail industry's system of demand for and supply of supermarket services.



**Figure 1: Schematic explanation of the determinants of the evolving food retail system**

### 2.1. Demand for supermarket services

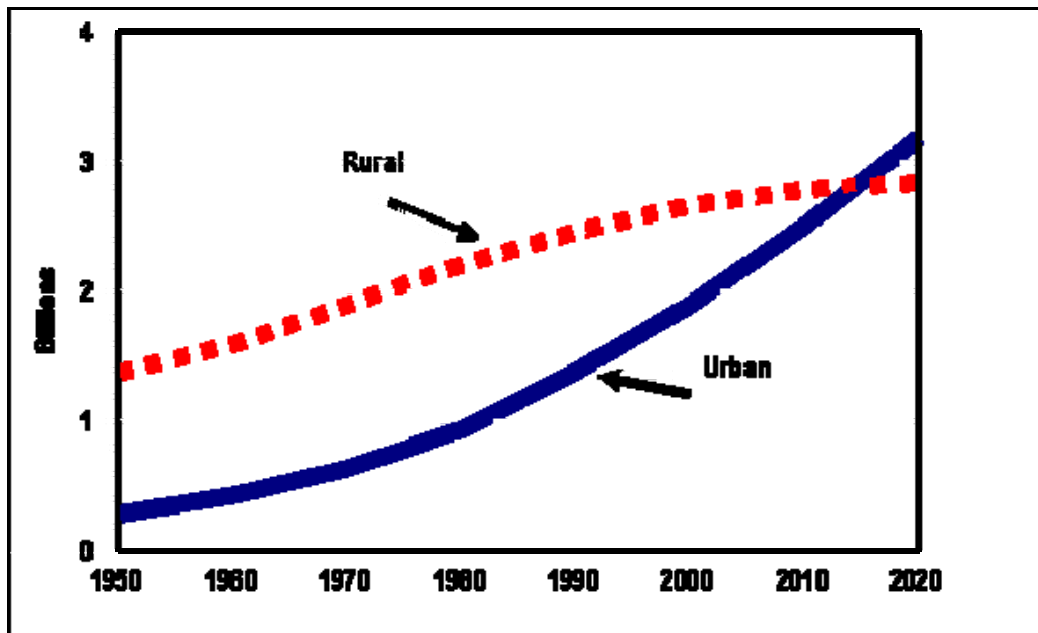
The demand for supermarket services includes changing demand incentives, increasing demand capacity and evolving consumer trends. Evolving consumer trends mainly include factors and trends, such as population demographics and globalization.

Changing consumers are characterized by adaptation of tastes and changes in various characteristics. Kinsey (1999) explains how households became more heterogeneous, becoming smaller and richer, and being more likely to have a female household member in the labour force. Society in general has become more health conscious, mainly because of the rising personal cost of healthcare and the importance of the “looking good” concept as propounded by the media. Other consumer considerations that have been brought about by information are concerns about food safety and the impact of food production on the environment. According to Hughes (2004) the trends discussed above confirm that the world’s population is becoming better educated and informed, household numbers are increasing as household size decreases and increasing numbers of women participate in the labour force, resulting in dual-income households. These factors lead to a demand for more convenient food. The demand has become highly sophisticated and shifted towards added convenience and specific broadened choices. The demand for new foods, new ingredients and high taste profiles are consequences of demographic and lifestyle changes. Convenience has become a major trend, as more women enter the labour force and average household income increases (Lord, 2005). Other trends, such as the increased popularity of ethnic

foods, and accentuated consciousness of health-related issues, are experienced by both urban and rural communities, throughout the world.

Changing demand incentives are characterized by the current urbanization and general westernization trend of the African population. Hagen (2002) confirms that trends such as industrialization and urbanization in developing countries increase consumers' dependency on supermarket services. Longer working hours, diminishing leisure time, the greater role played by women in the work place and greater availability of information have had a significant influence on the world's food market place. According to the Rand Organization (2000), accelerated population growth in developing countries and slower growth in developed countries, combined with widening economic disparities between developing and developed countries, increase the pressures of migration, from the less-developed to the developed world.

Hughes (2004) explains that, on a smaller scale, increasing numbers of people in developing countries are relocating to urban areas. The main reason for doing this is their search for more and better educational and employment opportunities. The perceived and predicted movement and migration of people from rural to urban areas, from 1950 to 2020, is shown in Figure 2 below.

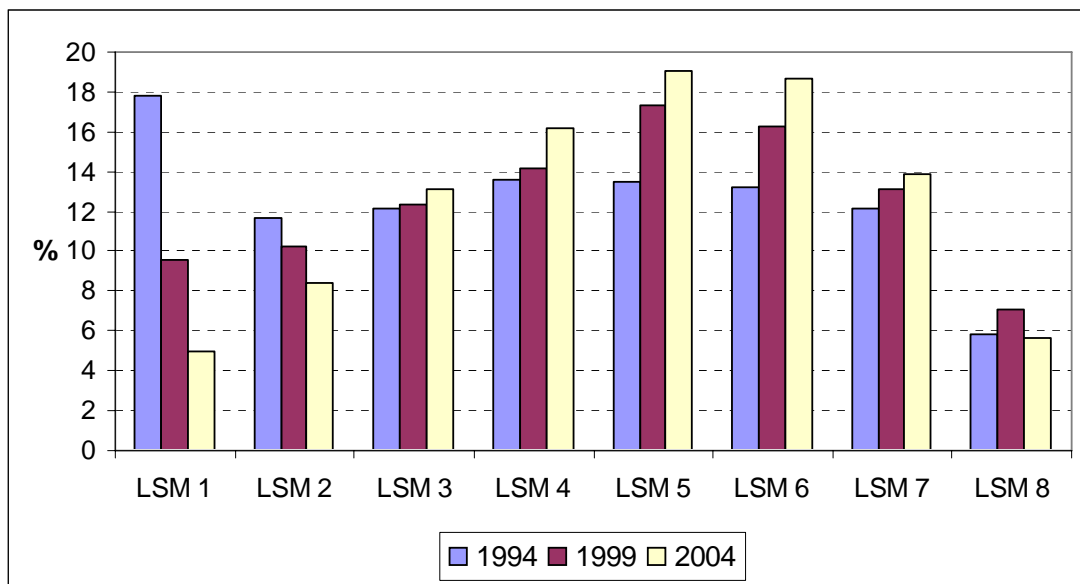


**Figure 2: Perceived and predicted migration of people in developing countries, from rural to urban areas (1950-2020)**

Source: Hughes (2004)

In the case of urbanization, an important change in consumer demographics has been caused by a greater number of women becoming economically active. The fact that women have entered the labour force, especially in poor rural communities, has brought about significant change in households' food consumption. Kinsey (1999) states that these women have less time to shop and cook and have more money to buy more expensive ready-to-eat food, which contributes to the increased demand for convenience, more purchases of food on the go, and a decline in purchasing of raw materials for home cooking. These issues, relating to westernization and urbanization, determine the demand for services and are associated with a more westernized lifestyle.

It is argued that the demand capacity of African consumers improved in most of the developing countries, due to increased real mean per capita income, on macro level, and the increase in ownership of or access to facilities and amenities, on the micro level. Senauer and Goetz (2003) state that the greatest market growth for high-value foods will be created by the sizable and rapidly growing middle class in developing countries. However, it is important to mention less sanguine effects concerning the adoption of high consumption lifestyles by rural and traditional communities in Africa and other developing regions. These involve changes in the use of technology, such as transport, refrigeration, etc. According to SAARF (2002), the Living Standard Measurements (LSM)<sup>3</sup> in South Africa shows a drastic upward movement, with the percentage of South Africans classed as LSM 1 declining significantly from 20% in 1994 to 5% in 2001. The middle classes (LSM 4-6) have increased significantly, especially in urban areas. Figure 3 below shows changes in the different LSM groups in South Africa over the past decade.



**Figure 3: Change of Living Standards Measurement (LSM) groups in South Africa between 1994 and 2004.**

Source: SAARF (2004)

The increasing ownership of facilities, such as refrigerators, enables people to adapt their purchasing patterns. With such facilities, the people can shop less frequently, for they can preserve and keep food fresh for longer periods. Ownership and access to any means of transport makes it possible for customers to visit the market outlet of their choice, thereby adding to their demand capacity. The percentage of ownership of facilities in South Africa in 1994 and 2001 are shown in Table 1 below.

<sup>3</sup> The SAARF LSM is one type of segmentation tool based on wealth, access and geographic indicators. Variable are adjusted over time, considering its relevancy and level of luxury. The latest LSM variables included to group people with the level standard are; electric stove/hotplate, microwave oven, flush toilet in house or on plot, domestic worker, VCR in household, vacuum cleaner / floor polisher, 1 or more sedan cars, washing machine, TV set, home telephone, Hi-Fi / music centre, DVD player, built-in kitchen sink, hot running water, fridge / freezer, deep freezer, water in home / on plot, MNET / DSTV subscription, dishwasher, sewing machine, cell phone in household, PC in home, tumble dryer, two radio sets in household, metropolitan dweller, House / cluster / town house, and Home security service.

**Table 1: Percentage of ownership of food preserving and preparing facilities (1994, 2001)**

Food preserving and preparing facilities	% ownership in 1994	% ownership in 2001
<b>Electricity</b>	<b>58</b>	<b>80</b>
<b>Fridges</b>	<b>48</b>	<b>61</b>
<b>Fridges (rural areas)</b>	<b>14</b>	<b>31</b>
<b>Electric hotplates</b>	<b>5</b>	<b>23</b>

Source: SAARF (2002)

## 2.2. Supply of supermarket services

The supply of supermarket services is explained by supply incentives and supply capacity. Strong supply incentives are exhibited through the current motivation of supermarkets to expand, by Foreign Direct Investment (FDI) and consolidation between companies, such as mergers and acquisitions (M&A). Until the 1980's supermarkets played a relatively small role in the food retail industry in Africa. In the past, only domestic capital was used, and therefore very little innovation and entrepreneurship was incorporated into supermarket development strategies. Development through FDI is the consequence of saturated local markets in developed countries, which caused intense competition. According to Farina and Dos Santos Viegas (2003) the large supermarket companies could also generate much higher margins in developing markets. This gives a multinational company a competitive advantage in the domestic market place. These large companies initially experienced little competition, with weak resistance from traditional markets and local, mostly independent, supermarkets. The supermarket companies still had to adapt to new and unfamiliar markets, especially if the market was already well developed and demand driven.

According to Reardon *et al.* (2003), consolidation in the supermarket industry has occurred in two main ways; (1) foreign acquisition of local chains and (2) absorption of smaller chains and independent stores by large domestic chains. This trend started in well-developed market places, and resulted in highly concentrated markets with intense levels of competition. Another supply incentive for progression within the supermarket industry is joint ventures within global multinationals as well as smaller companies. The main driving forces behind mergers are to achieve economies of scale, expansion of target markets, greater bargaining power with manufacturers, more efficient use of transportation and procurement systems and utilization of information technology (Kinsey, 1998a). Companies with specific target markets can expand their markets by merging with companies with different target markets. An example of such consolidation is that of the South African company, Pick 'n Pay, which merged with a smaller local chain, Boxer. Boxer (Pty.) Ltd. targeted rural, poor communities. This merger gave Pick 'n Pay the opportunity to enter a market sector in which, at that stage, it was not active. The Boxer Superstore brand name was, for marketing purposes, retained. The company became a separately branded outlet, as a subsidiary of the Pick 'n Pay group (Pick 'n Pay, 2004 and Competition Tribunal, 2002).

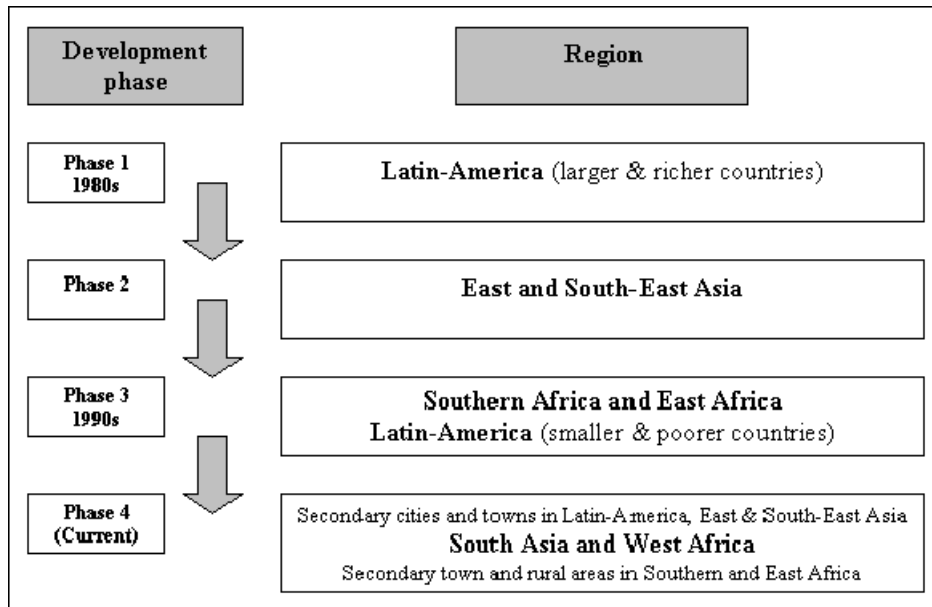
Supply capacity can be explained by the enabling environment (external influences as well as self-induced development and innovative actions) towards promoting growth for supermarkets. The liberalization of most African countries' markets was experienced as a capacitating factor for entry of supermarkets. Changes and improved political stability in various African countries also contributed to more favourable investment opportunities. The 1990's liberalizing international investment policies and the appropriate timing thereof created an enabling environment for

expansion of supermarkets. Changes in political conditions also contribute to change in capacity and incentive for FDI to or from certain countries.

Supermarkets also capacitated themselves to some extent by initiating a revolution regarding development of retail procurement logistics, chain integration and highly technologically advanced inventory management systems. The Competition Commission (2002) notes that, in the South African case, less than 50% of total merchandise is sold via traditional supply chains. Approximately 40% of sales bypass the wholesaler, moving directly from the manufacturer to the retailer. Five per cent of sales occur between the wholesaler and the consumer, and the remaining 5% occur directly between the manufacturer and the consumer. These figures indicate that the second most common wholesaler/retailer interaction in South Africa involves the self-distributing retailers, who sometimes acquire their own distribution centres. Supermarket chains usually maintain their own distribution systems, using warehouses to allocate goods to branches. The trend shows that most of the larger retailers are increasingly outsourcing the services of warehousing and transportation. The large retailers' suppliers deliver products to central depots and warehouses, from where products are distributed to retail outlets or shops. The evolution of hypermarkets involved changing the traditional distribution chain by purchasing directly from manufacturers and bypassing wholesalers. In this way they achieved high turnovers with low margins, thus placing price pressure on all competing outlets.

### **3. Supermarket diffusion into the developing world**

The development of the international food retail industry arose from expansion by the supermarket industry in countries such as Western Europe and the United States of America. Spill-over started occurring to directly adjacent countries. The more drastic development, due to expanded spill-over from developed countries, can be explained in four phases. The first Supermarket entrants and introduction initiatives in the developing world took place in the larger and richer Latin American countries. The second phase happened in East and South-East Asia, followed by the third phase, in Southern and East Africa, as well as the smaller and poorer Latin American countries. The final phase is still in process, as development in the food retailing environment is taking place in secondary cities and towns in Latin America and the South-East and East Asian countries. Also included in this phase is the newly targeted South Asian and West African countries, as well as the secondary towns and rural areas in Southern and East Africa. The phases of this diffusion model are graphically in Figure 4 below.



**Figure 4: Phases of the diffusion model of the supermarket industry in the developing regions of the world**

#### 4. Supermarkets in Africa

Africa is a much smaller role player in international food retailing, but the rise of supermarkets is directly related to westernization and urbanization trends currently experienced throughout Africa. The forces of globalization and urbanization across the developing world are an inevitable reality. An ever-increasing number of city-dwellers depend on supermarkets as their main food source. Changing consumer behaviour could evolve in a trend that will benefit the supermarket and other dynamic food retail markets in becoming significant international role players.

The development of the supermarket industry in Africa is mostly characterized through the rapid rise of supermarkets in South Africa and Kenya and their spill-over into other countries in recent years. The initial signs of supermarket development occurred in the larger and richer countries, where domestic chains grew in size and number. According to Weatherspoon and Reardon (2003), it then only expanded to smaller and poorer countries through FDI. The economic geography of expansion and spread of supermarkets was related to the nature of sub-regions/countries' economies, policies, political stability and purchasing power. The speed and cumulative acceleration was, according to Weatherspoon and Reardon (2003), much less predictable and extremely surprising. The supermarkets were initially focussed, through location and sales, on upper-income consumers in each respective country. In the 1990s the number of supermarkets increased rapidly, and diversified to various different outlet formats, such as hypermarkets and convenience stores. These retail formats replaced the more traditional retailers such as small shops and, in some cases, public markets. At this time the more traditional food retail outlets existed mainly in the rural areas.

According to Reardon *et al.* (2003) the frontrunner in the African context was South Africa, where a spectacular rise occurred after the end of apartheid in 1994. The South African supermarket industry exploded over the past decade. Many FDI opportunities became available to and from South Africa. Investment opportunities in the rest of Africa were boundless. Reardon *et al.* (2003) lists that South African supermarket chains have already invested in 13 African countries. By the late 1990s, the supermarkets expanded to poorer and rural areas by means of

franchises. According to *Business Today*, as cited by Weatherspoon and Reardon (2003), supermarkets were not permitted to exist in townships and former homeland areas during apartheid. Between 1994 and the early 2000s supermarkets focussed on consolidating business in the cities. Competitive pressure at the top end of the market pushed supermarkets to expand to townships, starting during mid-2001. Pick 'n Pay and Shoprite exerted a significant strategic push when they entered the rest of the African market through FDI, partly due to near saturation of South African markets, and partly because of the search for higher profits in other markets with fewer stores. This FDI incentive ignited a wildfire of investment by domestic chains in order to defend their market shares.

Kenya was the other front runner in the rise of supermarkets, followed by Zimbabwe and Zambia. In Kenya the majority of supermarkets are established in Nairobi, but due to further expansion, about one quarter of supermarket equivalents are now outside Nairobi. Supermarkets are currently being introduced in the medium-sized cities and larger towns. The supermarkets' incentive of expanding into poorer areas and secondary regions can broadly be explained by two factors. It is mainly due to the rapid current growth of supermarkets in urban areas, which are moving towards saturation and eventual spill-over into other towns. It is also driven by the shifts and changes in the formats and retail strategies towards large-store formats, such as hypermarkets, which emphasize cheap food and convenience for the working poor (Weatherspoon and Reardon, 2003).

Tanzania underwent a series of macroeconomic reforms and liberalization of FDI in the 1990s and South African companies used the opportunity to enter that market. Two Kenyan chain companies also expressed their intentions to enter the Tanzanian market. The apparent opportunity for growth in Tanzania has led many supermarket chains to view the country as an important emerging market (Wahome, 2001; Wandera, 2002; Shoprite, 2002; *Business Day*, 25 November 2002; Winter-Nelson, 2002; all cited by Weatherspoon and Reardon, 2003).

As noted by Weatherspoon and Reardon (2003), the rise in supermarkets was most significant in countries such as South Africa, Kenya and Nigeria. Nevertheless, it is important to realize the important role supermarkets currently play in these countries, because approximately 55 per cent of the food retail industry in South Africa is controlled by supermarkets, whereas supermarkets control only 5 per cent of the Nigerian food retail industry (Nzeka, 2002, as cited by Weatherspoon and Reardon, 2003).

In summary, Table 2 below contains a ranking of African countries regarding supermarket development (Weatherspoon and Reardon, 2003).

**Table 2: Present stages of supermarket development in various countries in Africa**

Stage of development	Country(ies)
Recent entry	Ghana
Small niche market	Tanzania, Nigeria, Uganda
Early-intermediate stage	Zambia, Zimbabwe
Intermediate stage	Kenya
Advanced stage	South Africa

Many large multinational companies hesitated, and in some cases still hesitate, to invest in most of the Western and Central African countries, due to possible non-feasibility of entry as a result of proliferation of existing markets, political instability, lower rates of urbanization, low consumer purchasing power, language barriers, etc. Nigeria, for instance, are exceptions, with

almost 5% of the food retail industry already being occupied by supermarkets. Supermarkets in Ghana are seen as on a purely incipient level, and Nigeria's supermarkets still only target a small niche market. Very little information is known and available about individual attempts of supermarkets throughout the rest of Central and Western Africa.

## **5. Effects of the expanding Supermarket industry**

The rapid spread of supermarkets is driving many traditional food retailers, such as small corner stores and public market places out of business (Reardon, Timmer, Barret and Berdegue, 2003). Traditional food retail outlets face serious competition from supermarkets mainly because of their low-price appeal to consumers (Woo, Huang, Epperson, and Cude, 2001). Martens, Florax and Dooley (2005) state that shoppers patronize traditional supermarkets less often as they shift some of their purchases to supermarkets, and that this shift is moving sales from small markets to larger ones and forcing small grocers to close. The concern, as raised by Martens *et al.* (2005) remains that large food retailers are using their lower cost structure and advantages in marketing, store design and shelf space allocations to reduce consumer access to local small retailers, increase retailer market power and discourage competition, however, King, Leibtag, and Behl (2004) stated that the introduction of successful supermarkets can encourage low-income areas to become more vital and viable, not only by providing more shopping opportunities in a more competitive environment, but also by creating new employment opportunities for area residents. Major retailers have achieved growth by franchising and buying out smaller independent retailers, instead of establishing large format stores. In general, businesses competing with large supermarkets will be harmed significantly, but those in the region who do not compete directly, will benefit. Roe, Shane, and Somwaru (2005) found that food purchased in supermarkets is not perfect substitutes for food purchased in traditional outlets, because, as income increases (such as the per capita income growth currently experienced in South Africa), the total share of income spent on food will decline, but the share spent in traditional markets will decline more rapidly than the share spent in supermarkets.

As the number of outlets in a given supermarket chain increases, the tendency is a move from a per-store procurement system, to a distribution center serving several stores in a given zone, district or region. This is accompanied by fewer procurement units and increased use of centralized warehouses. Centralization increases efficiency of procurement by reducing coordination and other transaction costs, although it may increase transport costs by extra movement of the actual product (Reardon, Berdegue, Lundy, Schutz, Balsevich, Hernandez, Perez, Jano and Wang, 2004). This trend of centralization results in a decrease in procurement from and support of regional/local economies, through local agricultural producers, local suppliers, local institutions and therefore local consumers. Money generated by regional economies can decrease drastically, due to further multiplier effects of decreasing local support, regardless of benefits to the consumer tends in the form of lower consumer prices as a result of lower transaction costs.

According to Martens *et al.* (2005) the grocery industry shifted from an industry dominated by small grocers serving local markets, to one characterized by large retailers operating in international markets. The growth of large grocers is explained by economies of size and scope, the adoption of advanced information technology, supply chain management strategies, which drastically lower their costs, fewer weekly trips to supermarkets by consumers, and by evolving store formats. Supermarkets, as mass merchandisers in the South African context, have a dual objective – qualitative (to increase quality and eventually safety of the product) and non-quantitative (to reduce costs and increase volumes procured) (Reardon *et al.*, 2004). This provides supermarkets with a competitive advantage over smaller, traditional retailers.

Some researchers suggest survival strategies for the traditional food retail sector. Woo *et al.* (2001) noted that upscale outlets which target higher income, niche market segments, were found to be less affected by supermarkets and able to continue in the market in spite of relatively higher prices. Capps and Griffin (1998) found that, in order to stabilize market share, traditional outlets must be fully aware of and conscious about changing consumer trends, needs and preferences, especially in an effort to reduce prices and change labour utilization, and yet maintain profit margins.

Organizational change, accompanied by intense competition in the food retailing sector, has driven changes in the organization of procurement systems of supermarket chains towards centralized and regionalized distribution, use of specialized/dedicated wholesalers and preferred supplier systems and demanding, private quality standards. The effect of supermarkets on the agrifood sector relates mostly to greater demand for agricultural products and access for primary producers to sell to supermarkets. Meeting the requirements caused by organizational change in supermarket procurement systems present clear challenges and opportunities for producers. Cacho (2003) recognizes the smallholder farmers, in particular, who are at risk of being marginalized further by the swift introduction of a “new” market that has specific requirements.

The cartel-like framework of the buyer’s side can classify the producers as “winning” farmers and “loser” farmers. Cacho (2003) concludes that large-scale farmers – at national or regional levels – who “self select” by complying with supermarket “market” requirements, would meet this challenge and become the “winning farmers”. In the “loser column” of this comparison framework are the smallholder farmers who do not and/or cannot “self select”. Reardon, *et al.* (2004) state that the specific requirements farmers have to comply with will vary by type of retailer, and include factors such as size of the retail chain or consumer segment targeted. These factors then translate into requirements for product quality and post-harvest practices by producers and other actors in the supply chain. Reardon *et al.* (2004) state that adopting new practices can open doors to suppliers, enabling them to sell to supermarket chains that are “growing” the market in terms of volume, value adding and diversity. A supplier can move from being a local supplier to being a national, regional or global supplier – and therefore categorize himself as a “winning farmer”. On the other hand, Roe *et al.* (2005) acknowledges that the rapid adjustment in the food marketing chain associated with the growth of supermarkets has raised concern about the plight of smaller, traditional farmers who cannot meet the more demanding market channel standards, and therefore become the “loser farmers”. These farmers will typically supply local, more traditional retail outlets.

Reardon *et al.* (2004) characterizes the determinants of a producer’s “channel choice” as the products and transaction attributes required and price given by the buyer in a given channel, for a specific product of a particular variety and grade. Important to the producer is, furthermore, costs and benefits to small and medium agro-food entrepreneurs involved in entering the supply channel for supermarkets. It is important, in this regard, to understand technology options that deliver the same attribute set and quantity – in economic terms, the “isoquants” in factor space.

There are certain noteworthy benefits for the “winning farmers”, such as higher prices and more markets. Empirical studies of farm-to-retail price transmission have found asymmetry in price responses; retail prices often do not fall to the same extent as farm level prices, and prices rise less than proportionately to farm level price increases. Backward integration of retailers increases the likelihood of direct buying from agricultural producers. Price rigidity, price evaluation and price asymmetry all contribute to reductions in producer welfare and suggest a need for better antitrust enforcement for agriculture (Carstensen 2000). Reardon *et al.* (2004) cite a statement by Javier Gallegos, head of marketing for Hortifruti: “*The market is fragmented, unformatted,*

*unstandardised. The growers produce low quality products, use bad harvest techniques, there is a lack of equipment and transportation, there is deficient post-harvest control and infrastructure, and there is no market information. There are high import barriers and corruption. The informal market does not have: research, statistics, market information, standardized products, quality control, technical assistance and infrastructure.”*

Reardon *et al.* (2004) state that, in order to close the gap between supplies and needs, supermarket chains in developing regions have been moving away from the old procurement model, based on sourcing products from the traditional wholesaler and the wholesale markets, towards the use of four key pillars of a new kind of procurement system:

- (1) “Specialized/dedicated wholesalers and suppliers”
- (2) Centralized procurement through distribution centers
- (3) Assured and consistent supply through “preferred suppliers”, and
- (4) High quality and increasingly safe products through private standards imposed on suppliers.

Farmers are obliged to adapt if they wish to be included in the new procurement system. Reardon *et al.* (2004) state that, to enter this market, producers sometimes need to make rather large and significant investments in human capital, management, input quality and basic equipment. Roe *et al.* (2005) express concerns about the possible effect of supermarket expansion on the welfare of traditional farmers, especially regarding the relative capital intensity of modern marketing channels compared to traditional channels.

## **6. Conclusion**

The spread of supermarkets in Africa originated through the expanded supply of supermarket services. South African supermarket chains obtained the required supply capacity to expand into the rest of Africa. The increase in demand incentives and capacity of African people initiates the demand for supermarket services. The argument surrounding the effect of the expansion of supermarkets in Africa tends to be very contradictory. The introduction of dynamic food retailers, such as supermarkets, in Africa can have either positive or negative effects. It could positively influence the area by providing local people with access to good quality produce, convenience shopping and lower prices for basic household goods. According to Weatherspoon and Reardon (2003), the rural poor need food markets to escape from poverty. It is therefore inevitable for food policies to be based on a sound understanding of the way the changing food marketing system works, especially in African countries with a large rural and poor population. The negative aspects include issues such as the exclusion of traditional markets by specialised retailers, reduction of market access possibilities for local and small-scale producers and suppliers, and limiting the potential for money generation within the region. Each region experiences different effects on the regional economy, traditional food retailing and agrifood sector. It seems, however, that consumer welfare with respect to food and general economic growth have benefited from the expansion of supermarkets into Africa.

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