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FOOD DISTRIBUTION SYSTEMS IN THE URBAN INFORMAL MARKETS: THE CASE OF RED MEAT MARKETING IN THE WESTERN CAPE TOWNSHIPS AND INFORMAL SETTLEMENTS

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Uittreksel

Die mark vir landbouprodukte/voedsel raak toenemend gekonsentreerd in die stedelike plakkersgebiede. Dit blyk dat die formele voedselhandelstelsels meesal nie gepas is om hierdie mark te bedien nie. As gevolg van die gebrekkige toevoer word tekorte in aanbod ondervind. Hierdie situasie bedreig voedselsekureit in plakkergemeenskappe. Die bemarkingsvakuum wat deur die afwesigheid van die formele voedselhandel gelaat is, het egter aan informele entrepreneurs 'n geleentheid geskep om voedselbemarking in dié sektor te doen. Hierdie referaat handel oor die bemarking van rooivleis deur die informele handelaars in die plakkersgebiede van die groter Kaapstad. Die klem val op die beskrywing van die grondvlak aktiwiteite van hierdie informele handelaars.

Abstract

The market for agricultural/food products is increasingly becoming concentrated in the urban black townships and informal settlements. Most of the formal marketing systems are not suited to serve the township market, and consequently this sector experiences access problems which results in a largely inadequate supply. This situation threatens food security in the townships and informal settlements. The marketing vacuum left by the formal systems, however, provided entrepreneurs an opportunity to market food in this sector. This paper therefore deals with the situation where entrepreneurs started marketing red meat in the Cape urban townships. It largely describes the ground level activities of these traders whose operations are generally described as informal.

1. Introduction

The current interest in urban informal markets stems from, inter alia, two basic reasons. The first reason being the present rate of urbanization, and the second reason being demographic trends. This does not, however, discount some of the other reasons such as the inadequacies of the formal marketing system to deliver to these markets, and the evolutionary phase that the formal marketing system is experiencing at present. The nature of demand for the more essential agricultural products such as red meat suggests that if a formalised marketing system does not deliver the product to the consumer, it leaves a vacuum or "gap" in the market. This is then an account of entrepreneurs who have utilized the opportunity to market food in this sector. A discussion of their operations and problems is included.

2. On the urban scene

2.1 Size and growth

Demographic trends, the alarming rate of urbanization, the abolition of influx control laws and unemployment rates are some of the most important factors that are bringing about the evolution of a somewhat 'new' urban environment. The high growth rates experienced in all the major South African cities, something unprecedented in their history, provides sufficient proof of this. (Swell

ing *et al*, 1991). Rapid urbanization and expanding cities have now become a reality and it is accepted that preventative measures are completely inappropriate. The challenge has shifted towards dealing with this new urban environment. The new urban environment refers specifically to the fast developing urban townships and the mushrooming of urban informal settlements. These developments has some very strategic implications for the agricultural sector, specifically with regard to the demand for agricultural products in this market. It may thus be accepted that a large proportion of the national market will, and increasingly so, be concentrated in the urban townships and informal settlements.

2.2 Township demand for agricultural products

The accelerated congestion of an ever increasing proportion of the population around the major cities implies that the demand for agricultural products is now concentrated in these areas. This market would certainly vie for a fair share of attention by marketers. The magnitude of this demand is already substantial, judged by the mere numbers of urban African dwellers and/or households. What further compounds the issue, is the fact that relatively little is actually known about the nature of township demand for food. Aspects such as the make-up of an urban African food-basket and the weights that each item carries in that food basket, has not been sufficiently explored. A township food basket, it can be

argued, has to differ from the national food basket, specifically regarding the weights of items therein. This lack of strategic information means that the correct market signals does not reach marketers. As a result, demand is left immensely unsatisfied. Such a situation would certainly threaten food security in the townships.

Another aspect which is in dire need of consideration surrounds the determinants of township demand. The two determinants about which more information is required are firstly the influence of sociological factors such as culture and traditions on demand. Secondly, and perhaps most important is the influence of consumer/household tastes on demand. Results of consumer surveys among urban Africans are not well documented at all. Household income is also important as one may expect most urban Africans to fall within the lower income brackets. One has to caution however, that to portray the urban African market as merely a neglected but rapidly growing market segment, is completely a misconception. The existence of a socio-economic hierarchy suggests that within the urban African market there has to exist different market segments (Schiffman and Kanuk, 1978). Accepting that a market segment is determined by income and subsequent consumer tastes and preferences, it may be clear that different income groups fall into different market segments of the entire population. The influence of culture and traditions on the African diet is not ignored here at all. In general, it can be said that a lack of knowledge and perceived high risk in the townships are the major factors preventing adequate supply to this market.

2.3 Supply and the township food distribution system

Since the formal food marketing system does not serve the urban township market adequately, alternative informal systems have apparently developed to serve township consumers. There have thus developed a most interesting culture of township trading. The *sphaza* shops which, since its discovery, attracts a lot of attention nowadays, are in the forefront of serving consumers and providing food to the people in accordance with their preferences. Hawking with products such as fruit, vegetables, offal, etc. is also a major source of food supply. Red meat supplied by informal township butchers has also taken off dramatically. Red meat has reportedly, always been essential in the traditional African diet whether in the rural or urban areas. Quantity demanded and consumer tastes and preferences is well established in their diets.

The rest of this paper will focus on the ground level activities of informal township red meat trading. Descriptions given are a result of months of observations and a survey conducted among informal red meat traders in the Cape townships of Nyanga, Langa, KTC, Gugulethu, Crossroads and Khayelitsha. The activities are described within the context of food distribution systems in the urban informal market.

3. Red meat trade in the Cape townships

3.1 Red meat trade

The earliest accounts of informal red meat trade in the Cape dates back to the early nineteen sixties. Smallholder farmers used to sell sheep to the public from their smallholdings on the fringes of the Cape metropole. Nowadays this has become very much a fully fledged business for some smallholders, especially those in the

Philippi area. Philippi has a traditional agricultural role in the Cape, and is a major vegetable producing region for the area. It is situated only a few kilometers from all the major townships. With demand and potential supply being in such close proximity to each other, some form of trading was almost inevitable. In Philippi there are about four speculators who recognised the opportunity and economic advantages of marketing livestock (mostly sheep) in the townships. They are now supplying roadside informal butchers in the townships on a regular basis. Some have also set up pens near to the butchers where sheep is offered for sale. Although these speculators mostly buy sheep at the auctions, there are some who also have fixed marketing arrangements with farmers from as far as the Bokkeveld, the Overberg, the Breede River and the West Coast areas. In fact there are accounts of farmers who has left farming to speculate and supply sheep to the townships.

Although these speculators are the regular sheep suppliers to the informal butchers, there are also farmers who seized the opportunity to market directly in the townships. The quantities that these farmers market are apparently quite competitive with those of the speculators, but their supply is less frequent and more sporadic. These farmers mostly market in the townships when they have surplus stocks or when they have large numbers of culled ewes. The market seems to have enough capacity or demand to consume even these sporadic supplies. This situation raises some concerns.

Firstly, what happens between these sporadic supplying ventures, as demand undoubtedly does not change? Secondly, the distorted informal market price signals implies that supply is not stimulated by township demand. Instead this supply is stimulated by signals from the formal marketing system. Farmers have thus not yet adapted their product to suit the needs and preferences of township informal butchers and consumers. The widely accepted "Doctrine of Consumer Sovereignty" (Kohls and Uhl, 1980) does not hold at all in this market. Besides being unjust there is also a loss of financial benefits that could be gained by serving this market. The present food delivery system is therefore not suitable for the long term and thus in need of serious attention.

3.2 Informal township butchers

The activities of informal butchers and roadside slaughtering started to take off about thirteen years ago in the Cape townships. Although there have always been slaughtering for religious rituals and other cultural purposes, actual trading started when township entrepreneurs realised the potential of meat trade as a business. The first development reportedly took place at the Nyanga terminus, which is still the major meat (mutton) trading area in all the townships. The township butchers have since spread from Nyanga to all the other townships (ie Langa, Gugulethu, Khayelitsha, KTC, Crossroads, Browns farm etc.) though on a smaller scale.

At Nyanga there are presently about fifteen regular roadside butchers, but over weekends more butchers set up stalls. They mostly sell their products to commuters on their way home from work. For this reason most of the trading takes place after 3pm. The more established butchers do have a regular clientele to whom they may even sell on credit. But, by and large, all purchases and sales are done on a strictly cash basis.

The butchers buy sheep at a price which is higher than the formal abattoir and auction prices. The sheep is slaughtered and skinned virtually on the sidewalk, whereafter it is butchered in a different and rather unconventional manner. The more established informal butchers usually employ someone at a fee of R5 per animal to slaughter, skin, and butcher the carcass. Butchers prefer to buy 'big fat ewes' which would usually grade from C3 to C5 carcasses in the formal market. Here again one finds that sheep that used to grade badly in the formal channel are highly demanded in the townships. It is also quite ironic that these low grading sheep fetch prices that are much higher than what even the better grade sheep/carcasses fetch at the auctions.

Price has become the single biggest problem for township informal butchers and consumers. The market segment who are in most need of lower food prices, in this case actually pays more for red meat. There are a few reasons that cause these high prices. Firstly, the relatively few speculators and farmers who have ventured into this market can hardly satisfy the existing demand. Such a situation of high demand and low supply naturally translates into high prices. Secondly, the current situation is marketed by a fairly low degree of competition among suppliers of red meat to informal butchers. Promoting competition, which would mean increasing access to this market to more marketers, could go some way in remedying the situation. Thirdly, those who presently market sheep in the townships seek compensation for the risks involved in marketing there. These risks include violence, unrest and political antagonism as well as the risk of being prosecuted for selling sheep to be slaughtered in a residential area. There is also the risk of fear of losing quotas and/or permits should formal institutions become disturbed.

Eventhough informal butchers operate under severe price constraints they have proved to be very efficient and effective distributors of red meat. A price analysis revealed that though informal butchers procure their animals at higher than formal market prices, they retail it to the consumer at cheaper than formal prices on average. This efficiency is mainly due to their lower cost of distribution and the lower opportunity cost of their labour. Surveys further reveal a very high degree (>95%) of consistency between consumer preferences and informal butcher preferences. This effectiveness can be attributed to the fact that the economic survival of informal butchers depend on a consumer orientated approach by constantly providing the form, place, time and possession utilities that consumers need. There is, therefore, a strong case for the support and accommodation of informal butchers in the food distribution system.

Concern is generally expressed over health, hygiene and environmental hazards resulting from roadside slaughtering and butchering. Although every part of a sheep is consumed, except the skin which is sold, the blood and gut contents is usually buried or finds its way into stormwater drains. Eventually it is deposited into False Bay where pollution has already become reason for alarm (Wright, 1992). Wastes that are buried easily land up in the high underground water table which may also land up in the False Bay waters. Though the pollution caused by township slaughterings is perceived to be fairly insignificant at this stage, the expected increased number of slaughterings would certainly threaten the situation in future. There are regular alarms over whether meat that is slaughtered on a sidewalk and sold from a roadside stall with no form of refrigeration

or protection for the meat, does not become contaminated? When one however, considers that most meat is consumed within 4 hours after being purchased, there can hardly be any reason for alarm. It is only on extremely hot summer days that butchers experience problems with meat going off. These butchers usually sell everything that they slaughter every day, and very rarely have to deal with left overs. Should any butcher have meat left over after 7pm, the other butchers will assist him in selling it from their stalls.

This last remark brings one to a very interesting phenomenon found in township informal trading. It is found that the roadside butchers seem to cluster together and concentrate their activity at certain strategic venues such as bus terminals, taxi ranks, stations and generally areas of high pedestrian flow (Green, 1989). Here traders selling mostly identical products, would complete directly next to one another. The obvious reason for this being, to utilize the economic advantage of these strategic venues. It is worthy to note that this direct competition is accompanied by an admirable spirit of assisting each other. Traders at a specific venue might, if need be, sell each others goods, extend small loans to each other or recommend the next trader when out of stock. The pioneer traders will go as far as training and eventually assisting to set up another trader, almost next to him. Such comradeship is truly an exceptional feature of informal township trading. Township trading is therefore epitomised by two characteristics. Firstly a food supplying sector that functions in direct response to demand in terms of locality, preferences, tastes, quality, quantity and time. Secondly, healthy competition does not necessarily breed antagonism and ill-feeling between traders. Township informal meat trade has always been essentially demand-driven. Strong socio-economic circumstances have however promoted a culture of strengthening and protecting the black informal township businesses. This situation sounds important warnings for intervention.

Another reason for the 'success' of roadside butchers is rooted in the township transport system. Most township residents do not possess their own transport and therefore make extensive use of taxis and other means of public transport. It is never comfortable to carry foodstuff, bought in the town centres, on these means of transport. Due to the Apartheid policies the South African cities, and especially Cape Town, have a structure where the poorest people live on the periphery of the metropolises (Dewar and Watson, 1990). Under more normal circumstances the poorest would inhabit the areas closest to the central business districts. This reversed situation means that township dwellers have to spend a considerably large proportion of their income on transport, not only to commute to and from their workplaces, but also to purchase their food requirements. This then provided an opportunity to township entrepreneurs to sell household requirements all along the main transport routes. The high unemployment levels in the townships makes the carrying of purchased goods quite risky in certain areas. Individuals would therefore prefer to buy goods at strategic points close to home without having to go out of their way to reach these selling points. Township entrepreneurs clearly realise this and make further use of attractive displaying methods to entice consumers at these vantage points along the main commuting routes.

Most of the issues discussed above does not only apply to meat trade but, in fact, to most other products. Supplementary to meat trade there also exists a vibrant offal trade in the townships.

3.3 Township offal trade

Offal has always filled a vital and traditional role in the African diet whether rural or urban. The offal trade is thus not necessarily a spin-off of the meat trade. Prove of this lies in the fact that offal traders are supplied mostly by the formal butchers all over the Cape metropole. Most offal traders purchase daily at specific offal delivery points of which there are about four in the townships. These traders are mostly women who have to get up at about 5.30 am. to get to a delivery point where they have to compete in long queues before they can buy their daily stock. Deliveries do take place twice a day but each delivery is either heads or, intestines or, hearts, or tripe, etc. Tripe seems to be a delicacy and therefore in high demand, especially in winter when it is cooked in soup. Offal sellers will also clean the tripe, cut it into smaller pieces, roast it, and sell it in that form from their sidewalk braai stands. The same is done with intestines. Sheepheads in turn are mostly cleaned, sawed in half, cooked in drums and then offered for sale. Most consumers buy these cooked offal on their way home from work. Many of them, however, prefer to consume what they have bought, at the point of purchases.

There may be specific reasons why many consumers prefer to consume the cooked food they have bought, at the point of purchases. They obviously may prefer to eat cooked food while it is hot instead of carrying it home. A further reason may also be that in certain instances, the best way to carry food around, is in ones stomach, as it may not be very safe to carry it home. In contrast to meat trade one finds that although some offal traders are concentrated in certain strategic areas like the meat traders, most of them are well dispersed throughout the townships and closer to the homes. This may be because unlike meat, offal can be more easily moved around as the quantities are much less. Some offal traders walk up to 5 kilometres from their stalls to buy offal. Township trading is generally characterised by sellers who tend to move physically where their markets are, and in the case of the offal sellers it is only more so. This same characteristic is also found among the roadside informal braaiers or informal steakhouses, as they are commonly called.

3.4 Township roadside steakhouses

Roadside steakhouses also play an important role in the township food distribution system. Their operations involve the selling of beef (mostly T-bone steaks and sausages) which they purchase from formal butcheries. A large number of them trade over weekends and over the festive season, but many of them trade throughout the week. They are also situated at strategic points of high traffic and pedestrian flow. They display beef for sale from their stalls where customers can roast their steaks in the way that they prefer it. They also sell roasted steaks which they have roasted themselves. Customers usually consume the meat at the braai stands before proceeding further to whatever destination. These braaiers also sell a lot of meat over the lunch hour to people who work in the townships or are there for whatever reasons.

The steakhouses usually trade until late at night especially on Fridays and Saturdays. On these nights the areas where the steakhouses are situated, become a spectacular sight of people congregating around the braai fires. Those who have already managed to buy and braai their steaks, sit around with friends eating and drinking in quite a jovial atmosphere. There are important linkage

and multiplier effects between the different traders. There is a market for traditional beer, liquor, cooldrinks, cigarettes and other items from nearby sphaza shops, cooked offal, fruit and several other activities not excluding black marketeering there.

The existence of these informal steakhouses raises certain issues. As most informal braaiers buy their meat from the formal butcheries it means that the marketing channel is lengthened. This brings certain cost increases in the meat price as it involves double retailing before the product reaches consumers. The steakhouses, however, buy in relatively small quantities due to the size of their operations and do not have sufficient bargaining power to negotiate lower prices. Whether wholesalers would be interested in supplying to these micro-enterprises is also doubtful and the fact that they cannot even hope to secure some form of licence from formal institutions further compounds matters. Braaiers and consumers also regularly complain over the provision of infrastructure such as seating facilities and protection from rain for consumers. These micro-enterprises are certainly too small to provide such facilities which may arguably qualify as public goods. Some stalls have managed to provide seating but these are far inadequate. One can also notice the effect that persistent rain has on economic activity in the townships. The more established traders do, however, provide overhead protection for themselves. This brings one to the fact that there is practically no provision of infrastructure for the development and existence of central urban markets as proposed by Dewar and Watson (1990), at the strategic points in the townships.

4. Conclusion

The informal systems that distributes food in the townships has evolved quite naturally over the years. It was purely demand driven and functions very effectively under the present circumstances. This market is, however, not without its problems and constraining influences. These constraints are mostly related to external access problems resulting in an inadequate supply of food to this sector. Internal problems are again mostly a result of violence and crime, each of which stems from other problems. The market for agricultural products is increasingly becoming concentrated in the urban townships and informal settlements and this necessitates that the problem of access has to be seriously addressed. One should finally remark, that addressing this market requires a commitment to understand its nature and the way that it operates and responds. Over and above, one has to understand the people who drive the market system and specifically their tastes, preferences and living conditions. To a large extent the issue of township food distribution systems is multi-disciplinary in nature.

Note

1. This paper is based on a Masters Study by ASM Karaan currently been undertaken at the University of Stellenbosch.

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