The supermarket revolution revisited: food system insights from cape town, south Africa, and Nanjing, china

Prof Jonathan Crush, Balsillie School of International Affairs
Dr Godfrey Tawodzera, University of Cape Town
Dr Zhenzhong Si, Nanjing University

Outline

- 1. Context: Rapid Urbanization and Food System Transformation
- 2. Supermarket Revolution Model
- 3. Cape Town Case Study
- 4. Nanjing Case Study
- 5. Conclusions

Global

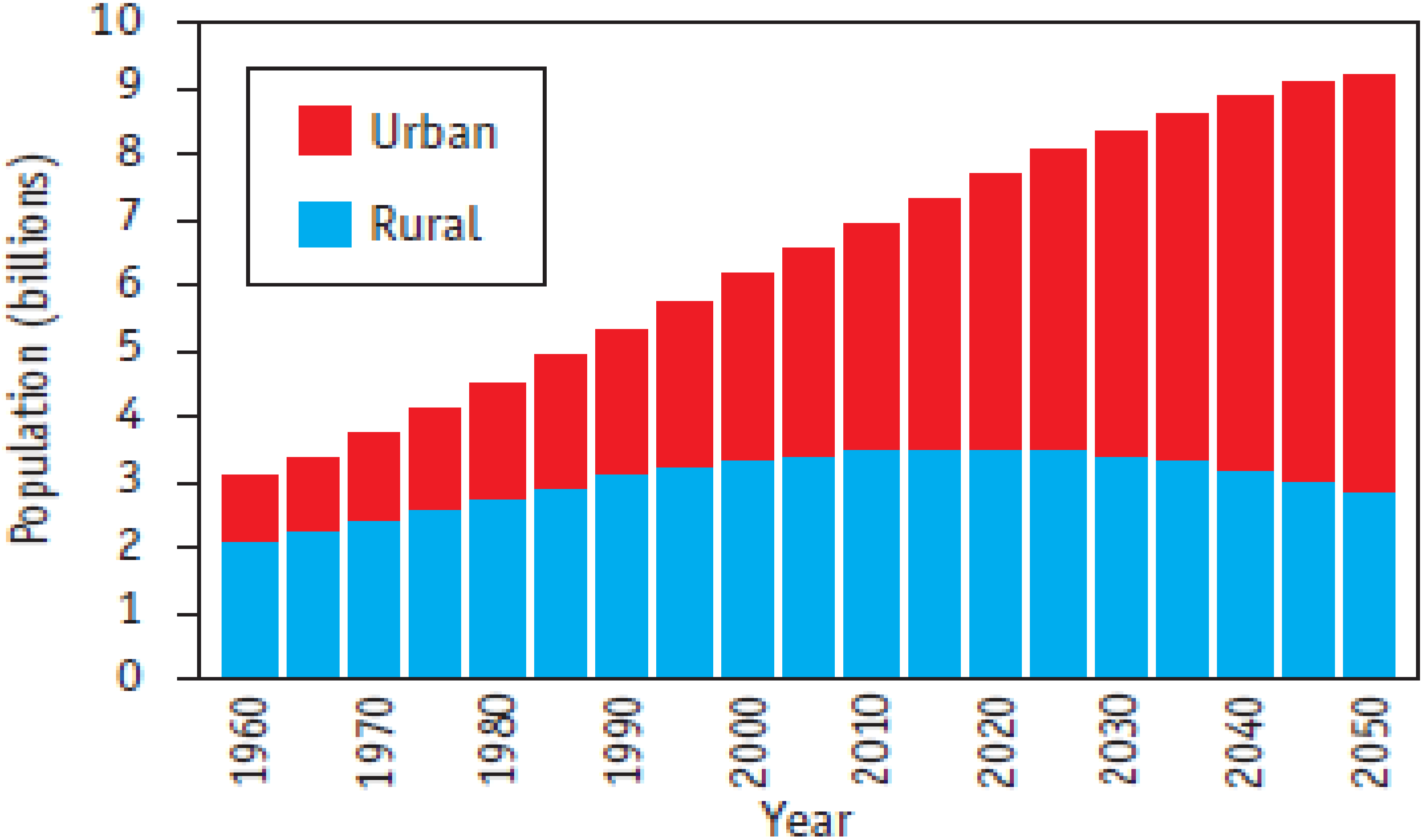
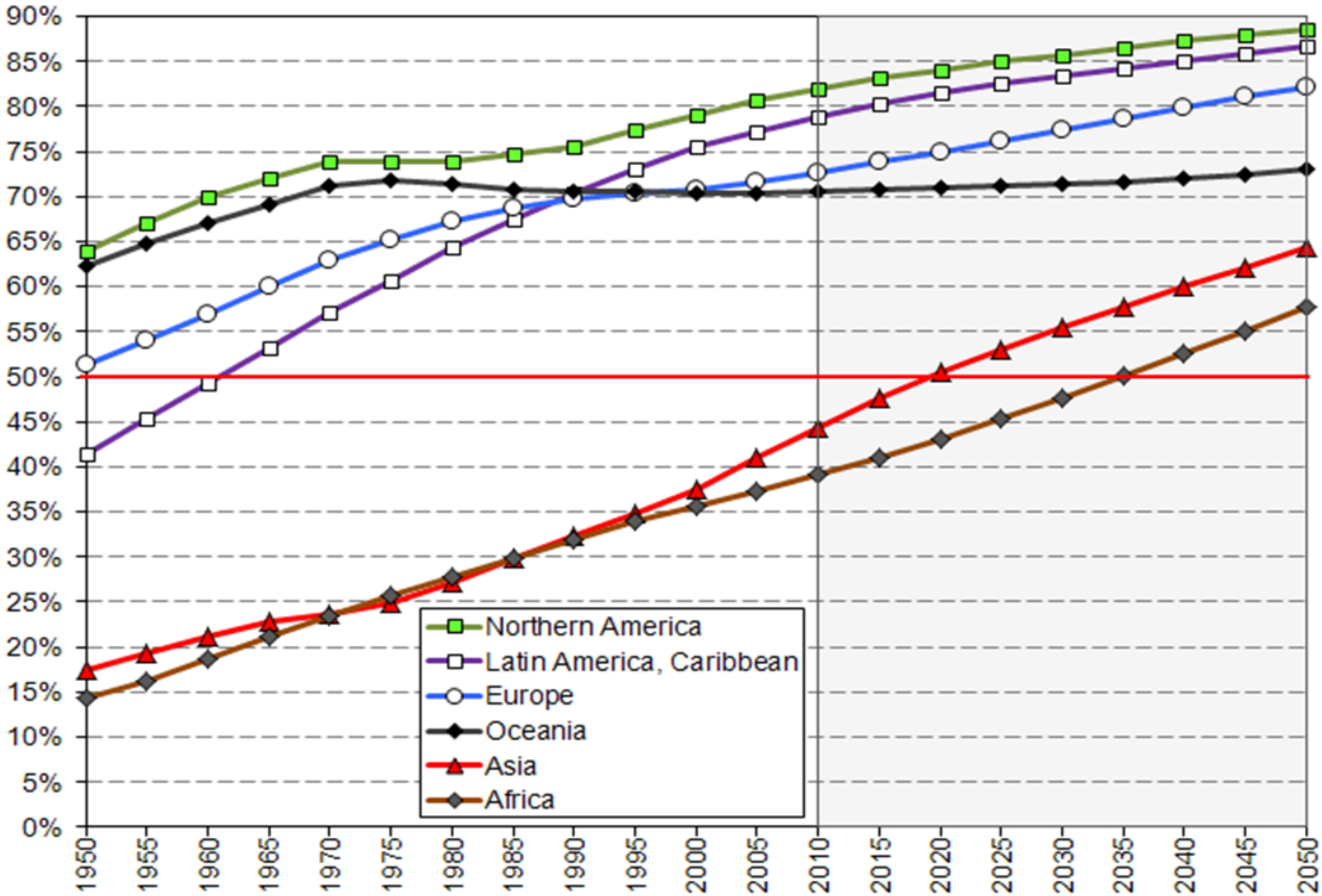


Figure 1. World population 1960–2050 separated into urban and rural. *Source*: FAOSTAT[2]

Regional



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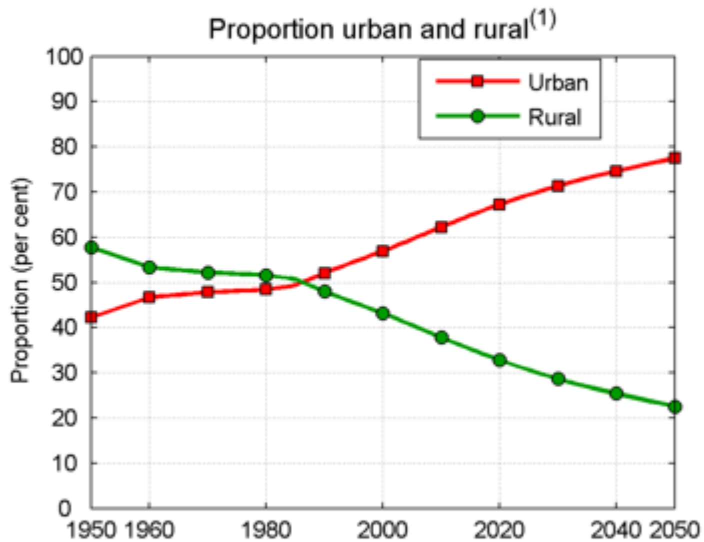
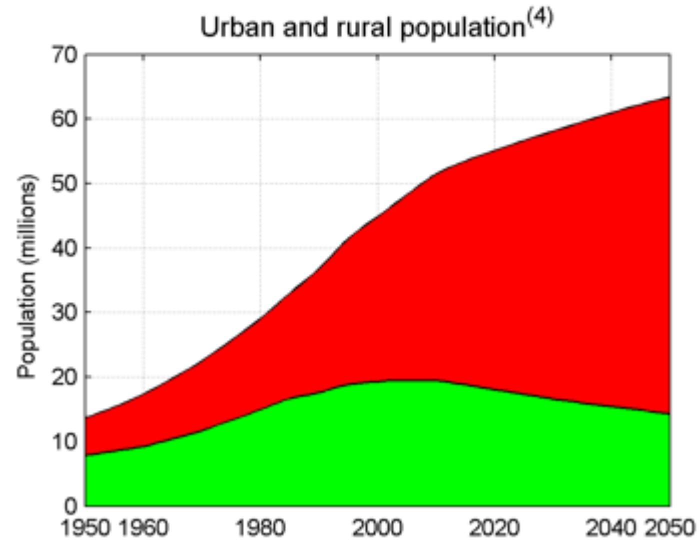
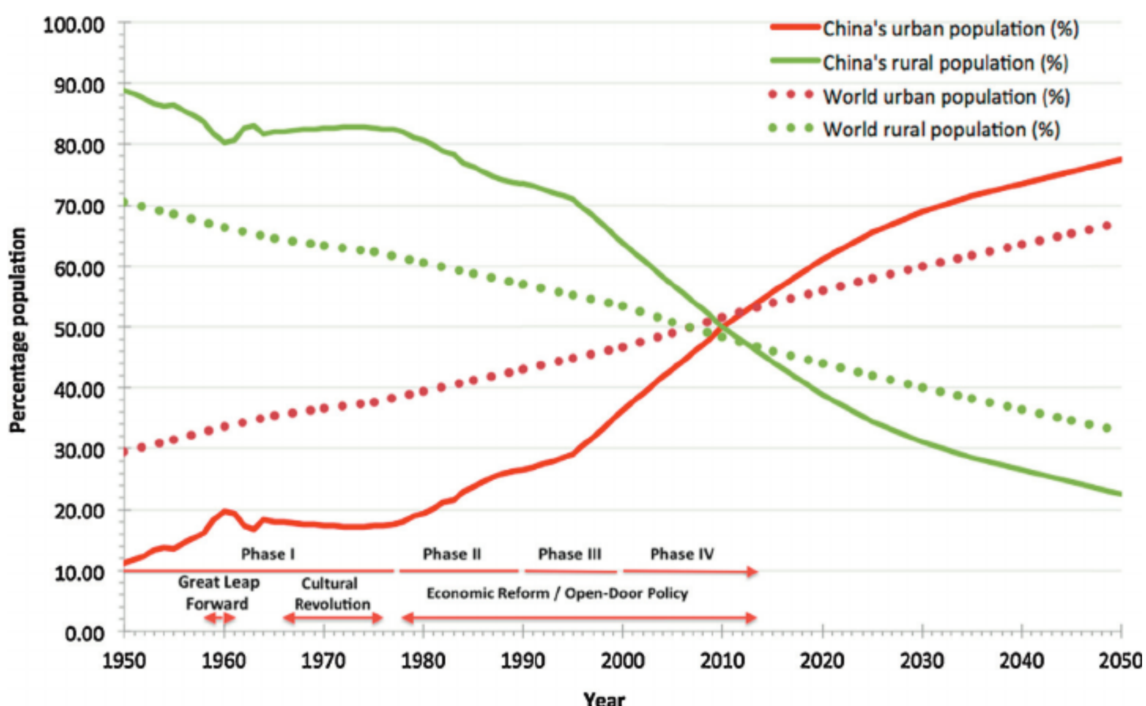
Northern America
Latin America, Caribbean
Europe
Oceania
Asia
Africa

National: South Africa and China







2. The Supermarket Revolution

- Urban food systems in the cities of the Global South are currently undergoing major transformation (FAO, 2004; Von Braun et al, 2008) involving "extensive consolidation, very rapid institutional and organizational change, and progressive modernization of the procurement system" (Reardon and Timmer, 2012).

- The revolution is driven by large global and national supermarket chains (Reardon et al, 2003, 2005; Reardon and Minten, 2011)

- Supermarkets conventionally seen as targeting middle and higher-income urban consumers and communities. However, rapid urbanization is delivering massive new consumer markets which supermarkets are now successfully targeting. In Southern Africa, for example, over 80% of poor urban households now procure food from supermarkets (Crush et al, 2012).

Supermarket Revolution Model

- Four basic elements:
- 1. Urbanization means massive new consumer markets and dietary changes that only supermarkets and their supply chains are equipped to meet (Tschirley et al., 2015).
- 2. The supermarket revolution globally is characterised by "the classic paradigm of North-South expansion" (Altenburg et al., 2016: 12).
- 3. There are unilinear "stages" or "waves of diffusion" of supermarkets in which their food system domination in the Global North (and then Latin America), will inevitably diffuse throughout Africa and Asia (Reardon et al., 2003, 2007; Reardon and Timmer, 2008, 2012).

Wave	Period (of takeoff)	Countries (Emerging Economies)	Modern food retail share of market share (mid 2000s: average)
1st	Early 1990s	South America	50-60%
		East Asia (outside China and Japan)	
		Parts of South East Asia	
		North-Central Europe and Baltic countries	
		South Africa	
2nd	Mid-to-late 1990s	Mexico	30-50%
		Central America	
		Much of South East Asia	
		South-Central Europe	
		Parts of Southern Africa (e.g. Zambia, Mozambique, Swaziland and Botswana)	
3rd	Early 2000s	Parts of Eastern and Southern Africa (eg. Tanzania, Uganda, Zimbabwe and Malawi)	5-20%
		Other parts of Central and South America	
		China	
		Eastern Europe	
		Russia	
		India	
4th (Emerging)	Late 2000s	South Asia (outside of India)	No estimates
		sub-Saharan African countries not impacted in the 2nd and 3rd wave (e.g. Democratic Republic of Congo, Angola and Nigeria)	
		Poorer countries in South East Asia (eg. Cambodia) and South America (eg. Bolivia)	

- 4. Supermarkets outcompete, undermine and eliminate less-efficient, small-scale forms of urban food retail and marketing.

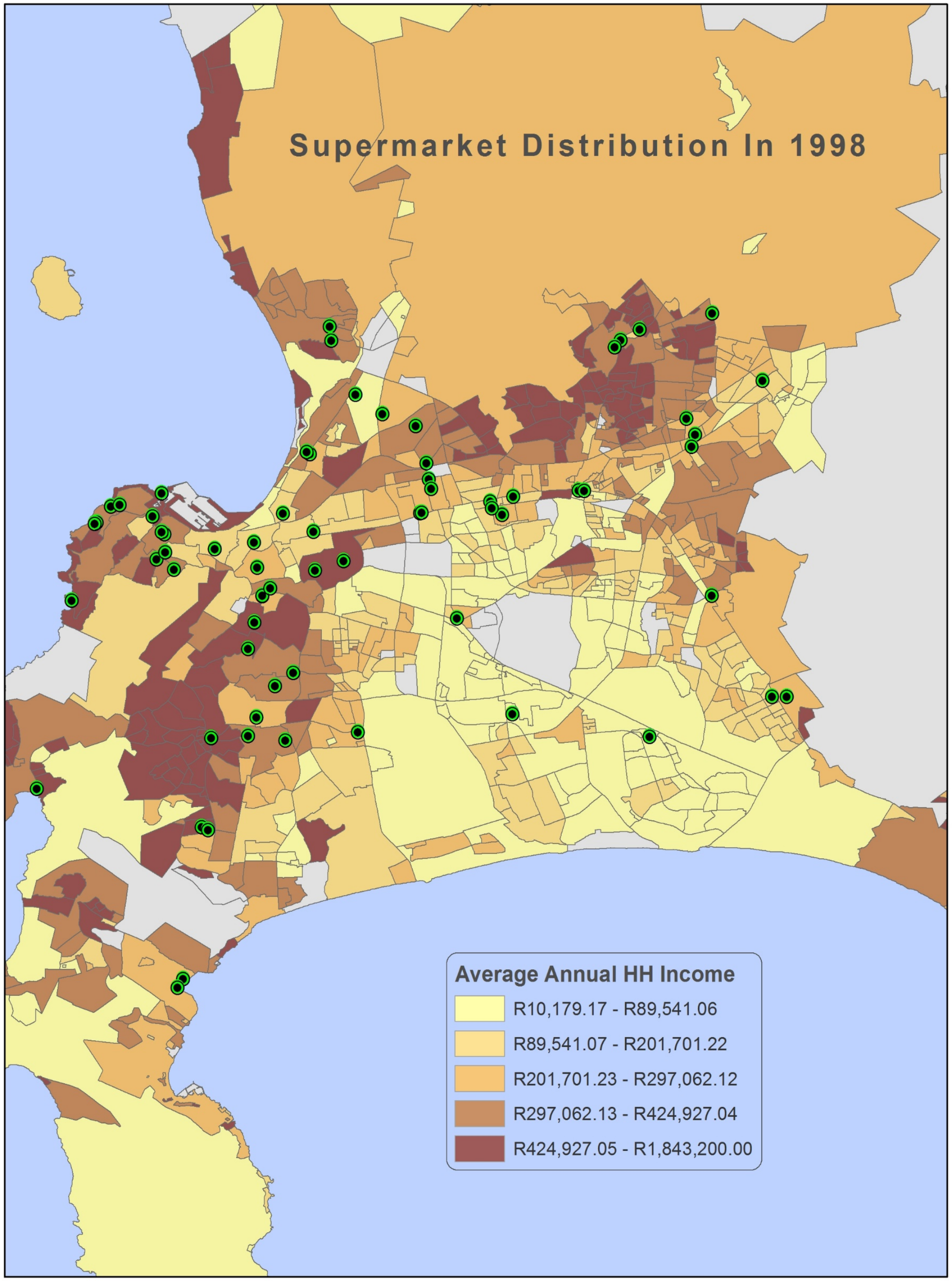
- Kennedy et al. (2004: 1): “competition for a market share of food purchase tends to intensify with entry into the system of … large multinational fast food and supermarket chains. The losers tend to be small local agents and traditional food markets.”
- Reardon and Gulati (2008: 17) “the mirror image of the spread of supermarkets is the decline of the traditional retail sector.”
- Louw et al. (2007: 25) suggest that in South Africa “one of the primary threats is the encroachment of supermarkets into areas traditionally occupied by the informal market.”

Contrasting Case Studies

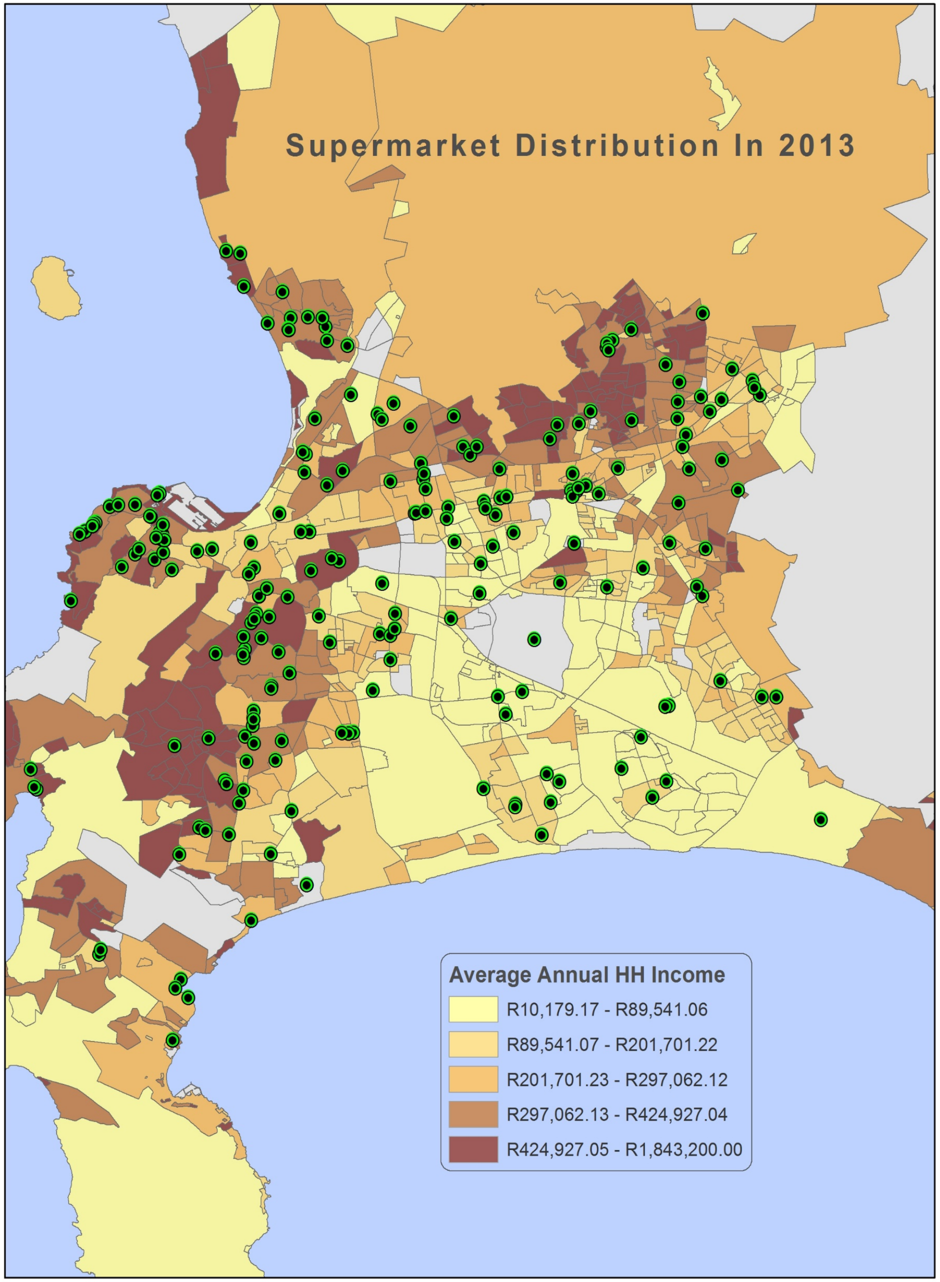
- Cape Town, South Africa
- Nanjing, China

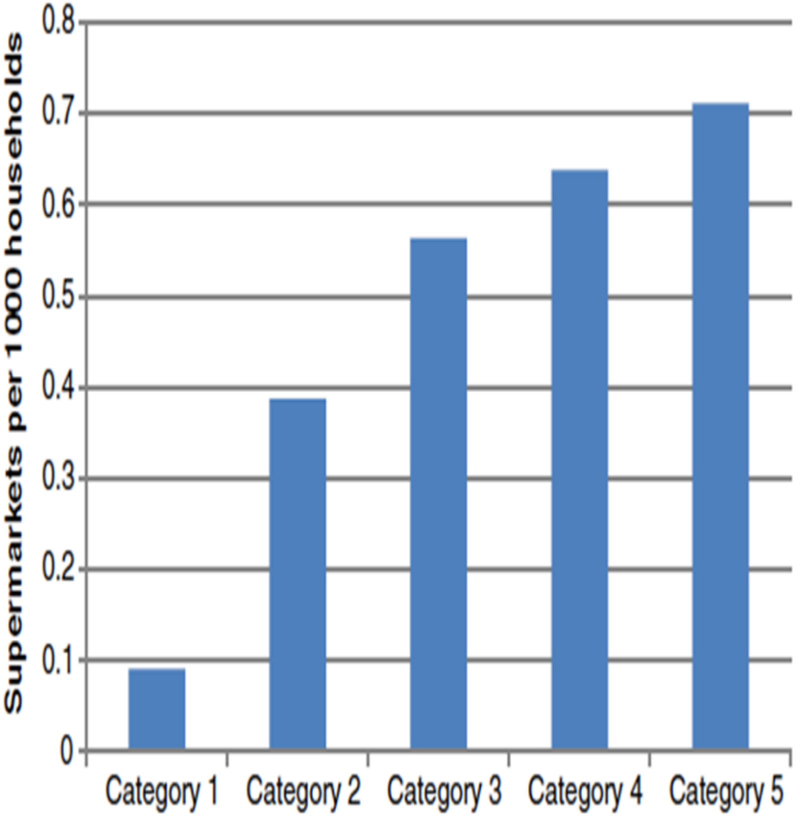
- Research conducted by IPaSS Hungry Cities Partnership (www.hungrycities.net) funded by IDRC and SSHRC

- Cape Town: surveys of 2,600 households and 1,000 informal food vendors
- Nanjing: surveys of 1210 households and 864 small-scale food vendors

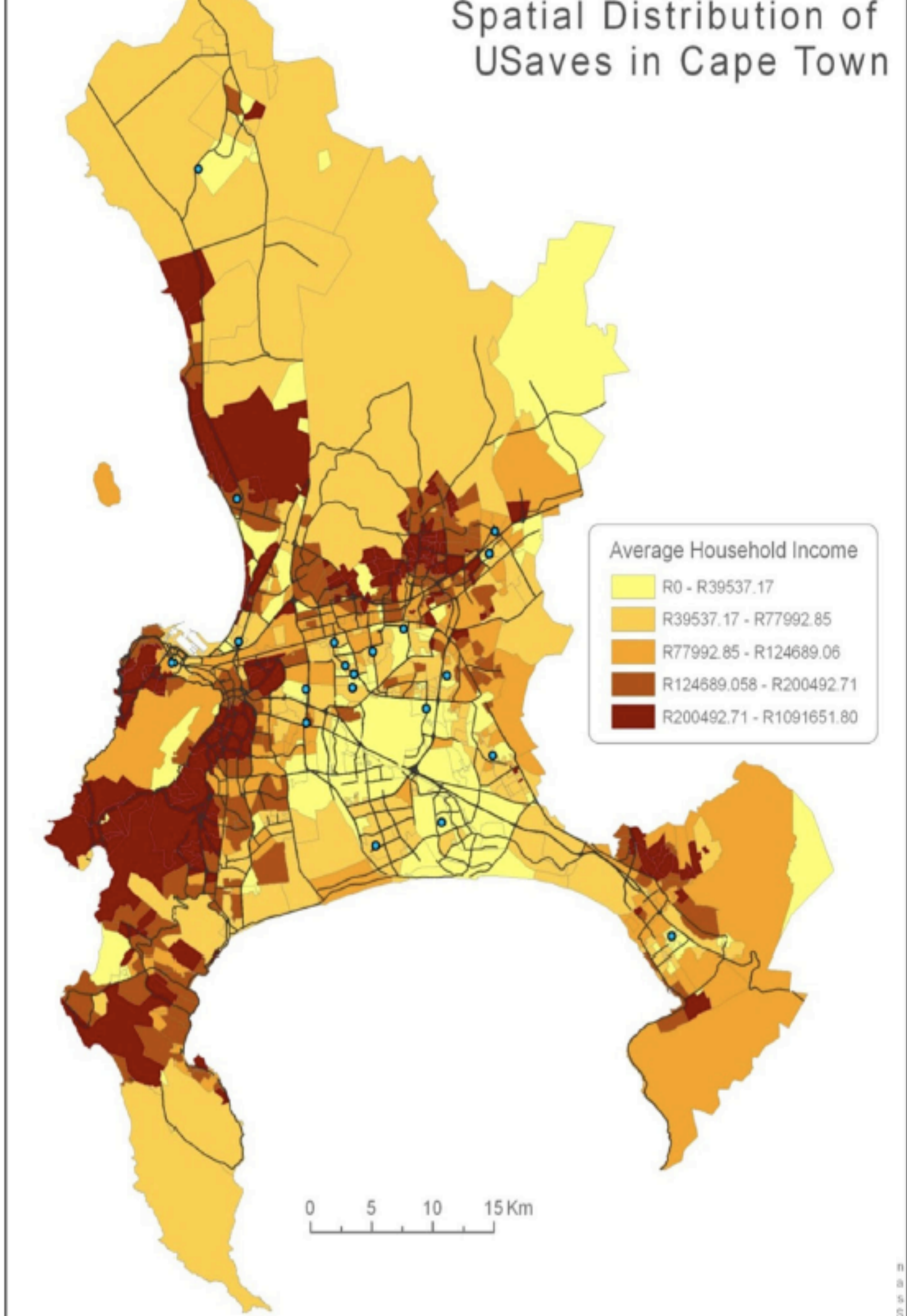


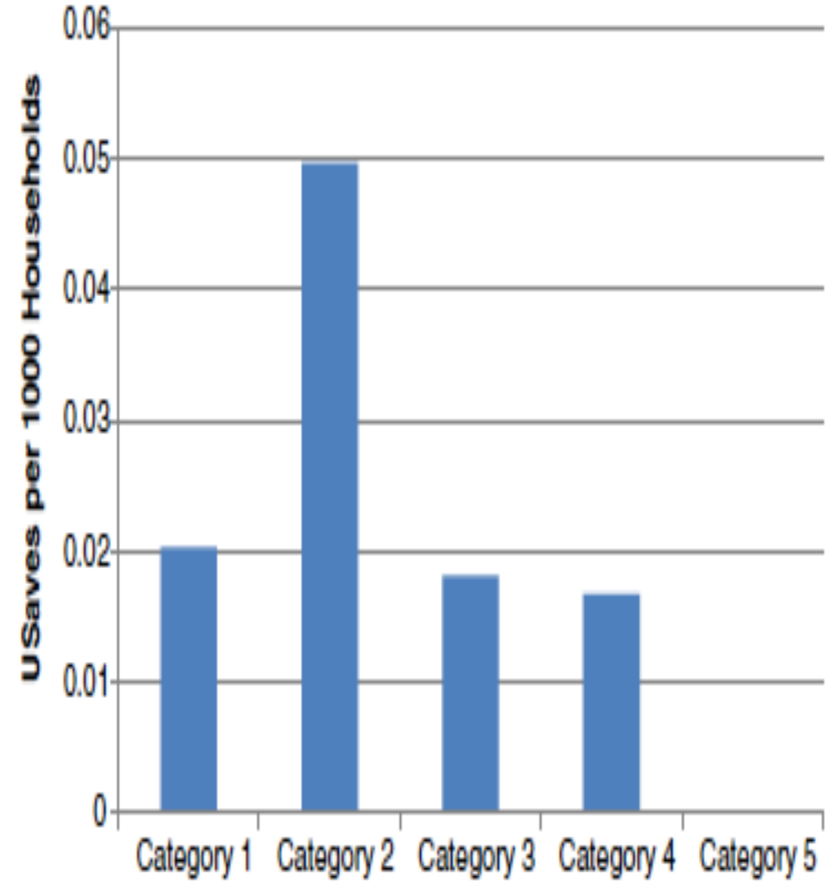
Source: Battersby, 2017





Source: Battersby, 2017; Battersby & Peyton, 2014



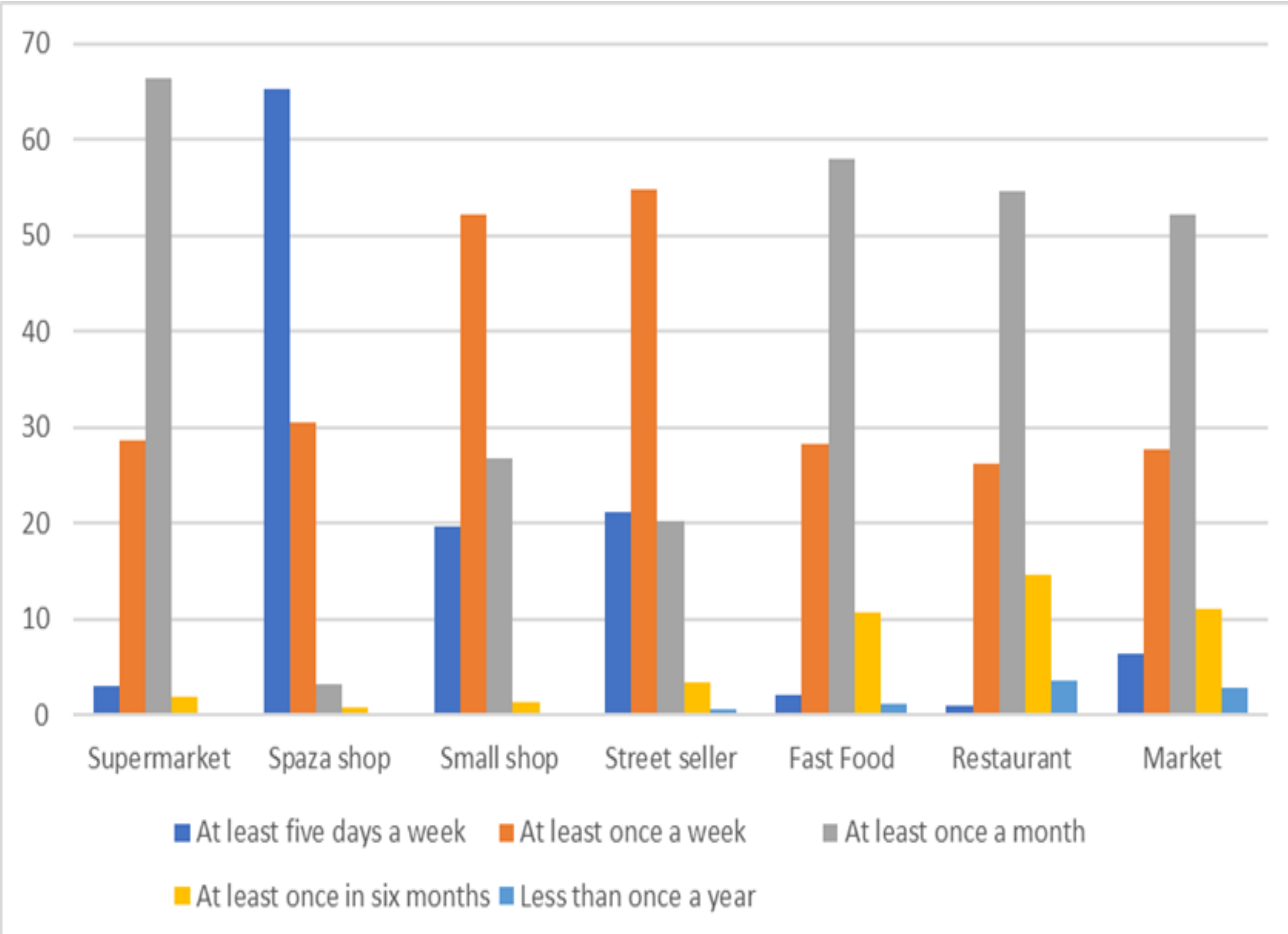


Source: Battersby, 2016; Battersby & Peyton, 2014

The informal food economy in Cape Town

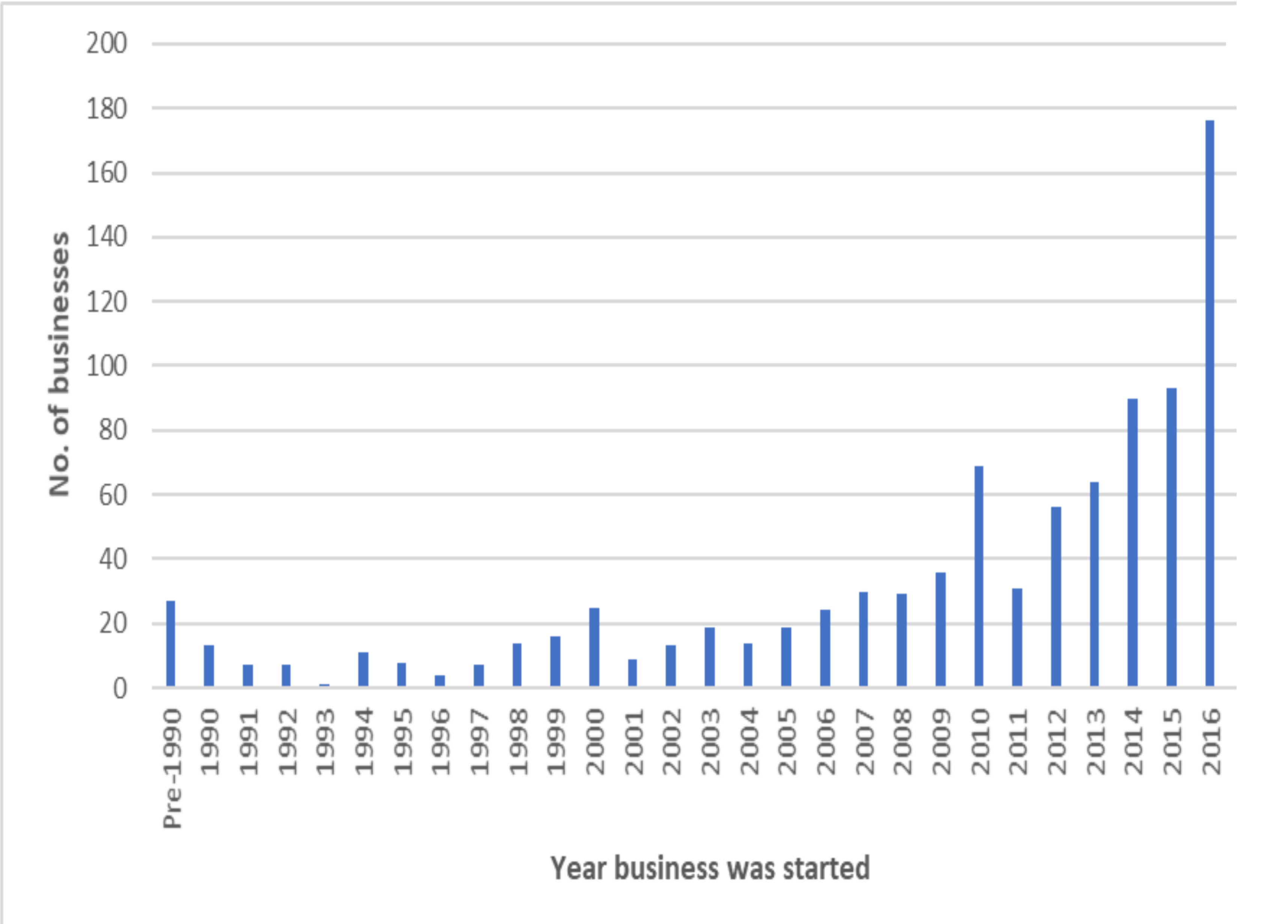
Hamied Bhawoodien: GoGo Fruit

Household food sources in Cape Town



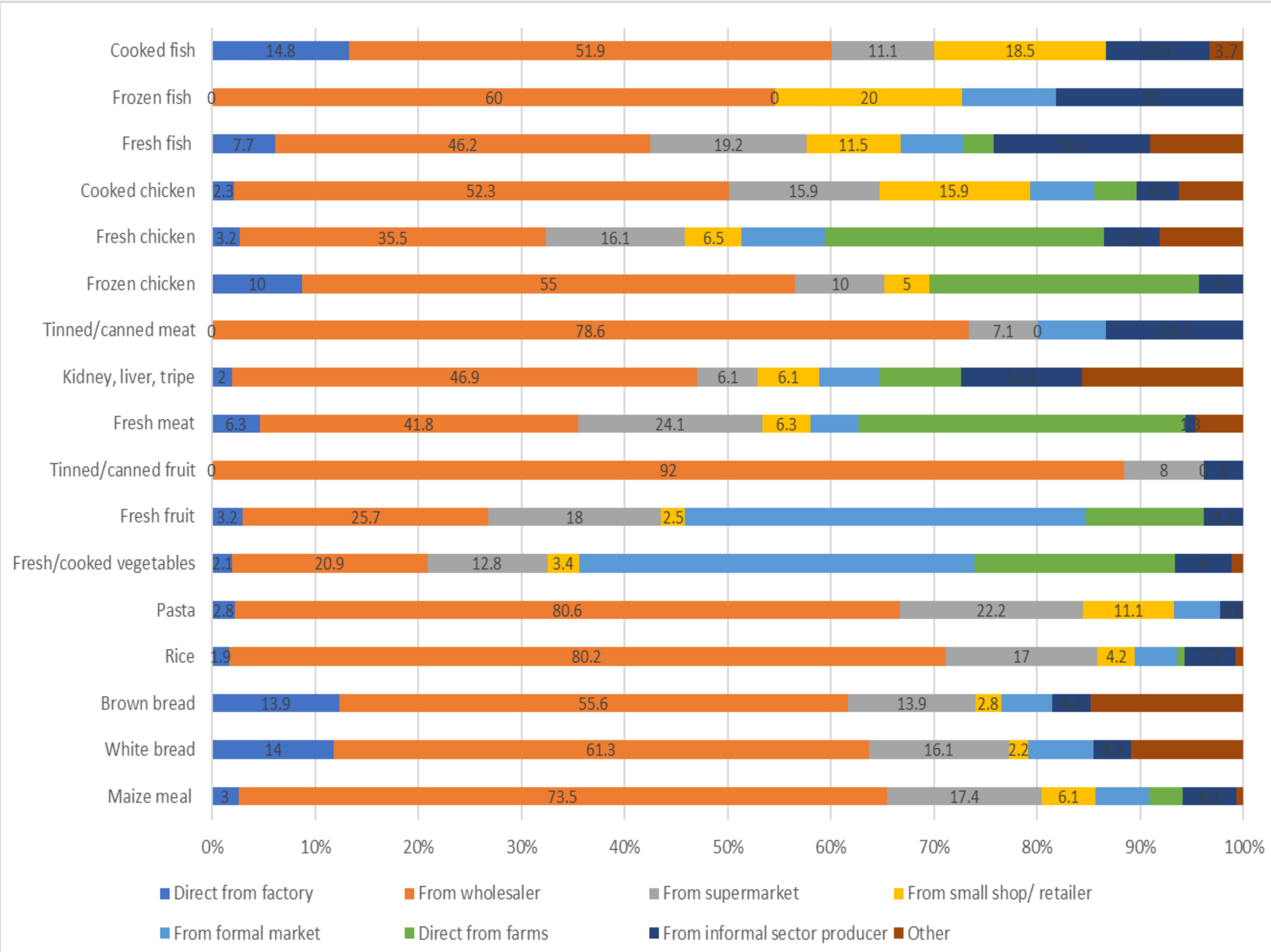
Source: 2016 HCP Food Security survey

Year in which business was started (N = 1011)



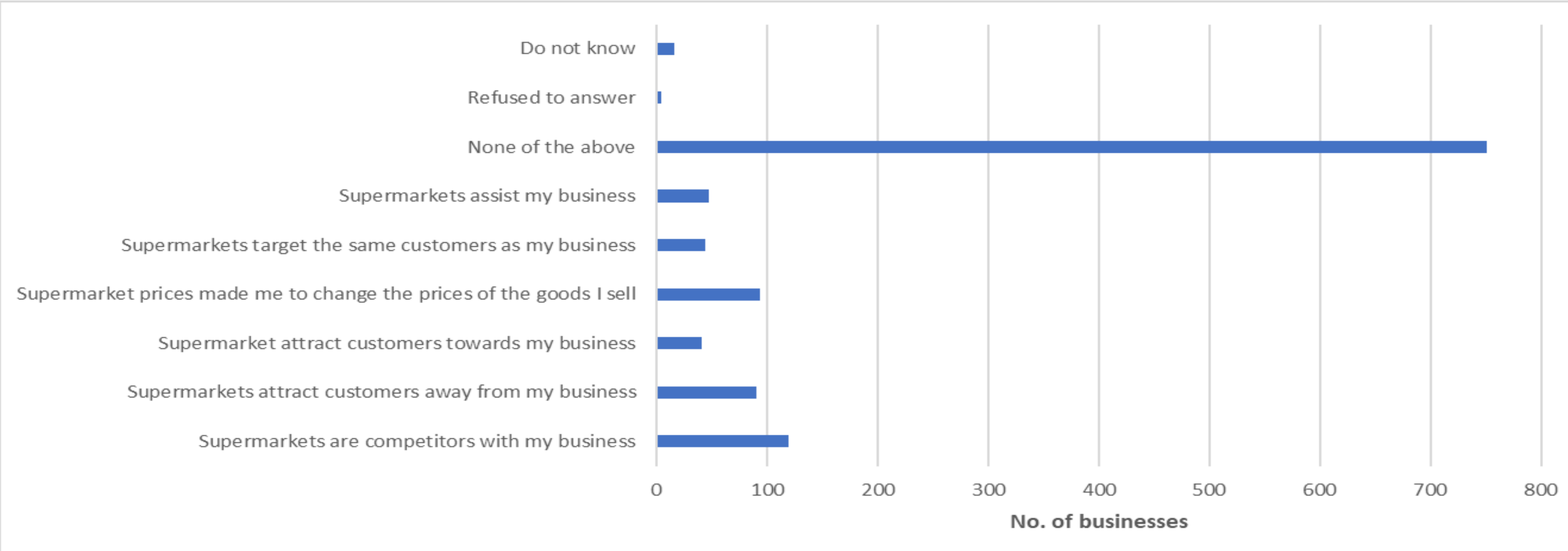
Source: HCP Food Retail Survey 2017

Complementarity with the formal food sector



Source: 2017 HCP Food retail survey

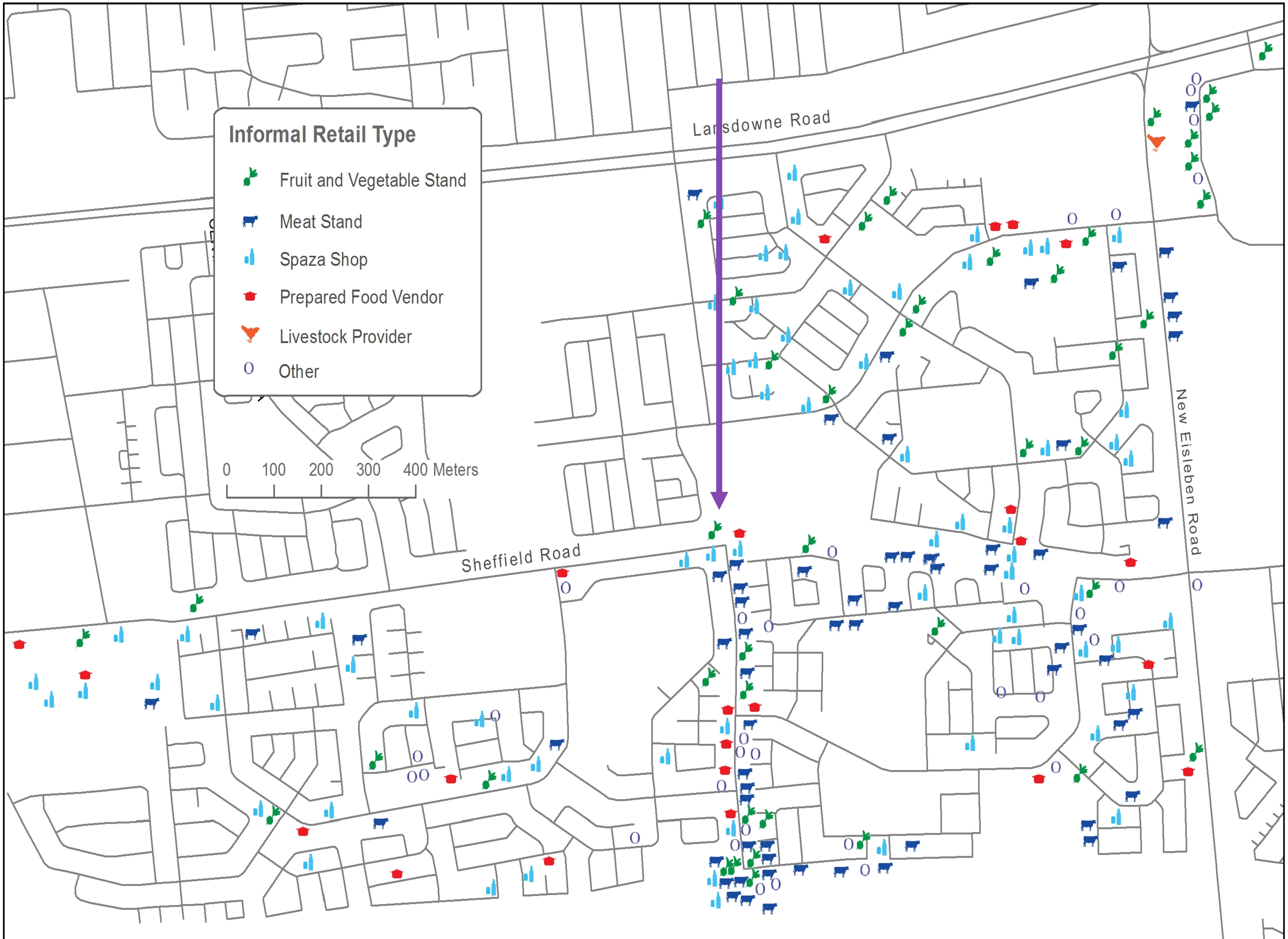
Perception of how supermarkets have affected businesses (N=1012)



Business challenges	N	Yes	No
Too few customers	1014	75.3	24.7
Insufficient sales	1012	59.6	40.4
Too many competitors around here	1014	67.6	32.4
Suppliers charge too much	1012	66.0	34.0
Customers do not pay their debts	1012	38.1	61.9

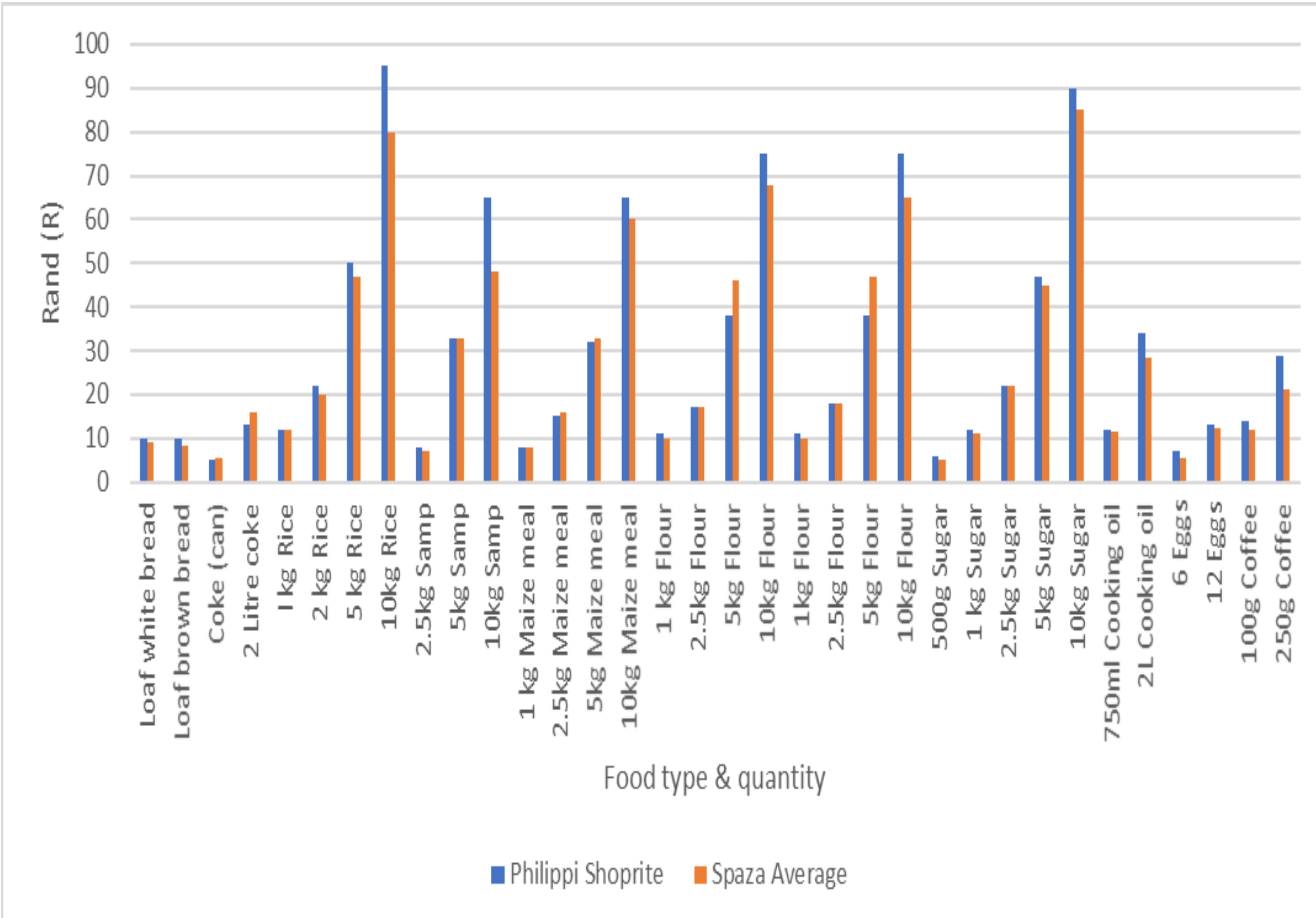
- Source: 2017 HCP Food Retail Survey

Complementarity: Clustering of vendors close to supermarkets



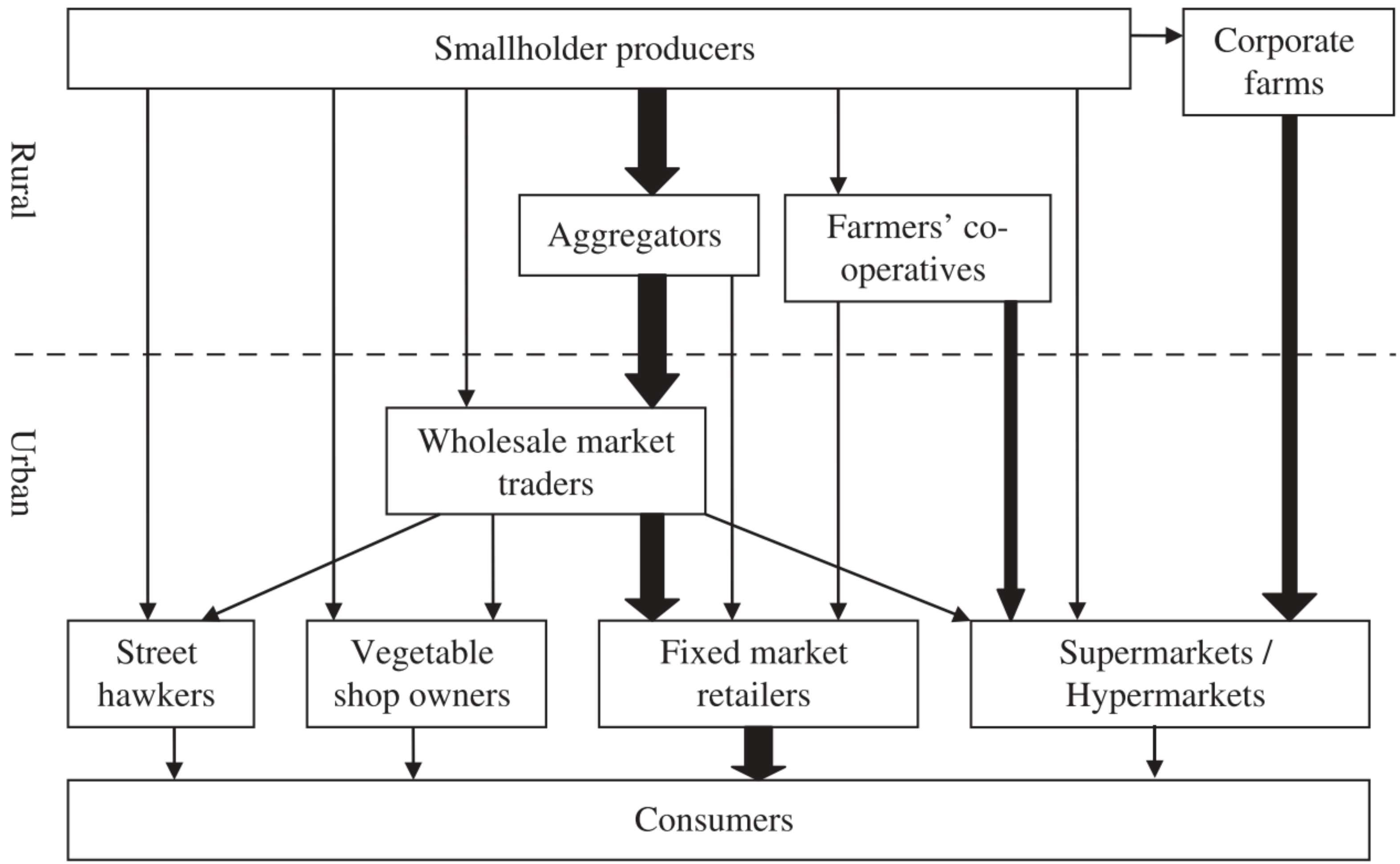
Source: Battersby, 2017

Product price difference between Shoprite and Spazas



Case study of Nanjing, China

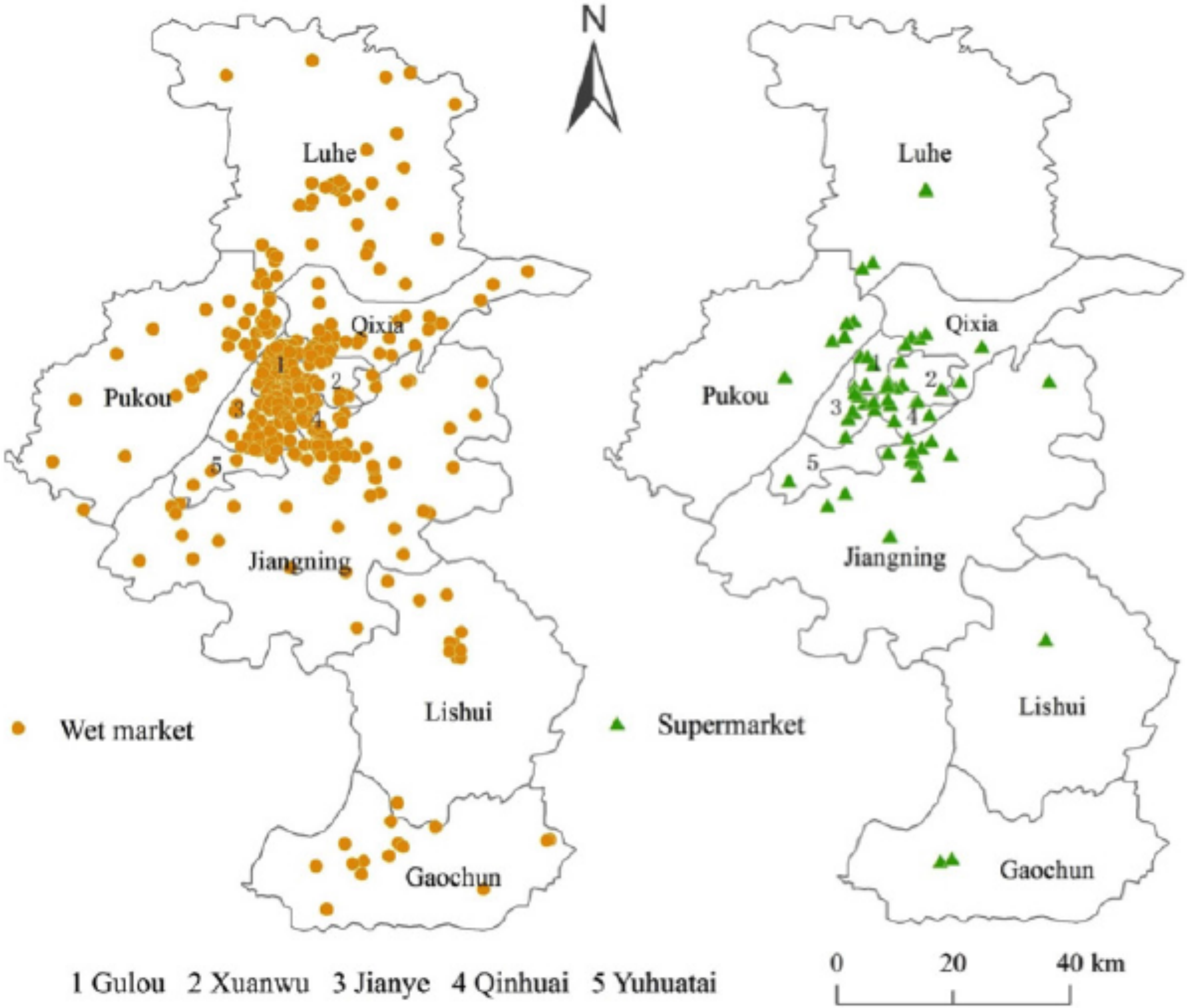
Urban food system in China



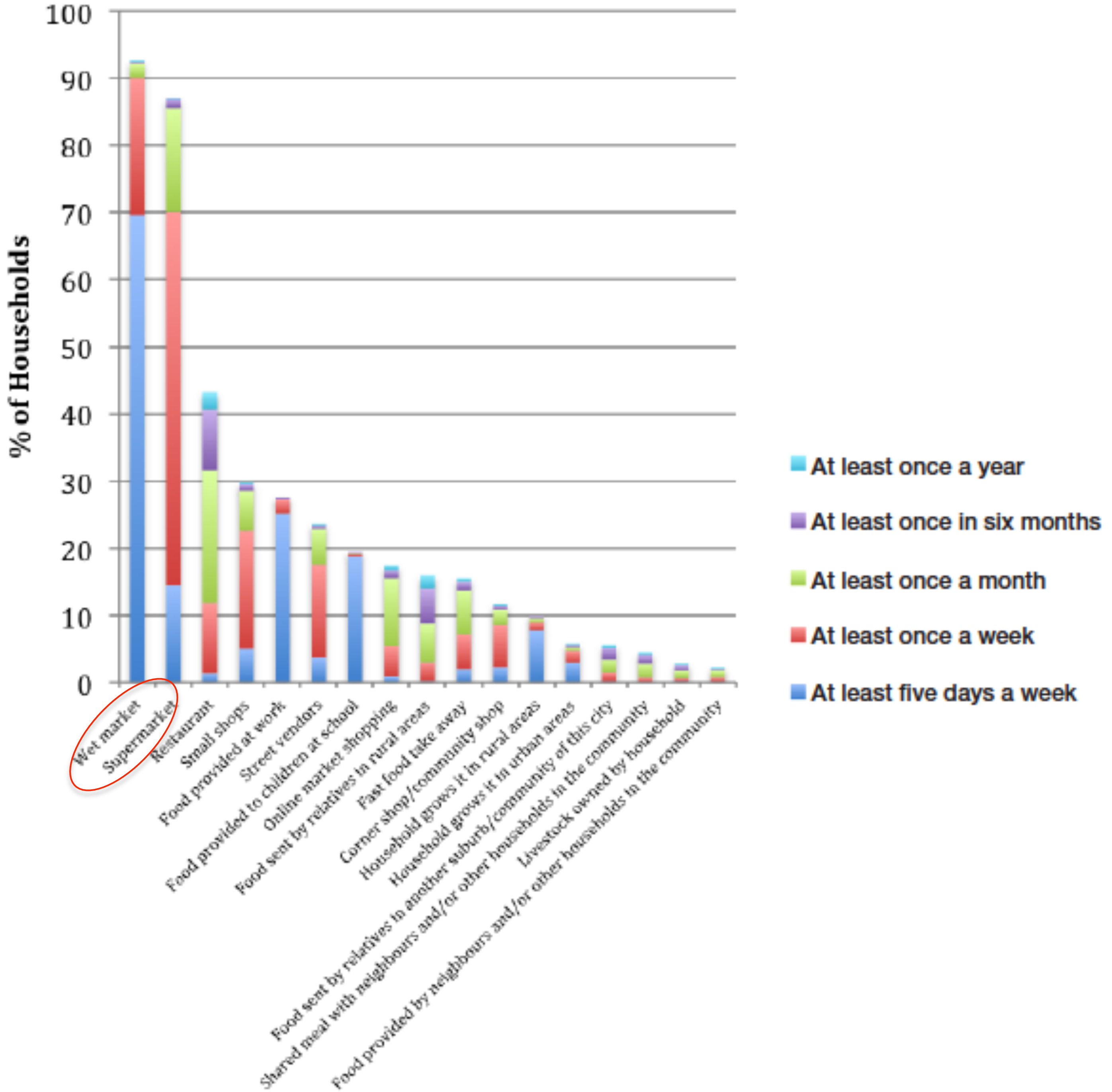
Zhang, Q. F., & Pan, Z. (2013). The Transformation of Urban Vegetable Retail in China: Wet Markets, Supermarkets and Informal Markets in Shanghai. Journal of Contemporary Asia, 43(3), 497–518.

A typology of food retailing outlets

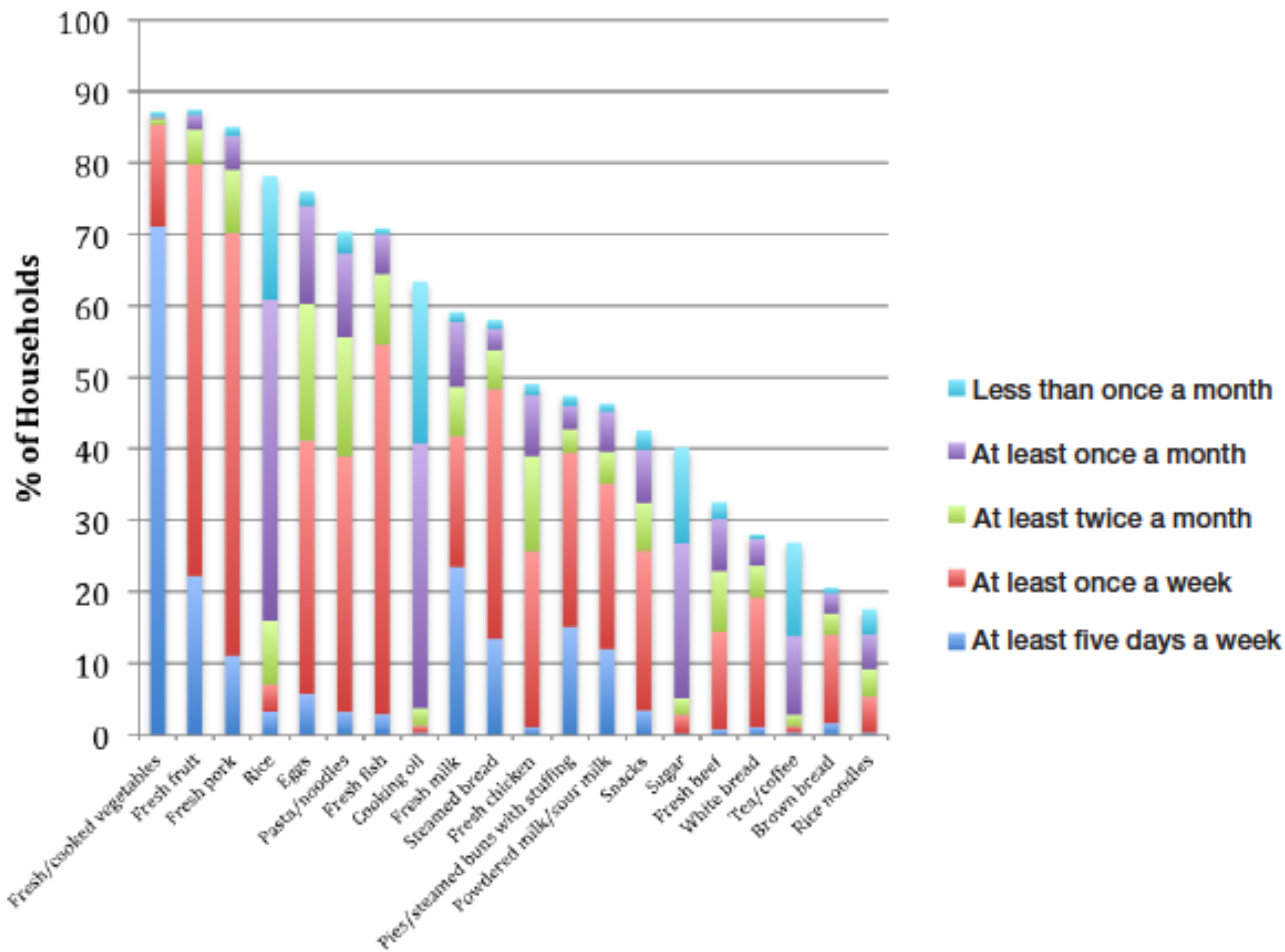
- Nanjing residents patronize a diverse range of food outlets
  - Supermarkets
  - Wet markets
  - Small food shops
  - Street food vendors


N
Luhe
Pukou
Qixia
Jiangning
Lishui
Gaochun
1
2
3
4
5
Wet market
Supermarket
1 Gulou 2 Xuanwu 3 Jianye 4 Qinhuai 5 Yuhuatai
0
20
40 km

Food sources



Food purchasing patterns



Food purchasing patterns

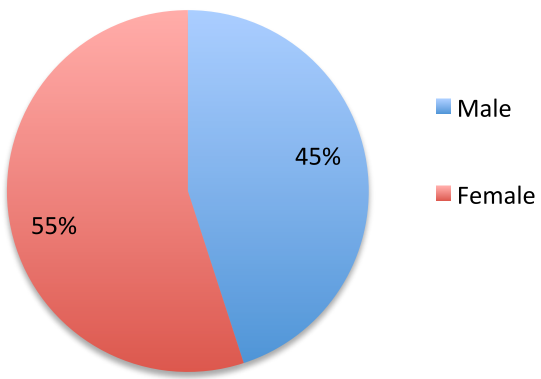
- the main food outlets where households purchased each food item
  - Food items more commonly purchased in **supermarkets** included staple grains (rice), dairy and eggs, and processed food.
  - Food items more commonly purchased in **wet markets** included fresh produce (vegetables and fresh fruits), fresh animal products, frozen and cooked meat, etc.

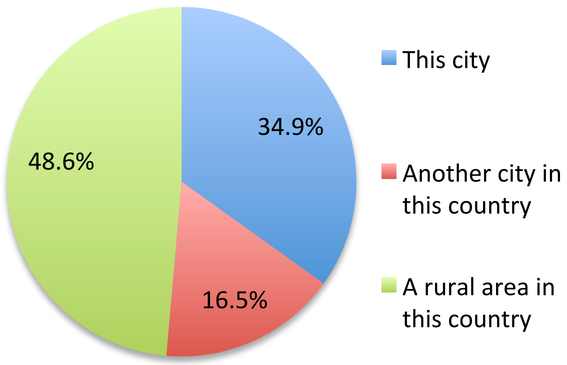
Food purchasing patterns

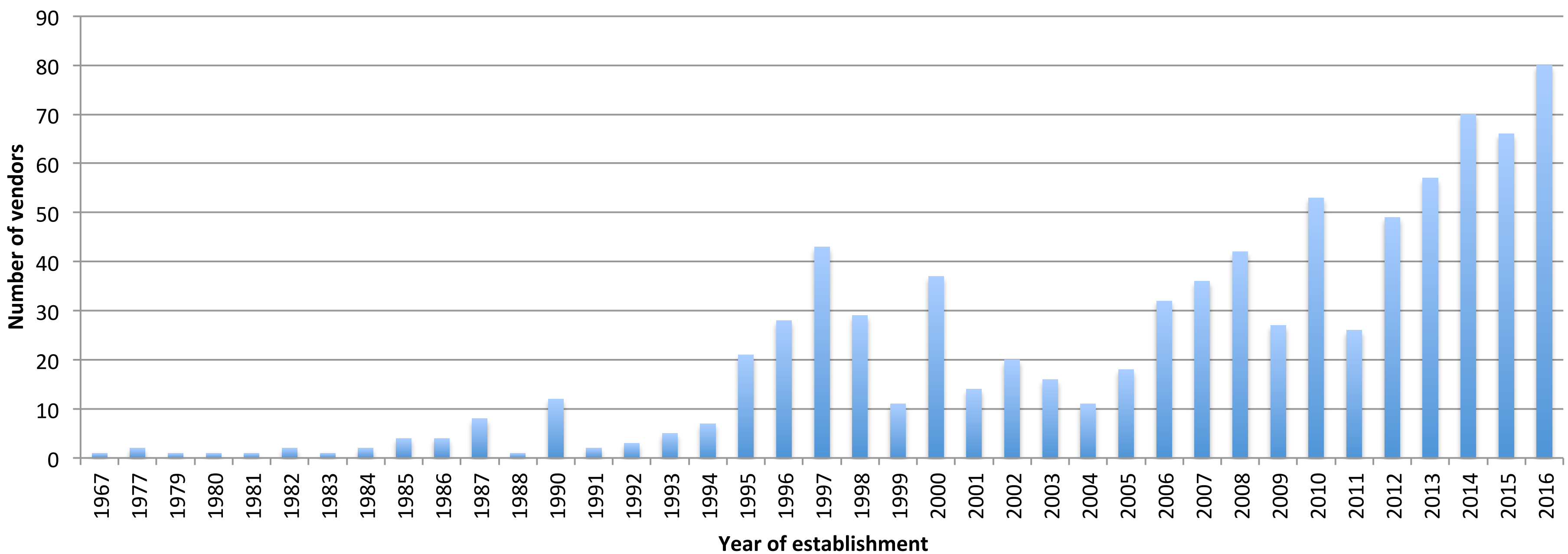
- Location of food outlets
  - Most purchases occurred within the respondents' neighbourhoods or within walking distance.

- This demonstrates a very spatially dense and evenly spread food supply network in Nanjing.

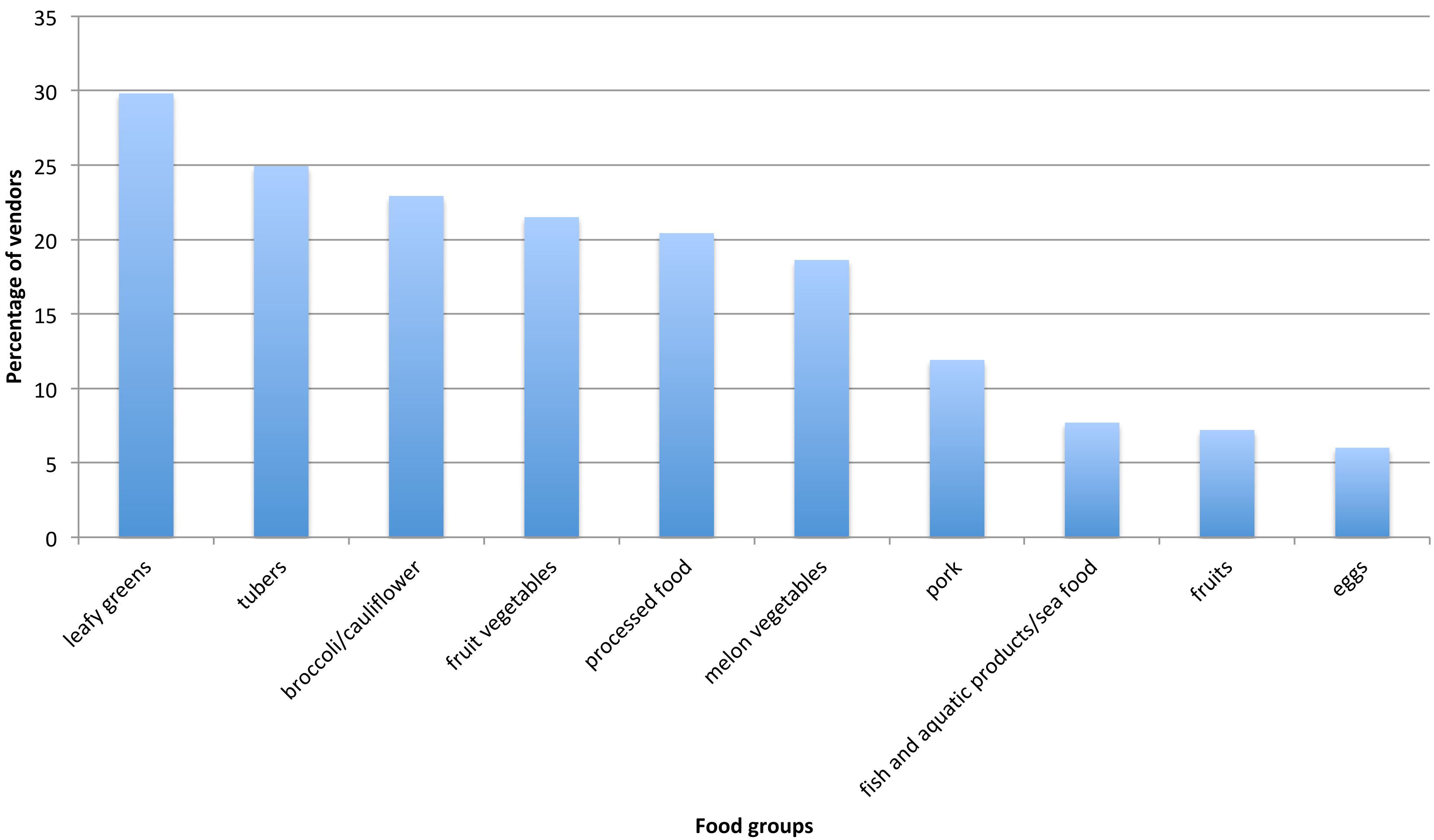
Who are these vendors?



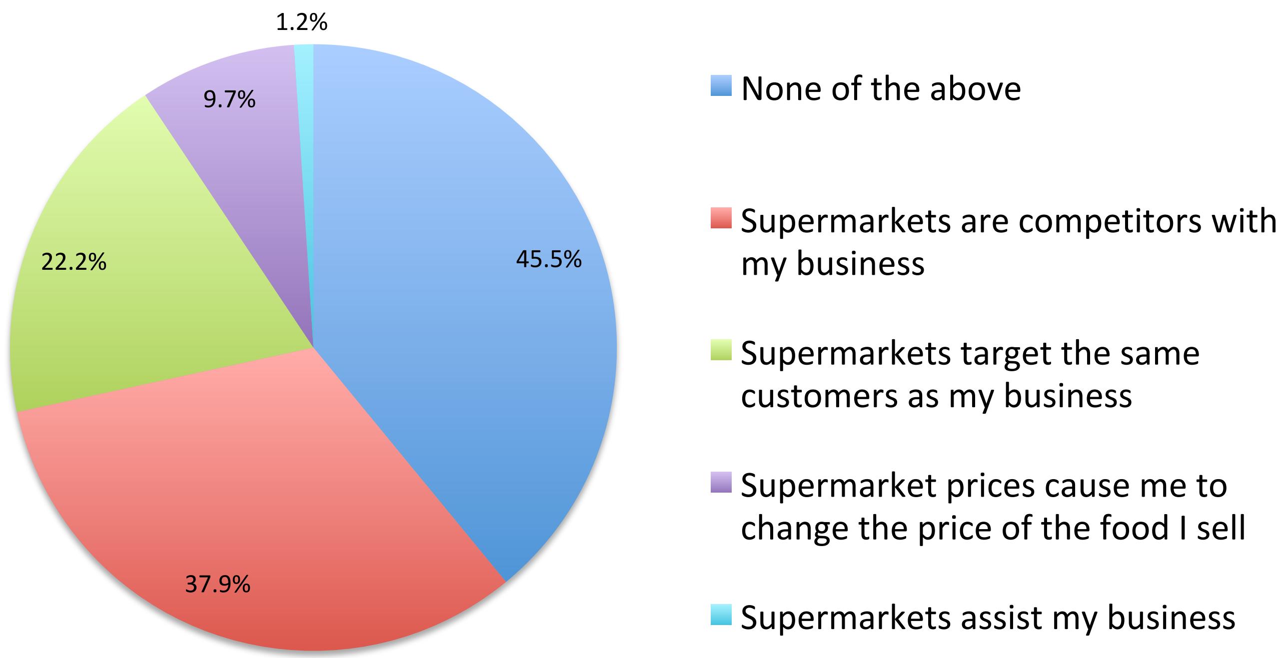




Food items being sold



How have supermarkets affected their business?



Business challenges

Challenges	Yes (%)	No (%)
insufficient sales	90.2	9.8
too few customers	90.2	9.8
too many competitors around here	83.2	16.8
suppliers charge too much	72.1	27.9
competition from supermarkets/ large stores	54.5	45.5

- Loan from relatives is the major source of start-up capital (93.6%).
- Lack of loan from banks for start up and operation (8%)
- Lack of access to government support program (1.5 %)

Conclusions

- 1. All of the underlying premises of the classic supermarket revolution model are contestable, particularly its idea of inexorable stages, its North-South focus and its assumption that the inevitable outcome is total domination of food systems in the Global South. Abrahams refers to the model as an example of "supermarket myopia".
- 2. In this presentation, we build on a growing body of evidence that the expansion of supermarkets does not necessarily mean the destruction and elimination of other, small-scale, less formal types of food retail.
- 3. The case studies of Cape Town and Nanjing show that despite the heavy presence of supermarkets, the small scale and informal food sector has been able to survive, and indeed thrive, through different forms of complementarity. In both cities, the sector is a critical contributor to household food access and security.
- 4. In terms of policy implications, the research shows that small vendors do face considerable obstacles and that the policy environment is often indifferent and, at times, actively hostile. More research is therefore needed on the governance of the food system and the identification of best practice policies to support the small food vendor sector and maximize its income-generating and employment-creation potential.

Thank you for your attention.