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FOOD VENDING AND
THE URBAN INFORMAL
SECTOR IN CAPE TOWN,
SOUTH AFRICA

GODFREY TAWODZERA¹

SERIES EDITOR: JONATHAN CRUSH²

¹ African Centre for Cities, University of Cape Town, Private Bag X3, Rondebosch 7701, South Africa, godfreytawodzera@yahoo.com

² Balsillie School of International Affairs, 67 Erb Street West, Waterloo, Ontario, N2L 6C2, Canada, jcrush@balsillieschool.ca

Abstract

In South Africa, the informal food sector is either criminalized or ignored, despite the important role it plays in the economy in terms of employment, income generation, food distribution, and general livelihoods. This paper assesses the nature, operations, strategies, and challenges of the informal food sector in Cape Town. Data was collected through a survey of over 1,000 informal food vendors in the city. Survey results indicate that most of the enterprises were single-owner businesses, financed from personal savings, and started by owners seeking employment, independence, and improved financial security for their families. Most businesses had little or no access to finance from government agencies, banks or micro-finance lenders. Entrepreneurs faced challenges ranging from insufficient sales, competition, changing consumer food needs, and rising stock prices. To survive in a challenging economic environment, entrepreneurs were adopting various strategies including changing the types of foods they sell, increasing food stock variety, monitoring formal food retailing prices, and negotiating with suppliers for favourable stock prices. While there has been much debate on the effect of supermarketization on small food retailers in the country, results from this survey are inconclusive. Despite the various challenges being experienced, the informal food sector has become an integral and indispensable component of the food system of the city.

Keywords

informal sector, food security, vending, urban livelihoods

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Introduction

The informal sector is an important component of the global economy. Its importance lies in its contribution to employment, income, and economic growth. According to the ILO (2018), over 2 billion people work in the informal sector worldwide. Jutting and Laiglesia (2009) put the proportion of the workforce engaged in informal employment at 60% globally. However, this differs between regions, with 69% in South Asia, 57% in East and South East Asia (excluding China), 53% in Sub-Saharan Africa, and 34% in Latin America (Vanek et al 2014). In some African countries, informal employment is estimated to be as high as 85% (ILO 2008). By African standards, the South African informal sector is small, although StatsSA (2016) indicates that 2,641,000 South Africans work in the informal sector, accounting for approximately 17% of total employment in the country. Given that the economy has been growing slowly over the past few years – GDP growth slowing from more than 3% in 2011 to 0.3% in 2016 (BNP-Paribas 2017) – the importance of informal-sector employment is likely to increase.

The contribution of the informal sector to the economy is variable, constituting a greater proportion in countries with struggling economies. Yelwa and Adam (2017) estimate that the informal economy accounts for 40% of GNP of low-income countries. Steel and Snodgrass (2008) suggest that the informal economy may account for 50-80% of GDP in Africa. In South Africa, the informal sector contributes an estimated 6% of GDP (StatsSA 2014:9). The challenges in calculating the contribution of the informal sector to national GDP has led to other estimates that put the contribution of the sector to the South African economy as high as 28% (Devey et al 2006). The sector also contributes substantially to individual and household incomes for those involved (Fourie 2018, Tshuma and Jari 2013). Rogan and Skinner (2017) argue that the dominant industry in the South African informal sector is trade, which in Q3 of 2014 comprised 42% of informal-sector employment in the

country. Within the trade sector, informal food trade is dominant. A study by Nkrumah-Abebrese and Schachtebeck (2017) in Tshwane on street trading found that 55% of the street traders sold only food items. Rogan and Skinner (forthcoming) estimate that 67% of street traders nationally are selling food.

This paper agrees that the informal sector in South Africa is an integral part of the national economy. While the proportion of people employed in the sector is less than one-fifth of total national employment, the sheer numbers involved – over 2 million people – make it worthy of recognition and support. The stagnation of the South African economy in recent years, as well as the surge in unemployment in the country, means that this sector will become even more important. The importance of the informal food sector, in particular, cannot be over-emphasized, given the critical role that small food vendors play in distributing food, bulk-breaking, and generally increasing food access for the majority of poor people who may otherwise remain on the fringes of urban food systems.

This paper also builds on earlier research in Cape Town on informal-sector entrepreneurship in general and the informal food sector in particular. Some of this work deals with the right of existence for informal trading in the city (Broadway 2016). Others have looked at the factors that impact on the start-up, survival, and growth of informal and small businesses and on entrepreneurial resilience (Jere et al 2014, Tengeh 2016, Petersen et al 2018). The literature has also focused on how African immigrants use their entrepreneurial attributes to start and operate businesses in the informal sector in the metropolitan area (Tengeh 2010). Others have compared the entrepreneurial orientation and competitiveness of South African and immigrant entrepreneurs in the city (Barsadien et al 2014, Crush and McCordic 2017, Crush et al 2017). Iwu et al (2016) explore the role of survivalist retail entrepreneurship on employment creation and poverty reduction in Khayelitsha, one of the city's townships. There have also been studies on whether the informal sector is stagnant or expanding. Charman

and Petersen (2016), for example, use data from the townships of Delft South and Eindhoven in 2011 and 2015 to investigate informal sector growth.

On the informal food sector specifically, Battersby et al (2016) map the spatial distribution of food vendors in Philippi Ward 34 and Khayelitsha Ward 95 and identify the characteristics that impact on the sector's ability to address the food needs of the neighbourhoods in which the businesses are located. Even-Zahav (2016) examines everyday experiences in South Africa's informal economy and their intersection with and deviation from food security concerns. Mchiza et al (2016) go on to document the kinds of street foods that people buy in Cape Town, as well as the hygiene conditions under which these foods are sold. While their focus is not on Cape Town specifically, but on South Africa generally, Skinner and Haysom (2017) nevertheless provide much detail on the role of the informal sector in food security in the city. In addition, they provide some key policy debates.

Despite the significant contributions that the informal sector makes to the country, South Africa has "an ambiguous policy environment that has occasionally supported, but largely ignored, and at times actively destroyed, informal sector livelihoods" (Crush et al 2017:3). The sector is thus either criminalized and harassed or ignored (Fourie 2018). Official attitudes to the informal food sector are generally negative, viewing the sector as unhygienic, dirty, disorderly, and undesirable. In some cases, the official interaction with the sector has been openly hostile. This hostility is clearly illustrated by the brutal eviction of street traders and the confiscation of their wares during Operation Clean Sweep in Johannesburg in 2013 (Benit-Gbaffou 2016). In terms of the governance of the informal food sector in Cape Town, Donaldson et al (2014) argue that policies on street trading in the city have been extremely fluid. Rogerson (2016) emphasizes that street trading in Cape Town varies from that in other cities, being both more lucrative and more structured. For example, Cape Town has larger areas of restricted or prohibited trade and commits much less funding for infrastructure in support of informal retailing. At the same time, policy-makers

tend to have a more positive view of the economic importance of the sector. This does not generally extend to the activities of the many non-South African migrants in the sector.

Gastrow and Amit (2015) and Gastrow (2018) argue that the policy environment in Cape Town is extremely disabling for non-South African business owners, involving outright harassment as well as illegal and unconstitutional mediated agreements limiting their rights to trade. Rogerson (2018) also focuses on the regulation of informal vending by migrants in the city and notes that "little evidence exists of a coherent analysis to understand and foreground the particular contributions made by migrant entrepreneurs for the urban economy." Crush et al (2017) trace the history of national and municipal informal sector governance since the early 1990s and discuss how this impacts on informal-sector practitioners, especially refugees who choose or are forced to work in the sector. While this paper builds on the research on the informal sector, it specifically focuses on assessing the nature, operations, strategies, and challenges of the food sector in Cape Town.

Methodology

Data for the food-vendor study was collected in Cape Town by the Hungry Cities Partnership (HCP) in mid-2017. Because there is no census of vendors from which to draw a random sample, a strategy of maximum variation sampling was used. Five different types of area in the city in which informal food vendors are known to operate were first selected: commercial, formal residential, informal residential, mixed formal and informal residential, and industrial. Within each of these types, contrasting and geographically separated research sites were selected in the commercial (two sites), industrial (two sites), formal residential (three sites) informal settlements (three sites), and mixed formal and informal residential (two sites). The sampling strategy was thus structured to include all possible settlement types as well as different food vendors operating in the city.

The criteria for selecting the respondents were that the enterprise had to be selling food and employing fewer than five employees. Enterprise owners or supervisors were selected as respondents. Food vendors conducting their business in different places were interviewed. They included mobile vendors, vendors conducting business in markets, at the roadside, in vehicles, at home, taxi ranks, railway stations and bus termini, and craft markets (Table 1). Some of the vendors were operating at these places on a permanent basis and others were there temporarily. The questionnaire sought information on entrepreneurs' demographic characteristics, entrepreneurial motivation, source and amount of start-up capital, business characteristics, operations, challenges, and strategies, as well as entrepreneurial aspirations. In total, 1,018 food vendors were interviewed over a three-week period.

Vehicle	18	1.8
Restaurant	3	0.3
Craft market	3	0.3
In customer's home	2	0.2
Other	11	1.1
Total	1,108	100.0

TABLE 1: Location of Surveyed Food Vendors

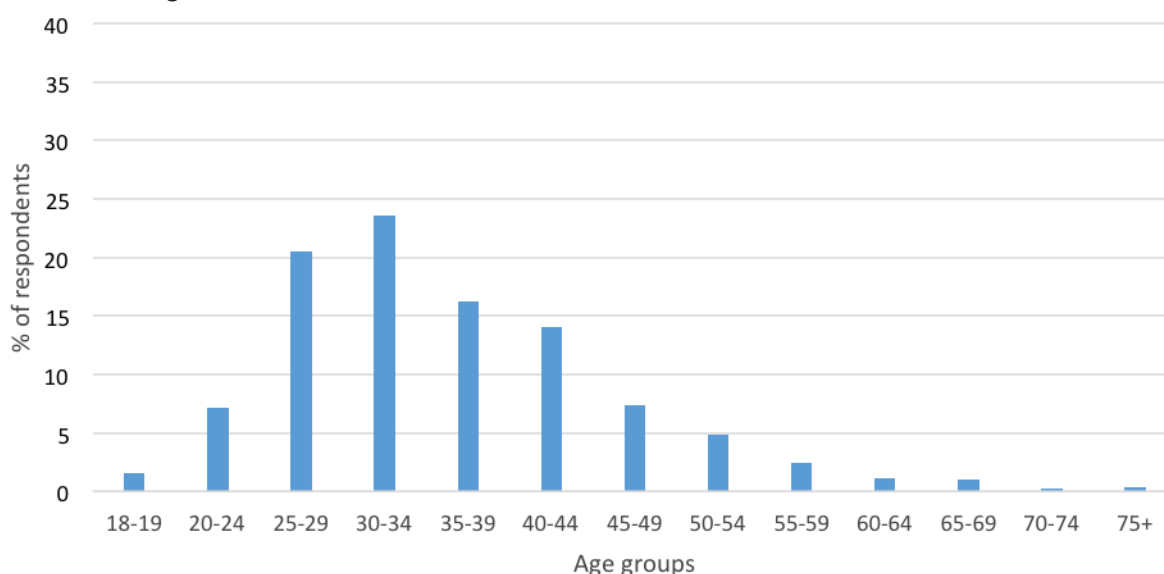
	No.	%
Temporary stall on the street/roadside	267	26.3
Permanent stall on the street/roadside	241	23.7
Permanent stall in a market	163	16.3
Workshop or shop (spaza)	100	9.8
No fixed location, mobile	87	8.6
Taxi rank	79	7.8
Railway station	75	7.4
At home	37	3.6
Bus terminal	22	2.2

Vendor Demographics

Just over half of the food vendors (54%) were men and 47% were women. This was unexpected, given the proliferation of literature testifying to the predominance of women in the informal sector. The primary reason for this anomaly was the migrant proportion of the sample where there were many more men (72%) than women (28%). Among the non-migrant vendors, there were more women (66%) than men (34%). Most vendors (60%) were younger than 40 years old (Figure 1). The informal food sector is thus drawing in people who might otherwise be expected to be in formal employment. Rising unemployment and economic stagnation in the country is likely to be pushing economically active people into the sector, solidifying the importance of the sector in terms of employment.

Only 15% of the food vendors were born in Cape Town. This means that the vast majority of those interviewed were migrants who were born

FIGURE 1: Age of Food Vendors



in another country (51%), in rural areas of South Africa (26%), or in other South African cities (8%). The sample was relatively educated, with only 9% having no formal education and a further 9% having only some primary school education. Over half had some or had completed secondary school. The fact that nearly 10% of the food vendors had some or had completed university/college education is reflective of the shrinking job market where people with skills and education end up in the informal sector in different kinds of self-employment. More than half of the respondents (58%) had been employed before starting their food businesses.

Starting a Food Vending Business

South Africa has one of the highest failure rates for small and medium-scale businesses. The South African Small Enterprise Development Agency (2013) indicates that 60% of South African small businesses fail within their first year of operation. Failure is attributed to lack of business skills, a stringent regulatory environment, inability to adopt and use technology, and a lack of finance to expand businesses (Rogerson 2008, Sekhametsi 2017). In the Cape Town survey, only 9% of the vendor businesses were established before 1994 (Figure 2). While this may suggest that long-term survival

is unlikely, the low figure may reflect the difficult and restrictive business and political environment during the apartheid era. Migration from other countries to Cape Town was also minimal before the mid-1990s. The dramatic escalation in business formation after 2010 (when two-thirds were established) is probably linked to the economic slow-down, the attendant rise in unemployment, and in-migration from other countries.

Studies in Accra (Maxwell et al 2000), Kinshasa (Iyenda 2001), Dar es Salaam (Tillerman 2012), Harare (Njaya 2014), Kampala (Muyanja et al 2011), Nairobi (Githiri et al 2016), and Swaziland (Brixiova and Kangoye 2016) have shown that food vending provides millions of people with livelihoods throughout Africa. In South Africa, Mubaiwa (2014) and Tshuma and Jari (2013) have also pointed to the importance of vending in sustaining livelihoods. While some writers see the informal sector as being survivalist, utilized only by those pushed out of the formal sector, others have argued that the informal sector has transformed and consists of people with entrepreneurial motivation or skills who enter willingly to make a living. In the case of Cape Town’s informal food sector, the former appear to be in the majority. The respondents rated various reasons for starting their businesses on a five-point scale from 1 (no importance) to 5 (extremely important) and mean scores were calculated for each motivation.

FIGURE 2: Year Business Established

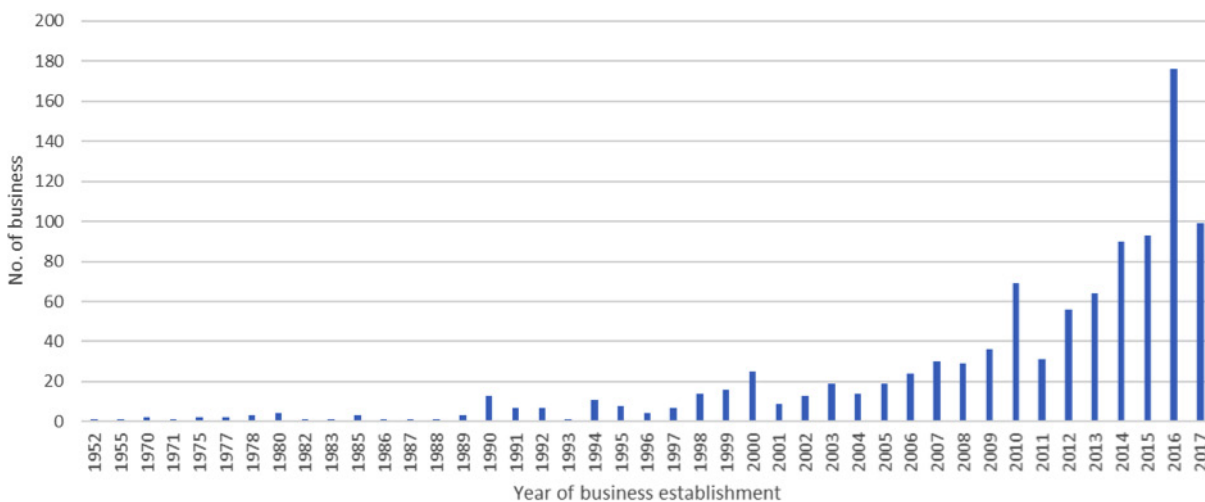


Table 2 suggests that the most important motivational factors were economic and survivalist, particularly the need for money to survive (4.07), giving greater financial security to their family (3.99), and the need to make money to send to family in their home area, which is an important consideration for migrants (3.02). Unemployment and the inability to find a job also rated relatively highly (3.16). Providing a service and employment to others were not especially important. Some of the entrepreneurial motivating factors also scored means of over 3.00, including having the right personality to run a business (3.23), wanting to run their own business (3.22), and wanting to be their own boss (3.13). This analysis suggests that, while economic survivalist reasons were the main motivation for entering

the sector, a considerable number felt that they had the right aptitude for the business.

While the provision of employment for others is not a significant reason for establishing a food-vending enterprise, some food vendors do need assistance in their operations. One-third of the surveyed food vendors in Cape Town had employees working for them. Just over half of these (54%) had a single employee, while 31% had two employees, 10% had three, 5% had four, and 0.6% had five. Thirty percent of the employees were family members. Eighty percent were full-time wage employees, while 15% were part-time wage workers and 5% were casual workers. The argument that informal employment is always short-term and unreliable is thus not true.

TABLE 2: Motivations of Food Vendors

Motivation	Mean score
Economic survival/financial support of dependants	
I needed money just to survive	4.07
I wanted to give my family greater financial security	3.99
I was unemployed and unable to find a job	3.16
I wanted to make more money to send to my family in my home area	3.02
I had a job but it did not pay enough	2.51
I had a job, but it did not suit my qualifications and experience	1.82
Providing employment/product/service	
I wanted to provide a service/product to consumers in my neighbourhood	2.28
I wanted to provide employment to members of my family	2.20
I wanted to contribute to the development of this country	2.12
I wanted to provide a service/product to consumers in other parts of the country	2.06
I wanted to provide employment for other people	1.95
I wanted to provide employment for people from my home area	1.90
Business experience/appeal	
I wanted more control over my own time/wanted to be my own boss	3.13
I have always wanted to run my own business	3.22
My family has always been involved in business	2.27
Support and help in starting my business was available from other people	2.08
I decided to go into business in partnership with others	1.87
Entrepreneurial orientation	
I have the right personality to run my own business	3.23
I wanted to do something new and challenging	2.83
I like to learn new skills	2.91
I enjoy taking risks	2.73
I like to challenge myself	2.85
I wanted to increase my status in the community	2.19
I wanted to compete with others and be the best	2.19

Food-vending businesses are helping to address South Africa’s chronic unemployment problem by providing significant full-time employment opportunities. In addition, over 90% of the employees were entirely dependent on this job for income.

Brixiova and Kangoye (2016) note that the availability and amount of start-up capital is important in determining the success of the business. Businesses that start with higher capital amounts are more able to survive and transition into more successful enterprises. More than one-third of the Cape Town food vendors started with a meagre amount of less than ZAR500. Around two-thirds had start-up capital of ZAR2,000 or less. These are therefore predominantly micro-enterprises drawn into the food sector by the very low start-up capital threshold. Gender differences also existed in levels of start-up with close to half of the female vendors starting with ZAR500 or less compared to 28% of the males. The vast majority of vendors (87%) used personal savings to start their operations. Other minor sources of start-up capital included gifts from relatives (12%), loans from relatives (7%), loans from non-relatives (3%), and money from usurers (2%). Only 0.4% sourced start-up capital from banks, 0.1% from micro-finance institutions, and 0.1% from a government agency.

Sourcing and Selling

A wide variety of fresh, cooked, and processed food was sold by the food vendors (Table 3). The primary processed products were snacks/crisps (sold by 28% of vendors), sweets/chocolates (23%), and tea/coffee (21%). The two major cereal staples – maize meal and rice – were sold by 13% and 10% respectively. The prominence of non-nutritious “junk food” is noteworthy. Snacks/crisps are cheaper to stock, sell faster, and can be broken into smaller portions for sale. This practice of bulk-breaking is also common with maize meal and rice. The primary fresh products include fruit (28%) and vegetables (23%). Other fresh produce sold by a smaller number included eggs (10%), white bread (9%), meat (8%), and brown bread (7%). Other fresh products like

milk, chicken, tripe/offal, and fish were all sold by less than 5% of the vendors. Mubaiwa (2014) argues that “langanas” (township snoek-sellers) play a central role in the distribution of fish in Cape Town’s townships. A few sold frozen products, but most vendors lacked refrigeration and therefore also shied away from fresh foods.

TABLE 3: Foods Sold by Informal Vendors

	No.	%
Processed food		
Snacks/crisps	288	28.4
Sweets/chocolates	237	23.3
Tea/coffee	217	21.4
Maize meal	133	13.1
Rice	106	10.4
Cooking oil	67	6.6
Sugar	63	6.2
Pasta	36	3.5
Powdered milk/amasi/ sour milk	25	2.5
Tinned fruit	16	1.6
Tinned meat	14	1.4
Fresh food		
Fresh fruit	284	28.0
Fresh/cooked vegetables	234	23.1
Eggs	98	9.7
White bread	93	9.2
Meat	79	7.8
Brown bread	72	7.1
Kidneys, livers, tripe, offal	49	4.8
Fresh milk	43	4.2
Chicken	31	3.1
Fish	26	2.6
Cooked food		
Meat	94	9.3
Pies/samosas/vetkoek	64	6.3
Chicken	44	4.3
Fish	28	2.8
Frozen food		
Chicken	20	2.0
Meat	19	1.9
Fish	10	1.0
Note: Multiple-choice question		

Interactions between the formal and informal food sectors occur primarily at the point of purchase of stock by food vendors. Table 4 shows the

most common source for selected food stocks in the month prior to the survey. First, the overall significance of formal-sector wholesalers is clear. With the exception of fresh fruit and vegetables, they are the most important source for virtually all other products including tinned fruit (92% of vendors), pasta (81%), rice (80%), tinned meat (79%), maize meal (73%), and frozen fish (60%). Second, formal-sector supermarkets are an important secondary source for most items on the list. Although supermarkets sell food at retail prices, which reduces profit margins for food vendors, a sizeable number of food vendors reported buying from supermarkets, for example, fresh meat (24%), pasta (22%), fresh fish (19%), fresh fruit (18%), and fresh chicken (16%). Vendors indicated that they use supermarkets for emergency stocking when they have no time to visit wholesalers or when supermarkets run promotions.

Third, the only products that have a distinctly different sourcing pattern are fruit and vegetables. While wholesalers and supermarkets are used by some vendors, the most important single source is the Cape Town Fresh Produce Market (patronized by just over 40% of vendors). Produce at the market comes primarily from commercial farms in Cape Town's Philippi Horticultural Area (PHA), in the farming districts of the Western Cape, and (for more tropical fruits) elsewhere in the country. Fourth, in search of better prices some vendors go directly to commercial farms for their fresh meat (43%), fresh chicken (32%), frozen chicken (30%), and fresh fruit (12%). Finally, informal-sector producers are relatively insignificant sources of stock with the exception of frozen fish (20%), fresh fish (19%), and kidney/liver/tripe/offal (12%). Urban agriculture is virtually non-existent as a source of stock.

TABLE 4: Sources of Food Stocks

	N	Whole-saler	Super-market	Small shop	Formal market	Informal sector producer	Direct from factory	Direct from farms	Other
Fruit	284	25.7	18.0	2.5	41.9	4.2	3.2	12.3	0.0
Vegetables	234	20.9	12.8	3.4	42.3	6.0	2.1	21.4	1.3
Maize meal	132	73.5	17.4	6.1	6.1	6.1	3.0	3.8	0.8
Rice	106	80.2	17.0	4.2	4.7	5.7	1.9	0.9	0.9
White bread	93	61.3	16.1	2.2	7.5	4.3	14.0	0.0	12.9
Fresh meat	79	41.8	24.1	6.3	6.3	1.3	6.3	43.0	6.3
Brown bread	72	55.6	13.9	2.8	5.6	4.2	13.9	0.0	16.7
Pasta	36	80.6	22.2	11.1	5.6	2.8	2.8	0.0	0.0
Kidney, liver, tripe, offal	49	46.9	6.1	6.1	6.1	12.2	2.0	8.2	16.3
Cooked chicken	44	52.3	15.9	15.9	6.8	4.5	2.3	4.5	6.8
Fresh chicken	31	35.5	16.1	6.5	9.7	6.5	3.2	32.3	9.7
Cooked fish	27	51.9	11.1	18.5	0.0	11.1	14.8	0.0	3.7
Fresh fish	26	46.2	19.2	11.5	7.7	19.2	7.7	3.8	11.5
Tinned fruit	25	92.0	8.0	0.0	0.0	4.0	0.0	0.0	0.0
Frozen chicken	20	55.0	10.0	5.0	0.0	5.0	10.0	30.0	0.0
Tinned meat	14	78.6	7.1	0.0	7.1	14.3	0.0	0.0	0.0
Frozen fish	10	60.0	0.0	20.0	10.0	20.0	0.0	0.0	0.0

Operating Strategies

In an environment where competition is fierce and the probability of failure is high, what strategies do vendors utilize to survive? One common strategy is careful location of the operation. As many as 84% of the vendors indicated that they located at places with the greatest number of customers, while 45% located close to transportation routes both for ease of transporting stock and to gain access to customers who utilize the city's public transport system. Other locational factors included access to passing traffic (37%), safety concerns, (30%), cheaper rents (19%), proximity to home (17%), and access to services such as water (16%). Those locating closer to home saved transport costs, thus reducing business expenditure. A few vendors (15%) reported changing locations as a strategy to survive in the previous year, primarily to gain access to more or different kinds of customers and for security reasons.

The second strategy utilized by some vendors is operating in multiple locations so as to capture more customers and to reduce the risk of having all their stock confiscated at one location. Widjajanti (2015) argues that food vendors maintain multiple locations in anticipation of eviction, thus ensuring that they remain in business at one location if the other is closed down. However, the option of operating in multiple locations was only feasible for 11% of the surveyed vendors.

A third strategy relates to pricing methods. Just over 80% of the entrepreneurs reported using a standard mark-up to ensure they made a profit. One-quarter said they gave discounts to attract customers and some (19%) were prepared to negotiate with customers to reach mutually acceptable prices. Njaya (2014), studying street food vending in Harare, argues that food vendors are able to lure customers away even from formal shops because of their ability to negotiate prices. This is not a universal practice in Cape Town, but it does occur, meaning that the same food items may be sold for different prices in the same area depending on the negotiating skills of the customer.

A fourth strategy involves developing a loyal customer base. More than four-fifths of the surveyed food vendors said they had regular customers. Of these, 61% reported stocking food items targeted specifically at regular customers. About 45% of the vendors indicated that their regular customers would continue to patronize their business even if they changed location. One of the major advantages and consequences of having regular customers is that vendors are more inclined to offer them food on credit. As many as 56% reported that they provided credit.

Finally, nearly two-thirds of the vendors said they had extended their hours of operation to suit their customers, opening as early as 5.30am and closing as late as 11pm. Other businesses reported operating only at times of the day when they could get more customers, especially at daybreak, towards midday, and late in the day when demand is high. For enterprises located at transport interchanges, this entailed being open during the early morning and late afternoon rush hours.

Operating Challenges

Although food vendors play an important role in the city economy and in the food security of lower-income households, they face economic, operating, and social challenges (Table 5). First, the vendors have various financial challenges. Sources of start-up capital are hard to access and profit margins are slim in the informal food business. In addition, only 9% of the operators reported borrowing money for running costs. The proportion borrowing from a bank was only 3%. This was not surprising given that most financial institutions rarely lend to businesses in the informal sector. FinMark (2006) notes that only 2% of new firms in South Africa are able to access loans from banks. While a number of government support schemes are available, only 2% of the businesses indicated accessing money from a government-run scheme. That only 19% saw the lack of credit as a challenge shows their low expectations of accessing funds from sources outside the business.

The greatest challenges identified by vendors relate to intense competition in the urban informal food sector. Nearly 70% of the vendors said they were often/sometimes affected by too much competition from fellow vendors and 75% that they often/sometimes had too few customers. Nearly 60% said they often/sometimes make insufficient sales. Clearly, these three challenges are related to one another since a surfeit of vendors in any one space inevitably leads to a diminution in both the number of customers and the amount of stock moved.

As many as two-thirds of the food vendors felt that suppliers (predominantly wholesalers) were charging too much for their goods. Since food prices in South Africa have been on an upward spiral in recent years, wholesalers are passing on these increased costs to their customers. Other research has shown that some food vendors have developed various strategies to reduce the unit cost

of purchased goods. This includes individually buying stock in bulk (Gastrow and Amit 2013), combining resources with other shop owners to buy in bulk (Ibrahim 2016; Khosa and Kalitanyi 2014), negotiating with wholesalers to pay less (Gastrow and Amit 2015), stocking a wider range of goods (Liedeman et al 2013), buying stock when there are specials (Ngwenya 2017), sharing transport to lower costs (Ibrahim 2016; Gastrow and Amit 2015), and living at the shop to lower costs (Hare 2017). Without these strategies, vendors would be forced to raise their prices continuously to make up for the wholesalers' increases. Most respondents in this study argued that increasing prices would reduce their sales and chase away customers. Thus, most vendors have to contend with shrinking profit margins as food prices rise.

Two further economic challenges are also worth mentioning. As noted above, one of the common

TABLE 5: Type of Business Challenge

	Often	Sometimes	Total
Economic challenges			
Too many competitors	29.7	39.7	69.4
Suppliers charge too much	21.0	45.0	66.0
Competition from supermarkets/large stores	13.8	20.2	34.0
Too few customers	11.2	64.1	75.3
Insufficient sales	10.7	48.9	59.6
Lack of credit access	6.3	12.2	18.5
Customers do not pay their debts	4.9	33.2	38.1
Operating challenges			
Restricted by lack of relevant training	8.2	22.3	31.0
Storage problems	6.7	15.7	22.4
No refrigeration	5.4	9.2	14.6
Social challenges			
Crime/theft of goods/stock	3.8	18.2	22.0
Confiscation of goods by police	3.0	8.5	11.5
Harassment/demand for bribes by police	2.1	5.7	7.8
Conflict with entrepreneurs from this country	1.9	17.8	18.7
Crime/theft of money/income	1.8	11.6	13.4
Prejudice against my nationality	1.5	10.1	11.6
Conflict with entrepreneurs from other countries	1.4	12.9	13.4
Verbal insults against your business	1.0	12.1	13.1
Arrest/detention of yourself/employees	0.8	3.3	4.1
Physical attacks/assault by police	0.8	4.7	5.5
Physical assaults by citizens of this country	0.8	6.2	7.0
Prejudice against my gender	0.4	3.5	3.9

business strategies of food vendors is to sell goods on credit in the expectation that consumers will pay at a later date, perhaps on payday or when social grant payouts are made. However, there is an inherent risk that consumers will either renege on their obligation or lack the income to make good on their debt. While only 5% of the vendors said that the failure of customers to pay their debts was often a problem, as many as one-third said this was sometimes an issue. Given that 56% of the vendors offer credit to customers, it is clear that almost two-thirds often/sometimes experience problems in getting these debts repaid.

The other challenge concerns the fact that supermarkets are aggressively pushing into low-income areas of the city and potentially taking away custom from the informal food sector (Battersby 2017, Battersby and Peyton 2016). There has been much debate about the impact of the expansion of supermarkets on informal food systems at a global level (Reardon 2011), in Africa generally (Crush and Frayne 2011, Nickanor et al 2017), and in South Africa especially (Battersby 2017, Campbell 2016). While this expansion has been seen by some in a positive light as bringing more food, greater efficiency, and lower food prices, there has also been concern that the proliferation of supermarkets may lead to the displacement of smaller players in the food system. As many as one-third of the vendors said they are often/sometimes affected by competition from supermarkets. This was worse for vendors selling food items that were sold in supermarkets in similar quantities but at cheaper prices. The negative impact of supermarkets on vendors has various elements including forcing them to reduce their prices and taking away customers. Some vendors saw positive aspects of the supermarket presence including as a handy source of stock and attracting customers towards their business by locating in the same vicinity. While the survey results show a mixture of losses and benefits in the interaction with supermarkets, the fact that the majority of vendors reported no effect makes it difficult to formulate a conclusive argument about the nature of this relationship.

Operating challenges such as a lack of storage and refrigeration were identified by some vendors as a problem, but the greatest operating challenge identified relates to a perceived lack of skills and training. Most vendors have no formal training for running a small business and have to learn on the job. Very few keep books or financial records, for example. Targeted training programs to improve skills across a range of sourcing, marketing, and general business operations would clearly benefit the vendors and ensure greater sustainability and growth.

Theft of goods/stock is a problem for 22% of the vendors, and theft of money/income for 13%. Crime/theft of goods was rampant for vendors who did not have adequate storage space for their stock at night. In addition, the illegal confiscation of stock by police has been identified in other studies of the informal sector as a major problem (Crush et al 2017, Gastrow 2018, Ramachandran et al 2017). Losses incurred were related to systematic and occasional raids by police on food vendors. While confiscated food items should be returned after fines have been paid, vendors reported that some of their items would be missing as there is no proper documentation on confiscation. Other police misconduct, such as harassment and demands for bribes as well as physical assault, were seen as an issue by 8% and 6% respectively.

Given the well-documented existence of violent xenophobia against migrants in the South African informal sector (Crush and Ramachandran 2015), it is notable that, overall, as many as 20% said that they had experienced conflict with South African entrepreneurs: 2% had experienced this conflict “often”, while 18% had experienced the conflict “sometimes”. There were variations between the local and the international migrant vendors: 2% of the migrants had experienced conflict with South African entrepreneurs often in comparison to 1% for local entrepreneurs. In addition, 23% of the migrant vendors reported having experienced conflict with South African entrepreneurs sometimes, while the comparative figure for local vendors was 13%. Conflict with entrepreneurs from other countries was at 14%: 1% often and 13% sometimes.

Regarding conflict with entrepreneurs from other countries, 14% of the international migrant vendors reported experiencing conflict in comparison to 9% among the local vendors, suggesting a degree of conflict between the migrants. Similarly, while 12% overall said that prejudice against their nationality was often/sometimes a problem, the figure for international migrants was much higher at 21% compared to 2% for locals. In addition, the figure for migrants experiencing physical attacks from South African citizens was 12% compared to 1% for locals. Clearly, international migrant vendors were at more risk of experiencing conflict, prejudice and physical attacks than their local counterparts.

Conclusion

The informal food sector remains largely marginalized in South Africa. Data on the sector is scant or speculative. The aim of this study was to assess the nature, operations, strategies, and challenges of the informal food sector in Cape Town. The study has shown that food vendors play an important role in the city through bringing food to the majority of people with low incomes. The sector offers a variety of food in quantities that are affordable to customers. In an environment where unemployment is on the increase, and where the rate of job creation in both government and the private sector is slow, food vendors in the informal sector are also providing jobs that are critical to the survival of many. Despite this importance, food vendors face many challenges: raising capital, finding spaces to trade from, rising stock prices, and changing consumer needs. Government and local authorities need to improve the policy environment to allow food vending to be viewed in a positive light and for the entrepreneurs to access government funding and programs. Food vending is not a transient activity, but an integral part of the urban food system and needs support, not neglect or persecution.

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