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THE FOOD “QUALITY TURN” IN SOUTH AFRICA: AN INITIAL EXPLORATION OF ITS IMPLICATIONS FOR SMALL-SCALE FARMERS’ MARKET ACCESS

Estelle Biénabe, Hester Vermeulen and Cerkia Bramley

ABSTRACT

This article analyses the way the general turn from mass consumption to the increased qualitative differentiation of products – the “quality turn” – manifests in the South African agro-food system and explores its implications in terms of market access conditions for small-scale farmers in particular. While most retailers’ food quality positioning is in line with consumer trends, based on conventional price-orientated strategies, the retail sector has been entering and driving quality related niche markets and is even proactively re-establishing the demand for products, such as in the case of Karoo lamb. As illustrated by the organic case, alternative quality trends provide an opportunity for value addition that could potentially lead to considerable price premiums and growth. This potential has, however, been left largely untapped by local suppliers. The article shows that the main vehicle for the institutionalisation of quality in South Africa has been the establishment of new certification schemes which are largely driven by the dominant retail sector. This sector captures most of the consumer purchasing power and sets the rules governing the system. Based on this analysis, the article then explores the implications of new food quality trends and the dominant role of the retail sector in small-scale farmers’ market access.

Keywords: retail, small-scale farmers’ market access, quality, South Africa

1 INTRODUCTION AND BACKGROUND

The moves to alternative food quality have given rise to a turn from a mass consumption model to an increasingly qualitative differentiation of products and demand, and a consequent movement towards products addressing the evolving consumer demand for products with more advanced alternative quality attributes (Allaire, 2002; Ponte & Gibbon, 2005; Krystallis & Ness, 2005). This product proliferation is associated with what Allaire (2003) refers to as the “quality turn” and describes as “the immaterialization of food and institutionalization of quality”. This trend is translating into an increasing complexity of quality conventions that include non-measurable elements such as health, taste, environmental awareness, product origin and ethical issues.

These general food quality trends (e.g., convenience food, organic food, fair trade, local food etc) have a strong influence on the evolution of agro-



food systems (Goodman, 2003). In addition to price, other factors are gaining importance in transmitting knowledge about product quality to consumers, as well as in competition among actors in supply chains (Sauvé & Valceschini, 2003). New regulatory models and new forms of coordination in agro-food networks are emanating from the diverse notions of quality and practices that have emerged (Ponte & Gibbon, 2005). The institutionalisation of quality is often associated with the development and implementation of new standard and certification frameworks. Accordingly, a fundamental shift is occurring in the role of standards, from reducing transaction costs in commodity markets to serving as strategic tools for market penetration, system coordination, quality and safety assurance, brand complementing and product niche definition (Giovannucci & Reardon, 2000).

These practices of certification define mechanisms for market entry and often create strong barriers to entry, constituting a source of power for those controlling them (Renard, 2005; Ponte & Gibbon, 2005). As stated by Reynolds (2004), “... certification represents a powerful new form of network governance”. As noted by several authors, in particular Renard (2005), the large retail sector has taken the lead in the development of these certification schemes, which contribute to their image. In addition to this, retailers use the selling of specific quality-type products as part of their strategies to target specific consumer segments better (*The Economist*, 2006).

These trends are particularly evident in the organic sector where the increasing retail control over mainstream Northern markets goes along with the enforcement of standardised certification procedures that impose huge administrative and technical burdens on producers (Reynolds, 2004). According to Reynolds (2004), “the mainstreaming of organic foods in Northern markets has critical implications for the governance of domestic and international supply networks, delimiting acceptable production processes, product specifications and types of enterprise participation”. This especially impacts on small producers, which are less likely to be able to ensure a consistent supply of standardised products (see among others Reardon & Berdegué, 2002; Weatherspoon & Reardon, 2003).

These quality dynamics have been widely analysed in the European and North American context where they mainly result from endogenous dynamics. However, little has been written on an emerging country such as South Africa which is characterised by a clear wealth divide, with the so called “modern” economy consisting of established (28 per cent, mostly urban) and emerging (44 per cent) consumers, as well as a “marginalised” economy (28 per cent, mostly rural) (SAARF, 2008). This dualism is also very prominent in agricultural production, with a well-developed commercial sector of about 39 982 commercial farmers owning the majority of the total agricultural area and producing most of the marketed output (Vink & Kirsten, 2003; Statistics South Africa, 2009) and a

small-scale agricultural sector of about 3 million small-scale farmers. From an agribusiness perspective, the agro-food sector is dominated by a mature formal retail sector, which accounts for more than 55 per cent of national food retail and is highly concentrated with four dominant players, Shoprite/Checkers and Pick n Pay, both with 33 per cent share of the food market, SPAR with 26 per cent market share and the generally acknowledged leading quality retailer, Woolworths, with an 8 per cent market share (personal interview with retailers during 2006).

The purpose of this article is to characterise the “quality turn” in the South African food system and to explore its implications for small-scale farmers in terms of market access conditions. It departs from a general consumer and retail sector analysis of quality positioning, with a perspective on an emerging origin-based alternative quality trend – certified Karoo lamb – that serves to analyse the manifestation of food quality trends. Given its prominence and recent growth as an alternative quality movement in South Africa, the following section analyses the organic sector in order to better understand the implications of alternative quality trends for the agro-food system, with special attention being given to the implications for small-scale farmers’ market access. The conclusion stresses the prominent role of retailers in capturing and driving new alternative quality dynamics.

The empirical data discussed in this article consists in the first instance of a consumer survey (240 upper income¹ mutton consumers nationwide) to investigate consumers’ behaviour, perceptions and willingness to pay a premium for Karoo lamb.² Data from the annual Symrise Food Review New Product Competition (www.foodreview.co.za) was also used to gain insight into the most prominent new product attributes and, thereby, the associated consumer trends. In the organic section, retail prices, captured weekly over a three-month period in 2007 and 2008 at the leading quality retailer, were used to calculate price premiums for different organic fresh produce. These primary data sources were complemented with secondary data, from AC Nielsen in particular.

2 CONSUMER AND RETAILER QUALITY POSITIONING

Given the prominence of the formal retail sector in the South African agro-food system, as indicated above, we explore the quality positioning of the four dominant retail role players and contrast it with consumer information in order to obtain a better understanding of the current quality dynamics in the South African context.

The duality of the South African consumer market has a strong influence on the food consumption patterns observed in the local market. While basic food security is a major concern among poor consumers, the food purchasing and consumption behaviour of middle- and upper-income consumers is indicative of current food trends based on increasingly complex food requirements, often reflecting global

food consumption trends (ACNielsen 2006a). An analysis of the food trends manifesting in leading new products on South African retail shelves during 2007 and 2008³ is illustrated in figure 1, revealing that convenience, indulgence⁴ and health dominated the character of these new products in 2007 and 2008 (BFAP 2009).

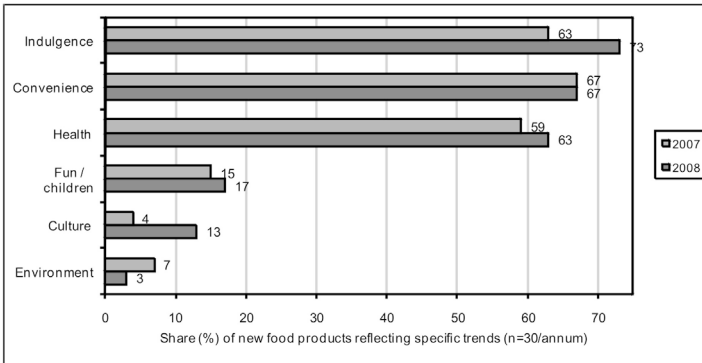


Figure 1: New product trends in South Africa – 2007 and 2008.

Source: BFAP (2009)

As a result of factors such as longer working hours and more women entering the workforce, consumers are increasingly demanding convenience foods. Affordable convenience is important for consumers in the lower income groups (ACNielsen, 2006b), where there is also a small but growing interest in organic food and free range produce in particular.

A qualitative analysis of corporate marketing information from the major retailers’ websites and in-store environments has found that most retailers’ positioning on food quality is still very conventional and price orientated (i.e., focus on a wide/convenient range of quality products at competitive/low prices, quality customer service, nutritional benefits and an increase in prepared food offerings), which is in line with dominant consumer behaviours and needs. However, these retailers also address a number of more advanced quality trends by offering selected products such as free-range eggs, lamb or chicken, origin-based and organic food, and badger-friendly honey. The dramatic growth in the organic fresh produce market (discussed in section 3), as well as the offerings of “free range Karoo lamb”⁵ by Woolworths and “certified natural lamb” by Checkers, illustrates these advanced quality positioning strategies. Waarts *et al.* (2009) maintain that the formal retail sector is responsible for 90 per cent of all organic sales in the South African market.

In the remainder of this section, we explore the alignment between one of the most sophisticated quality offerings, free range Karoo lamb, and consumer demand and perceptions. As already mentioned, Woolworths and Checkers have developed specific certification schemes for free range lamb that consist of a guarantee that the lamb labelled as “free range” or “certified natural” is naturally reared, raised according to environmentally sustainable practices and, in the case of Checkers, originates from the Karoo or the Kalahari. These standards supplement international safety standards (HACCP) and involve carcass traceability to farm level.⁶ Both retailers’ advertising of lamb relies strongly on the unique character and naturalness of the Karoo region and the associated farming practices. Interestingly, as is evident from the Karoo lamb consumer survey discussed below, consumers’ attachment to the product is limited.

Karoo lamb has been part of South African culture for more than a hundred years, being part of “Afrikaner” and “Cape” cuisine. In the minds of many South Africans the semi-arid Karoo region conjures up images of windmills, sheep, farm homesteads, endless vistas, succulent home-made cuisine and hospitable evenings. It is argued that Karoo lamb is imbued with the subtle, fragrant flavours of the Karoo bush, being “spiced on the hoof” while grazing on the Karoo shrubs (Estler *et al.*, 2006). Karoo lamb dishes are often to be found on restaurant menus, especially in the Karoo. The origin-based informal marketing of Karoo lamb has been a reality for many years; however, authentication is traditionally based on consumer trust with no formal guarantee that the product does truly originate from the Karoo.

According to the consumer survey results 54 per cent of consumers were aware of Karoo lamb, with a significant 68 per cent actually purchasing the product, mainly for consumption on specific occasions. It is important to note that while the marketing of Karoo lamb is traditionally associated with butcheries, the most popular outlet for purchasing sheep meat is the supermarket (82 per cent of consumers) followed by butcheries (37 per cent of consumers), which confirms the dominant role of the retail sector. Based on a hedonic scale perception rating, including quality, aroma, colour, tenderness and taste, it was found that Karoo mutton and lamb are perceived as “different” but not necessarily as “better” in terms of taste and aroma dimensions, as is evident from figure 2.

Furthermore, only 27 per cent of the aware consumers indicated a willingness to pay a premium for the meat, possibly because of the expensive nature of this meat and a possible lack of perceived additional value, as is evident from the perception results. It is also interesting to note that the results of an open question on the image of the Karoo revealed a generally unexpected lack of romanticism, with images such as “hot”, “dry”, “dusty” and “desolate” dominating consumers’ minds. This contrasts with the image of the Karoo region used by the two retailers.

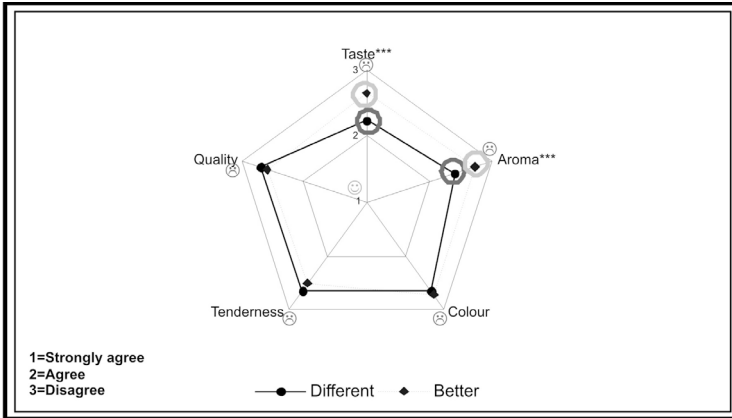


Figure 2: Karoo lamb average rating scores

Source: Vermeulen et al. (2008)

The comparison between the consumers and the retailers’ positioning with regard to Karoo lamb highlights the fact that while the retailers’ general quality positioning is very much in line with consumer trends, they are also developing proactive marketing initiatives to trigger, promote and capture alternative quality trends in their target market, based on the establishment of their own certification schemes.

3 INSIGHTS FROM THE ORGANIC SECTOR

3.1 Growth and retail perspective

The organic sector was formally established in 1994 with the creation of the Organic Agricultural Association of South Africa (OAASA) (Institute of Natural Resources, 2008). However, organic trade only became significant after 2003. Since then, the organic food sector (local consumption and exports) has shown exceptional growth from R5 million in 2003 to R100 million in 2005 (Barrow, 2006). This can mainly be attributed to a huge export demand and to the entrance of major retailers (i.e. Woolworths and Pick n Pay), which are the dominant purchase outlets for organic food (Mead, 2006;⁷ Barrow, 2006).

In 1999, Woolworths introduced an organic product range of 10 products, which has expanded into a range of over 300 products. During the period 2003 to 2005, this retailer experienced a growth in organic food sales of more than 50 per cent year on year. According to Waarts *et al.* (2009), organic sales for Pick n Pay grew by 100 per cent for the period 2007 to 2008. Pick n Pay predicts that the potential market for organic produce will amount to 5 per cent of total produce sales in the

short term, 10 per cent in the medium term and up to 20 per cent in the long term (Hall, 2005). Both Pick n Pay and Woolworths experienced significant growth in organic lines during 2008 and it is expected that growth will be sustained for the next few years.⁸ During 2008, organic sales at Woolworths exceeded target by 9.81 per cent, while free-range sales fell below target by 18.9 per cent (Woolworths Holding Limited, 2008). Pick n Pay increased its range of organic produce by 24.85 per cent and sales by 62.21 per cent during 2008 (Pick n Pay, 2008). It should be noted that certified organic produce is predominantly consumed in the metropolitan areas of Cape Town/Stellenbosch and surrounds, the Tshwane area and Durban (Barrow, 2006). In addition to the retail outlets, which are responsible for 90 per cent of organic sales (Waarts *et al.*, 2009), organic produce is also sold on a small scale at farmers' markets, health shops and in box schemes. These outlets often sell a mix of "organically grown but not certified", as well as certified produce (Barrow, 2006).

There is currently no South African legislation governing the certification of organic products. In 2001, the National Department of Agriculture (NDA) issued draft regulations on organic production under the Agricultural Products Standards Act No. 119 of 1990. These draft regulations are, to a large extent, based on the EU regulations governing organic produce, as well as the International Federation of Organic Agriculture Movements (IFOAM) and Codex Alimentarius guidelines. These draft regulations have yet to be promulgated and are at the WTO notification stage, as required by the WTO Technical Barriers to Trade Agreement (Personal communication with Niel Erasmus from the NDA, 2009).

The absence of national legislation and consumer demand for reputable organic certification, have led to the emergence of private certification schemes that impose organic standards on producers as a market entry requirement by local retailers and/or international importers. All certified organic farmers are subjected to a comprehensive annual inspection and to frequent retailer audits. As there are no legislative requirements, any certification may be accepted and the choice depends on the policy of the retailer (Barrow, 2006). Apart from international certification bodies, such as Ecocert International and the UK Soil Association, which have been active in South Africa for nearly two decades, local certification bodies have also emerged. One of the more prominent local bodies has joined Ecocert International and is now known as Ecocert-Afrisco. Pick n Pay and Woolworths procure organic produce only from farms that have been certified by accredited certification bodies. In addition, Woolworths has been using its own distinctive organic logo since 1999, which appears on the product label alongside the certification mark of the certifying authorities.

3.2 Price premiums analysis

The following price premium analysis provides insights into the organic market dynamics at retailer level. Price premiums were calculated by comparing the prices of a range of organic products offered by Woolworths with similar conventional food products (see table 1). The analysis was based on price data from the Woolworths online shopping system checked weekly during February 2007 and June to August 2008.

Table 1: Estimated average price premiums for organic food sold at Woolworths

Food type	Price premium
Vegetables	18% ¹
Processed dairy	28%
Mixed processed vegetables	44%
Breakfast cereals/bars	47%
Salad dressing/mayonnaise	110%

Source: Compiled from an analysis of price data for Woolworths' organic and conventional food products obtained from the Woolworths online shopping system from February 2007 to August 2008.

According to Reynolds (2004), price premiums typically range between 20 and 40 per cent worldwide. South African premiums thus appear to be in the high range for most products, except to some extent for fresh vegetables which constitute the bulk of organic sales. Consumers' willingness to pay for immaterial product attributes associated with organic food thus appears to be significant. This can firstly be attributed to the relative price insensitivity of the relatively small targeted upper income consumer segment which purchases these types of product. This supports the argument for a quality turn actually taking place in South Africa, with prices not being the main determinant of consumer behaviour in all cases. As Giovannucci (2003) further points out that retailers could position organic prices at high levels in order to minimise direct competition with their conventional product lines. Premiums for processed products are much higher than for unprocessed food such as vegetables, reflecting in addition to the organic attribute, a combination of the preference for convenience and the luxury nature of such purchases. Even within the range of vegetables, ready-to-cook mixed vegetables benefit from a price premium 16 per cent higher than the average price premium for organic vegetables.

A global survey on consumers' attitudes towards organic foods provides some comparative results between South Africa, Europe and North America (ACNielsen,

2005), leading to some further insights. The data in table 2 indicates that health is a major consumption motivation in all three regions, despite the fact that a recent emphasis on environmental concerns are starting to drive organic food purchases in northern countries (*The Economist*, 2006).

Table 2: Consumers' main motives for purchasing organic food

Purchase motives	Share of respondents in country/region		
	South Africa	Europe	North America
Healthy for me	53%	41%	57%
Healthy for my children	16%	16%	19%
Better for the environment	17%	19%	11%
Kinder to animals	8%	12%	2%

Source: Compiled from data reported in ACNielsen (2005b)

Interestingly, the sector has been experiencing tremendous growth in South Africa despite the significant price premiums. Although in Europe and North America high prices are the main factor preventing consumers from purchasing organic food, lack of availability is cited as the main reason in South Africa (37 per cent of respondents). High prices do, however, remain a concern (26 per cent of respondents) (ACNielsen, 2005). This is in contrast to the fact that producers often receive no premium from retailers on the local market (Institute of Natural Resources, 2008).

3.3 Supply and demand imbalances

The lack of availability of organic produce on the domestic market is widely acknowledged and has been pointed out in various studies (Barrow, 2006; Institute of Natural Resources, 2008; Waarts *et al.*, 2009). This arises from an imbalance between local supply and domestic and international demand, as stressed by Mead (2006) and Waarts *et al.* (2009) among others. According to Cochrane (2008), the shortfall in supply is significant even when compared to similar developing economies, such as Argentina, and often leads to expensive imports. The export market is well established with increasing demand from Europe and the United States (Africa Research Bulletin, 2006).

Local organic demand is also growing strongly due to the retail sector. However, as stated by Wolstenholme: “Local retailers are failing to find reliable and sustainable suppliers of natural and organic products locally” (in *Farmers Weekly*, 2006). Local retailers cannot rely on an endogenous social and farming movement as observed in northern countries (Raynolds, 2004). According to

Mead (2006), South Africa had approximately 230 certified organic operations in 2006, of which about 77 per cent converted between 2003 and 2005. Parrott and Elzaker (2003) estimate that there were approximately 250 certified organic farms in 2003, which represented about 45 000 ha of certified organic land. On the other hand, the Institute of Natural Resources (2008) provides a figure of at least 279 certified farmers. Despite differing estimates, these figures confirm that the number of certified producers in South Africa is low.

South African commercial farming production systems are based on a very sophisticated model of technology-intensive agriculture, which basically relies on the economies of scale associated with very large-scale farms. Adaptation to organic standards represents a major shift for this type of farming, as emphasised by Hall (2005):

Organic farming is more expensive than conventional farming, due to start-up costs, conversion and accreditation. Organic farmers are vulnerable to adverse weather and pests because chemical pesticides may not be used, often resulting in lower yields and erratic supply. The factors add to the cost of the produce, which can be between 20 per cent–30 per cent more expensive than conventionally grown products

The Institute of Natural Resources (2008) confirms that while interest in organic farming exists in the farming community, many farmers do not complete the entire conversion process because of the perceived high risk associated with the conversion and uncertainty over long-term viability. Even where conversion is completed, only part of a farm is usually certified as organic owing to the high certification costs (Waarts *et al.*, 2009). The procurement competition between expanding local and export markets reinforces the supply and demand imbalance.

3.4 Implications for small-scale farmers' market access

As widely discussed in the literature, organic production could present an interesting comparative advantage for resource-poor farmers, as many of them have been practising organic-type farming for centuries, given their lack of resources (*Africa Research Bulletin*, 2006; Thamaga-Chitja & Hendriks, 2008). This should ease the conversion process to certified production (Hendriks & Lyne, 2009) as the soil has not been exposed to chemicals. Besides, many small-scale farming systems are labour intensive, which facilitates the adoption of organic practices which are associated with high labour requirements (Thamaga-Chitja & Hendriks, 2008). In this regard, Rigby *et al.* (2001) found that organic farms in Europe and America tend to be smaller as a result of greater labour and management needs. All of these factors should clearly favour small-scale farmers and have the potential, as Hendriks and Lyne (2009) point out, together with an appropriate enabling environment, to significantly increase their income.

However, only a few initiatives are taking place at the small-scale farmer level. These include farmers who benefit from NGO technical support and/or provincial state support, such as the Ezemvelo Farmers Organisation (EFO), which supplies Woolworths with organic produce. In 2001, this group of small-scale farmers was the first to convert to certified organic farming. EFO members use traditional farming knowledge to produce root crops organically. Other initiatives such as the Letaba Organic Farmers' Association can also be mentioned here. The latter is a certified organic black economic empowerment farming project supported by the Organic Farmer Group's continued mentorship and marketing programme. It currently supplies Pick n Pay and Spar.

The lack of small-scale organic farming initiatives is indicative of the constraints faced by small-scale farmers who intend entering the organic market. Indeed, given the way the organic sector has been developing in South Africa, with a clear drive from the formal retail sector, the capacity of small-scale farmers to enter this market successfully remains questionable, contrary to what the *Africa Research Bulletin* (2006) suggests. As pointed out by Reardon *et al.* (2009) and confirmed by Louw *et al.* (2007), in a dualistic agricultural context, as is clearly the case with South Africa, small-scale farmers are largely excluded from large retailer procurement schemes that demand a high level of technology in terms of farming and post-harvest handling practices. This includes a need for storage facilities (often cold-storage) and transport, factors which have large cost implications.

In addition to the general supermarket requirements that create high barriers to market entry for small-scale farmers (Reardon *et al.*, 2003; Louw *et al.*, 2007), supplying organic products also entails adopting the costly and lengthy certification procedures imposed by retailers in accordance with international standards (e.g. producers face a three-year organic conversion process before being fully certified). This affects in particular small-scale farmers that do not produce enough of the quality demanded to meet the fixed costs of compliance (Hallam *et al.*, 2004). Hendriks and Lyne (2009) point out that small-scale producers often need to market their produce collectively in order to reduce unit compliance and transaction costs to viable levels. Hence, the prohibitively high cost of certification in particular has led to the emergence of group certification schemes. Hendriks and Lyne (2009), however, state that these groups have their own costs and institutional difficulties, which hamper small-scale farmer participation.

In addition, Giovanucci (2006) maintains that the institutional and market system for organic production differs from that of conventional agriculture. With respect to the regulatory framework, organic producers need to comply with both the regulations governing conventional agriculture and the more onerous set of requirements for organic production. Although organic production entails

the adoption of production practices that are environmentally and socially more beneficial, regulations are seldom designed to support organic production. In addition, very few of the institutional and other resources that exist for conventional farming are available for organic producers. This includes research facilities, input availability and subsidies, communication infrastructure and knowledgeable extensionists (Gadzikwa *et al.*, 2006; Giovanucci, 2006).

As mentioned by Morgan and Murdoch (2000), among others, organic farming is an intensive learning process both in terms of technical and commercial knowledge. As organic practices are often location specific, scientific knowledge is regularly combined in subtle ways with indigenous local knowledge, which may imply new skills for the extensionists. Specific technical support is thus often provided by development organisations (Giovannucci, 2006). However, these organisations tend to focus on the technical aspects of production and fail to create the necessary managerial and business know-how (Santacoloma, 2007).

Retailers can also play an important role in addressing the knowledge deficit. Long-term contractual arrangements and technical support that are part of many retailers' preferential procurement systems could, at least in some cases, support farmers with the specific knowledge and asset investments required for converting to organic farming. In the UK, the retailer Sainsbury is addressing the knowledge gap by using its own supply chain as an instrument for information exchange on technical and commercial issues (Morgan & Murdoch, 2000). However, in South Africa preferential retailer schemes mostly involve large-scale farmers (Weatherspoon & Reardon, 2003; Louw *et al.*, 2007).

From this it is clear that there is a need for a more conducive policy environment to support small-scale farmers' capacity to enter the organic sector on a significant scale, as previously pointed out by Thamaga-Chitja and Hendriks (2008). This article emphasises that such development in public policy would have to account for the increased importance of private policies, especially with regard to the proliferation of standards and their supply chain implications, as also noted by Reardon and Timmer (2007). Possible public policy interventions could include the provision of less sophisticated public standards aimed at the domestic market, as suggested by the Institute of Natural Resources (2008), which would ease market access for small-scale farmers especially during the learning phase. The public policy response would in particular need to redress the inequity created by the private sector.

4 CONCLUSION

Although food quality trends are permeating the South African landscape, little research has been done on the local quality dynamics in this emerging country with such clear dualistic features. This article provides an interesting perspective

on how these trends affect the agro-food system in South Africa by pointing out the dominant role played by the large retail sector. The latter is in line with well-established international observations on the evolution of alternative quality trends, as highlighted in the introduction and with the move from producer-driven to buyer-driven supply chains put forward by Gereffi (1994).

As illustrated by the organic sector, alternative quality trends present significant opportunities for value addition which could lead to considerable price premiums and growth. These opportunities have yet to be embraced by local suppliers, however. The article argues that even though organic production is widely recognised as being compatible with small-scale farming practices, it is more likely that, under its current patterns of development in South Africa, the development of the organic sector will be more to the benefit of large-scale farmers. Indeed, the article shows that the main vehicle for the institutionalisation of quality in South Africa has been the establishment of new certification schemes, largely driven by the dominant retail sector. This sector captures the largest share of consumer purchasing power and sets the rules governing the system. Additionally, it has positioned itself as the main actor in the formal agro-food sector over the last few decades and has been consolidating largely through the reorganisation of its procurement schemes. As shown by Sautier *et al.* (2006), among others, this has been benefiting selected commercial farmers as a result of the establishment of preferred supplier schemes. As illustrated by the organic case, the innovative supply chain organisation necessitated by quality dynamics places more emphasis on vertical and horizontal coordination, with more intensive management and greater information/knowledge requirements. These increased requirements are more onerous for small-scale farmers, especially as they have not (with very few exceptions) been integrated into existing preferred supplier schemes with retailers. As argued in this article, it can be foreseen that the technical and organisational changes required in the supply chain to deal with the increased requirements of the new quality trends will further support development of, and be facilitated by, specific arrangements between retailers and farmers. The growing interest in new food quality trends is thus likely to further widen the gap between small-scale and commercial farmers. This is in line with what has been observed by Reynolds (2004), in particular with regard to south/north organic trade.

The leading and proactive role of the retail sector is even more striking in the case of Karoo lamb. Despite relatively low consumer interest nationwide, retailers are re-establishing demand for the product by developing both tailor-made certification schemes and proactive marketing strategies based on the romanticism and wholesomeness associated with the Karoo region. Even if retailers are by no means in complete control of the governance of consumption, with consumer demand remaining a key driver of quality changes in the supply chain, our article

shows retailers’ far-reaching role in driving quality dynamics and associated market access conditions. These arguments are in line with Callon *et al.* (2002), who state that

... one of the main concerns of lead firms (retailers, branded manufacturers) is to prompt consumers to question their preferences and, indirectly, their identities. Thus, they try to steer “spontaneous” and gradual processes of qualification and requalification of products to their advantage. They do so, *inter alia*, by setting up forms of organization, promoting collaboration between suppliers and consumers in the qualification of products. In this way, competition can be thought of turning around attachment of consumers to products which quality has been progressively defined with their active participation.

On the other hand, there is a strong political imperative for the greater participation of small-scale farmers in South Africa. This necessitates the adoption of more proactive approaches in supporting small-scale farmers’ market access amidst evolving market conditions. Therefore, there is a need to further explore local quality trends in South Africa and their impact throughout the supply chain in order to gain a deeper understanding of the implications of alternative quality food dynamics on small-scale farmers’ market access in the South African context. A thorough understanding of the potentially exclusionary dynamics of the quality trends is crucial for meaningful policy recommendations and the creation of a more effective policy environment.

NOTES

- 1 Upper income consumers were targeted given the expensive nature of sheep meat. A combination of convenience and random sampling was employed through a combination of personal interviews and self-completion questionnaires.
- 2 Data were analysed using SPSS 15.0 for Windows and involved a combination of descriptive statistics, Pearson chi-square test, one-way ANOVA (Analysis of variance) and the development of spider graphs.
- 3 The products were evaluated in the 15th annual Symrise/Food Review New Product Competition during 2007 (n = 27) and 2008 (n = 30) (refer to www.foodreview.co.za).
- 4 Indulgence refers to consumers’ need for improved and diverse food experiences (more pleasure, intensity and sensation), e.g. in terms of taste, shapes, presentation, aroma, ingredients and colour of food.
- 5 It is important to note that Woolworths recently moved away from using the name Karoo to label their free range lamb. However, their marketing campaign still builds on images of windmills, Karoo shrubs and typical Karoo landscape. This change in labelling serves to illustrate the dynamic nature of quality signalling from retailers in South Africa.
- 6 For mainstream red meat marketing, traceability up to the abattoir level is the common practice.
- 7 In the absence of official data monitors, Organics SA Mead (the umbrella body for organic agriculture in SA), the chairman of which is Leonard Mead, had been pulling together figures from the largest players in the organic industry.

- 8 While most studies point out the lack of information regarding the precise status of the South African organic sector, it is widely acknowledged that the sector is growing (see among others the Institute of Natural Resources study [2008]).
- 9 The vegetables premium has been calculated as an average of the price premiums of the whole range of vegetables available for purchase (onions, spring onions, beans, garlic, baby marrow, sweetcorn, butternut, pumpkin).

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