Exploring the fourth wave of supermarket evolution: concepts of value and complexity in Africa

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Abstract

The increase in urban development and an increasingly stable and economically empowered middle class in Africa are both driving the expansion of supermarket activity in these new, lucrative, African markets. Much of this activity comes from South Africa and has triggered what can be seen as the "fourth wave" of global supermarket evolution. This paper reviews the background, examines the expansion of three major South African supermarket businesses into the African continent, and assesses the impact on local producers of goods and services. It does so by introducing the concept of value chain to reveal some of the new complexities in this process and to show how some of the issues associated with value must be mitigated so that there can be a successful marriage between the traditional and new business practices in the host country economies. The discussion and analysis is based on a range of interviews with senior management in the three South African retailers.

Keywords

Africa, Retail, Supermarket, Supply chain, Value chain, local suppliers

1. INTRODUCTION

After decades during which Africa struggled to come to terms with its post-colonial circumstances, there are signs of new stability, new wealth, and a more materialistic approach to life for the lucky Africans living near centres of economic activity. The economies of Africa are growing, as Mills [1] points out: "everywhere in Africa is on the up. Some countries are growing quickly, others slowly. But they are all going up". This growth is evident in the fast growing urban centres and the expanded telecommunication services (especially mobile connectivity) across the continent. The magnitude of Foreign Direct Investment coming into Africa has been estimated to reach $70 billion during the course of 2010 [2]. Moreover, there is a substantial flow of investment from South African into the rest of Africa, led by the food and general merchandise retail chains. This is contributing to a new wave of supermarket revolution, the "fourth wave". With WalMart's takeover of South African general merchandise group Massmart, which already has footprints in the parts of the continent where the fourth wave appears to be emerging; there is potential growth in retail investment across the continent.

In its 2007 high-level panel report, the African Development Bank (ADB) posits that by the year 2030 half of Africa's population (an envisaged 1.5 billion or more) will be under 25 years old, with proper education and training, stable employment and the majority living in cities and towns; they will have sufficient income for a trendy, global-minded life and, therefore, will not settle for mediocre products and services [3]. They will demand a better life that will require businesses and governments to live up to expectations.

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In the current circumstances, the market segment which Mahajan [4] calls the "Africa Two" represents a larger part of the African middle class consumer market. Multinational companies (especially supermarket chains) expanding into the continent will need to engage this market segment to ensure a sustainable growth. Moreover, Prahalad [5] draws attention to the "bottom of the pyramid" which embodies determined entrepreneurs and consumers with a taste for value. In most parts of Africa, the bottom of the pyramid is wider than elsewhere, and innovative business strategies are therefore required by supermarket chains expanding into these communities, in order to engage with this market segment in a meaningful way.

South Africa is playing a significant role in delivering material benefits to the rest of Africa, based on its relatively advanced economy, its history of successful and progressive business management, and its advanced retailing industry. This paper reviews supermarket retailing and its expansion within the African continent. Expansion has consequences, of course, including: an impact on existing local food production, an increase in the complexity of operations, and problems arising from cultural and procedural differences. Reardon and Hopkins [6] report tensions between: the supermarkets and traditional retailers arising from the expansion of supermarkets and their suppliers into their countries. The causes of these tensions can be attributed to the impact of supermarket chains' activities on local consumers, traditional retailers, local farmers and processors as explained by Reardon and Gulati [7]. Prahalad [5] has a view about what must be done:

> *"What is needed is a better approach to help the poor, an approach that involves partnering with them to innovate and achieve sustainable win-win scenarios where the poor are actively engaged, and at the same time, the companies providing products and services are profitable".*

In order to examine these issues, the paper introduces the concept of the *value chain* and uses it to show aspects of the new complexities emerging from this process. This paper is based on three premises: 1. There is a fourth wave of supermarket revolution emerging in Africa, which calls for academic attention; 2. The retail market in most African countries is actually still dominated by informal activities, and 3. Complexities emerge when formal systems move into highly informal economies.

The rest of the paper from this point is structured to include the follows headings: the internationalisation of supermarket retailing; the nature South African supermarket expansion into Africa; the concept of value chain; the issues of value creation in host countries; traditional retailing and local production; traditional retailing seen as a value chain; supermarket retailing seen as a value chain; supermarket value chain and local producers: issues of complexity; results from ongoing research; combination of traditional and supermarket retail value chains; and conclusion.

2. THE INTERNATIONALISATION OF SUPERMARKETS

The term "supermarket" implies size, but here it is used to represent all modern format retail stores including: convenient and forecourt stores, supermarkets and neighbourhood stores, hypermarkets and superstores, discount and club stores as done elsewhere [8]. The rise of supermarkets internationally has often been based on expansion from the "developed" world into the less developed world. A good early example is The Southland Corporation (of Texas) licensing Ito-Yokado (of Japan) the rights to develop the 7-Eleven concept and name in Japan in 1973; an arrangement acclaimed to be arguably the most successful example of retail internationalisation in the world [9], and which led to significant retailing innovations [10]. In most of Africa supermarkets emerged rather later, in the mid 1990 [8], and many parts of the continent are yet to experience this phenomenon.

The supermarket revolution in developing countries is seen to have occurred in three waves, with a fourth wave still emerging, as described in Table 1. The first wave occurred in South America and East Asia in the early-to-mid 1990s; the second wave in Mexico and regions of South-east Asia, Central America, and South-central Europe in the mid-late 1990s; the third included parts of eastern and southern Africa (notably Kenya and South Africa) as well as other countries in Central and South America, some East Asian countries (China and Vietnam), Russia and India in the late 1990s to early 2000s [7]. The fourth wave is now emerging in poorer areas, like Bangladesh, Cambodia, and some parts of West Africa.

Reardon and Gulati [7] note that the scale of supermarket expansion varies, depending on a range of factors such as foreign direct investment (FDI) regulations, so that highly regulated countries like China and Russia only saw supermarkets expand in the third wave. In Africa, regulation and democratic reforms, urbanisation, and the new emerging middle class among others are the factors that seem to be driving the fourth wave, at the present time.

Table1: Waves of supermarket diffusion in developing countries/regions

Adapted from Reardon and Gulati [7]

Wave	Period	Countries/regions	Growth in supermarket share of retail sales
First	Started in the early 1990s	Much of South America, East Asia (outside China) and South Africa.	From about 10 percent around 1990 to about 50-60 percent by the mid-2000s
Second	Started in the mid-to late 1990s	Mexico, Central America, and much of Southeast Asia	From 5-10 percent in 1990 to 30-50 percent by the mid-2000s.
Third	Started in the late 1990s and early 2000s.	China, India, and Vietnam	Reached about 2-20 percent by mid-2000s; supermarket sales growing at 30-50 percent a year.
Fourth (Emerging)	Started in early to mid 2000s	Bangladesh, Cambodia, and West Africa.	No estimates yet. Still sporadic

It is this emerging fourth wave, particularly the experience in Africa that is addressed here. This paper looks at the expansion of African supermarket retailing activity arising from the expansion of South African supermarket chains into the rest of Africa. This is a key driver of the fourth wave. It is important to know how the presence of these supermarkets can make a meaningful contribution to the economies of the host countries, and what the impact will be on small local farmers, producers and suppliers. However, any meaningful assessment at this stage may be premature; Reardon and Gulati [7] warn that it may take up to two decades for the diffusion of supermarkets in the Fourth Wave Regions, especially West Africa, to be appreciated. This is because retailers expanding into these regions are faced with a lack of suitable retail space, lack of experienced retail managers, and other challenges as proposed by Dakora, Bytheway and Slabbert [11], which all combine to make this fourth wave slow in evolution.

3. THE NATURE OF SOUTH AFRICAN SUPERMARKET EXPANSION INTO AFRICA

Since the inception of democracy in 1994 South African retailers have eyed the potential of the rest of Africa, where retail markets have been characterised by large open-air markets and informal trading activities. Although other sectors of the South African economy have expanded into the continent, including mining, telecommunications, construction, manufacturing, financial services and leisure [12], the retail (supermarket) expansion merits this review because of its direct linkage to people's livelihoods.

Actual retail expansion into the African continent has been led by South African supermarket groups Shoprite, Woolworths, Spar and others. To a large extent, this expansion has been fuelled by a shrinking domestic market and heightened competition at home, political reforms in African countries, rising economic development, urbanisation and middle class incomes elsewhere [8]. These attributes appear to be what attracts supermarkets to expand into new markets in the continent and to explore strategic opportunities and growth, especially those in South Africa that are feeling the pressure to expand by all possible means. This trend of supermarket expansion has been in line with the global retail expansion trend, which is characterised by large supermarket chains moving from comparatively more advanced and developed countries into less developed ones, and from urban centres to small and rural towns.

Most of the South African supermarket expansion into the continent has been by opening their "own stores", and to a lesser extent by franchising. One view is that partnering or acquisition is difficult due to a lack of suitable acquisition targets; most countries in the continent have very informal retail systems [13]. Yet another view attributes this to retail management wanting to have control of their business operations in the countries they expand into [11]. What is clear is that there are different "entry modes" that can be adopted in order to achieve a presence in international markets, and that each mode presents different challenges and opportunities [11]. The balance between these challenges and opportunities is what leads to the creation of value, to the benefit of all parties concerned.

Although South African supermarkets' investments in Africa have reported high returns in most cases, this has not gone down well with some stakeholders – for example, local farmers and suppliers. South African retailers operating in continental Africa have come under fire for their lack of support for local suppliers [14]. However, this atmosphere is changing as it is claimed the Shoprite's stores in Zambia are already self-sufficient when it comes to vegetable supplies, due to the company's support for local producers [15]. Also, there is evidence of Pick n Pay including local producers and supply in its supply chain network even before the recent opening of the company's first supermarket in Zambia [11]. It can be assumed that this initiative is being extended to the other countries where Shoprite and Pick n Pay operate, and that other supermarket chains expanding into the continent will follow this example and pay attention to local producers and suppliers if they want to create real value for all stakeholders.

This brings issues of support for local producers, supply chain management, and merchandise range management to the fore. These issues are of particular importance because the economies of African countries are very much dependent on agriculture, and the majority of the African population rely solely on the agricultural sector for their livelihood as small scale famers, distributors, sellers or other role players in the value chain. Therefore, any attempt by supermarket chains to sideline theses local farmers poses a serious threat to their livelihoods, poverty alleviation, and rural development [8, 16]. However, selling to supermarkets is not as easy as it sounds, it requires small farmers, food processors and manufacturers to increase production volumes and meet strict quality standards, and co-ordination among and between all parties concerned in order to deliver the right targets [8].

Issues of local production and supply chain management are also of particular concern to supermarkets expanding into the continent of Africa. It is likely that multiple sources of similar products will have to be managed, logistical arrangements will depend upon unreliable means and modes of transport, the exchange of information between remote stores and head offices might also be unreliable and expensive, and the management of multiple and unstable currencies adds yet another difficulty. This, therefore, makes the supermarket operations on the continental scale a truly complex phenomenon.

Table 2 shows the number of stores in Southern Africa, for each of the top four supermarket operators: Shoprite, Pick 'n Pay, Spar and Woolworths. It is interesting to note that, using the number of stores as the indicator, some 15% of their combined presence was (at the time of the survey by [16]) outside South Africa. Today, these big four South African supermarkets chains are competing for their share of the African markets more than ever, and this is set to continue. Anecdotal evidence indicates that Pick n Pay sold their Australian operations in order to raise some capital and to refocus their attention on the African expansion programme.

Table 2: Number of outlets of South African supermarkets in SADC (2007)
Source: Emongor and Kirsten [16]

Country	Shoprite	Pick 'n Pay	Spar (multinational)	Woolworths (RSA)	Total number of stores	% of stores
South Africa	718	552	675	320	2265	85.4
Angola	8	0	0	0	8	0.3
Botswana	10	19	26	11	66	2.5
DRC	0	0	0	0	0	0
Lesotho	7	0	0	2	9	0.3
Mauritius	1	0	11	1	13	0.5
Malawi	5	0	0	0	5	0.2
Mozambique	5	0	0	0	5	0.2
Namibia	65	15	19	4	103	3.9
Seychelles	0	0	0	0	0	0
Swaziland	7	6	7	3	23	0.9
Tanzania	5	0	0	1	6	0.2
Zambia	18	0	2	1	21	0.8
Zimbabwe	1	56	70	2	129	4.9
Total	850	648	810	345	2653	100

4. THE CONCEPT OF VALUE

The term value has many interpretations; indeed, it is sometimes said that customers don't buy products, they buy benefits. The concept of value is a useful one, and it incorporates some sense of the excess of benefit over cost. A product that is seen to cost more to produce than it is worth has no value, one that costs less than its worth has value. A delivered product or service is the result of a set of activities that might be simple or complex, and in developed markets, a typical set would include numerous commercial transactions, and institutional arrangements among suppliers and customers, employees, managers, and other organisational support structures. A popular simplification of this complexity that organises it into manageable portions is the "value chain". It provides a generic structure for any business on an "input-process-output" basis, and is widely used in management research and theory building [17, 18]. The value chain idea exists at two levels: a single business acquiring inputs, processing them, and then selling them to its customers, or a cluster of businesses working together as an industry, with a scope that usually extends from production through distribution and retailing to the end consumer.

The value delivered in any industry comprises the net outcome of all the activities involved in delivering the product or service that contribute to creating customer satisfaction, maintaining an ongoing and long term customer relationship, and the resultant competitive advantage [19]. In this way, the marketplace has to be linked to the distribution network, the manufacturing process and the procurement activity so as to deliver the required products at reasonable cost, that is less than the perception of value (in monetary terms) at the point of final consumption.

Michael Porter's original view of the value chain divides activities up into input logistics, operations, output logistics, sales and service - thus following the sequence of a typical simple "make for stock" business. This simple arrangement of ideas can be adapted to represent different business arrangements - including whole industries - such as those that we are concerned with here.

4.1. The issues of value creation in host countries

4.1.1. Modes of entry as a value creation mechanism

Patterns of supermarket retailing in African countries are becoming formalised as South African food retailers compete for their share of African markets. For example, the mode of entry of South African retailers into Africa has generally been by opening their own stores or by franchising. Less common alternatives include partnerships, and mergers and acquisitions. In any case, the style of management and control is relatively the same: the "mother" companies have to approve of what goes on the shelf, even in the case of a franchise, so as to maintain quality standards and to protect the brand.

Another factor is the emergence of shopping malls. A lot of cities in Africa are waking up to new shopping centres with substantial South African supermarkets such as Shoprite at the heart of them. This adds value to the population of urbanised cities and towns, as it becomes part and parcel of the new urban development and modernity across Africa [20]. Moreover, it satisfies the needs of a growing economically empowered middle class who seek a better quality of life. The danger, though, is that as supermarkets take over these key market segments, which used to be supplied by widespread small farmers in rural areas; the linkage between these parties (urban dwellers and rural farmers) is at risk of being broken. To avoid this, the rural farmers need to be connected to these markets (supermarkets) the in order to escape from poverty [8]. If supermarket chains are to create and add real value to the communities of their newly found markets, then their activities should not derail existing market arrangements.

This is the challenge that besets supermarkets expanding into the continent of Africa. As Dakora et al [11] have argued, support for local economies, producers and suppliers, and labour all appear critical for really successful operations in the continent of Africa.

4.1.2. Stimulating local production and adding value

Efficient supply chain management ensures that the right products are delivered at the right time, place and price. But, in most African settings where supply of farm produce is seasonal and sporadic it becomes very difficult to source produce locally in a way that satisfies all needs at all times. However, there are examples of initiatives which, if extended to other regions, could help mitigate some of the issues of local producers, processors and suppliers, and to add value to the local retail system.

One example is the Woolworths "Good Business Journey" initiative. A big part of this initiative concerns protecting the environment by supporting local farmers to producing organic produce for Woolworths food stores without the use fertilizers, pesticides and herbicides. While this might seem an old method of farming to Woolworths, it is actually the only affordable way of farming for most subsistence farmers within African communities across the continent. A case in point is the group of over 200 Ezemvelo farmers in rural Kwazulu Natal (South Africa) who are guided to produce their organic produce following an approved method; they are supplying Woolworths with "madumbis", sweet potatoes, baby potatoes and green beans [21]. This initiative adds real value not only to the lives of these small scale farmers and their communities, but also the consumers who patronise Woolworths stores. Woolworths proudly states:

> *"the fact that organic produce from the Ezemvelo Farming Organisation is on Woolworths shelves also adds another dimension to organic consumerism where choosing to buy organic products is not just good for you and better for the earth, but it can also make a positive difference in your society"* [21].

4.2. Traditional retailing and local producers

Traditional food retailing in Africa comprises mostly small shops, large informal markets and street traders, supplying farm produce (and other goods that may be available) from small-scale farmers spread around the rural areas [13]. While the traditional food retail market system plays an important role in the distribution of the small farmers' produce to consumers, especially those in the urban areas, they also have several shortcomings as compared to formal supermarkets. Reardon, Timmer and Berdegue [22] note the following of local producers:

- Markets are fragmented, unformatted and not standardised,
- Farmers produce low quality products, and have bad harvesting techniques,
- Lack of equipment and transformation,
- Poor post-harvest control and infrastructure,
- Lack of market information,
- High import barriers and corruption,
- Lack of research and statistics,
- Lack of standardised products, quality control, technical assistance and infrastructure.

Although expansion into the continent offers real market opportunities for host country farmers and suppliers, the very nature of these producers and suppliers denies them those opportunities. This is because these farmers, many of whom are simply living and working as peasants, don't meet the requirement by supermarkets to supply quality and safe produce at fixed quantities and competitive prices, the whole year round [23]. Most South African supermarkets, therefore, tend to rely on the larger suppliers in South Africa and other parts of the world for their supplies. However, small-scale farmers produce indigenous fruit and vegetables and other staples that also need representation in terms of supermarket shelf space as consumption is a socio-cultural process, and not just an economic activity.

4.3. Traditional retailing seen as a value chain

Figure 1 shows how we can see "traditional" market-based retailing as a value chain:

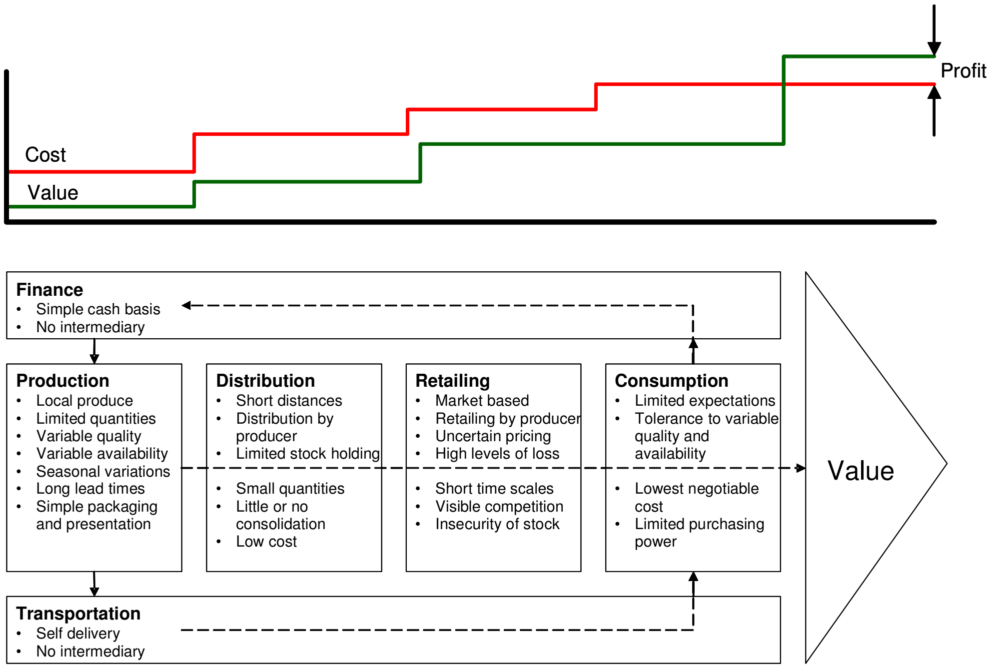

Figure 1: Traditional retailing

The "Cost" and "Value" plots in the upper part of the figure suggest how "value" might be generated from the point of production (at the left hand side), and how costs accumulate in the same way (generally exceeding the value) until, as we progress through distribution, retailing and consumption, the goods are sold for a value that exceeds the accumulated costs. Generally things are very simple, costs are low, but the scope and extent of such a business is of course very limited.

4.4. Supermarket retailing seen as a value chain

Compare the value chain above with that below, (Figure 1 and Figure 2), that illustrates the different activities that must take place in the supermarket context. Although the overall shape and form of the model is the same (that is to be expected - they are both retailing models) the detail within them is very different.

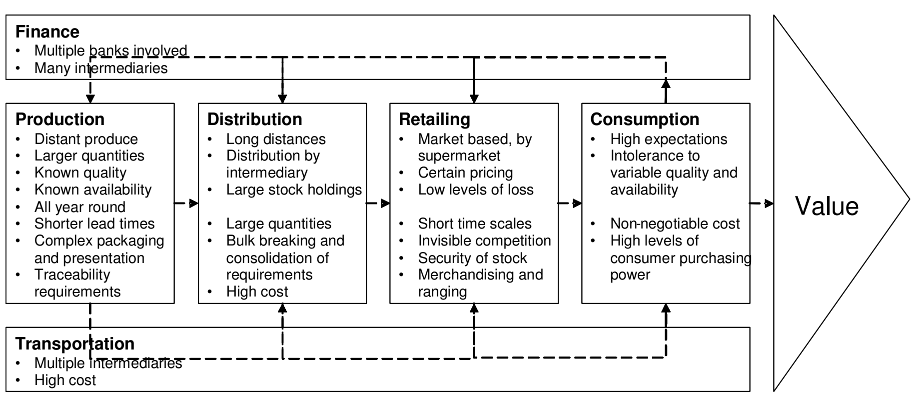

Figure 2: Modern, complex, supermarket retailing

4.5. Supermarket value chain and local producers: issues of complexity

Without actual measurement and analysis, it is not possible at this stage to show accurately how the cost of operations in this more sophisticated model are much higher, and may (at some point in the chain) exceed the value. At the end of the day, in a highly competitive context the profit (the difference between value and cost) is very much reduced, volumes need to be much higher for the business to be viable, and the challenges to the management of such a business are of course much greater.

Perhaps there is the need to *combine* these radically different models in order for the expansion of South African supermarkets into Africa to succeed. There is anecdotal evidence that when Tesco first opened a supermarket in Budapest, Hungary, they felt it necessary to provide 65,000 different stock items from the moment that the doors first opened; local carrots (misshapen, still with dirt and earth on them, as they would have been in the market) were displayed side by side with imported carrots (clean, straight and perfectly packed) simply to see which local housewives preferred to buy, and how their buying habits changed in this new context. At the time this was an exceptionally high number of stock items, very much higher than the few hundred items that would be found in a convenience store, or the few thousand that would be found in a small family supermarket.

5. RESULTS FROM AN ON-GOING RESEARCH

More recently, a programme of interviews has been undertaken with senior retailing management involved with expansion of South African business into Africa. Their stories have been analysed for evidence of value and complexity management, across the typical value chain as presented above. The notes that follow summarise the first results, and looks at how three major South African food retailers engage with their newly found African markets.

The three retailers have different approaches to internationalisation Retailer 1 is committed to open its own stores but to franchise where appropriate, Retailer 2 opens its own stores everywhere, while Retailer 3 only has franchised stores. The preliminary results reveal that all three recognise the need to stimulate and accommodate local production of fresh produce, although this is actually done in different ways and in vary degrees. Having said that, it is evident that the choice of entry mode does not necessarily influence the way in which the retailers operate when it comes to supporting local production and sourcing products locally in host countries, as even the franchised stores are still tied to the distribution systems of the mother companies where all things are overseen in the name of protecting the brand.

Yet, Retailer 1 and Retailer 2 seem to have ways of dealing with the informal retail systems in most African countries. Retailer 1, apart from working with local farmers, indicates an initiative involving informal traders. Similarly, Retailer 3 buys fresh produce from the informal markets, and therefore sees this market as another source of supply. This poses real challenges to the retailers, as it widens the traditional supermarket value chain and makes it more complex than before.

Table 3: Summary of evidence from interviews

Retailer	Production	Distribution Warehousing	Retailing	Consumption	Notes
Retailer 1	• Local production • Local farmers • Local suppliers • SA suppliers • Developing local expertise	• Local distribution network • Proper logistics • Source 50% of products locally • Source from local entrepreneurs • Wholesalers • Informal traders	• Selling what the local population want • Competitive pricing • Use of local expertise • Involving informal traders • Developing local expertise • Modes of entry depend on the country. • Adapting to the taste of customers	• Meeting customer expectations • Value for money • customer satisfaction • Gaining customer loyalty • World class shopping experience	• This retailer is new in the African markets, and wants to do things differently from the completion (Mostly other SA supermarkets) • It is committed to applying a multimodal approach in entering African market • It already engages local producers and suppliers.
Retail 2	• Assisting local farmers to produce fresh produce • Encouraging hydroponic farming • Insist on packaging and bar coding	• Buying from local farmers and suppliers • Investing in warehousing facilities • Buying from farmer's markets • Following country's rules • Distributing local product to stores spread over different countries	• Promoting SA products • Stocking local products • Low prices • Quality products • Training personnel • Operating own stores only • Better understanding of the markets	• Consumer gets used to the brands from SA • Changing consumption patterns • Better product options • Stocking local delicacies	• Understanding the market is important. • This retailer buys from the local farm markets. • Distributing local products to other neighbouring country stores.
Retailer 3	• Educating farmers on sustainable methods • Protecting the environment • Reducing ecological footprint • Reducing impact of farming on the soil, water, and biodiversity • Encouraging free range animal and poultry production. • Insisting on suppliers' compliance with the above	• Source and distribute from main suppliers (most in SA) • Stocking high quality and organic produce. • Air freight or road truck products to franchised stores	• Franchise operations • Stocking high quality products • High services • Value for money • Training personnel and offering above average benefits	• Meeting the expectations of customers • Higher cost • limited range	• Most of the products are sourced and distributed from SA to the stores in Africa countries, due to the nature of product requirement.

6. THE COMBINATION OF TRADITIONAL MARKET AND SUPERMARKET RETAIL VALUE CHAINS

Based on the idea of the traditional market-based value chain, the formalised supermarket value chains, and the presentation of the preliminary research results, a proposed merger of the two value chains is necessary *at the industry level* if the complexities faced by retail management are to be understood: such a combination of traditional market and supermarket arrangements is presented in Figure 3. The new combined value chain gives first sight of how complex the supermarket operation becomes.

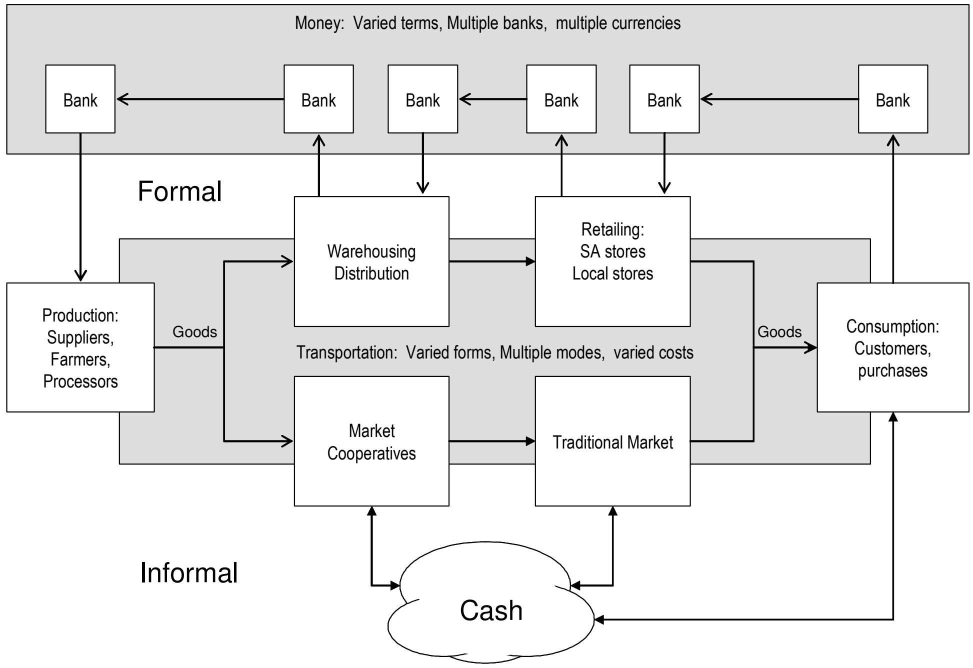

Figure 3: Combining traditional market and supermarket value chains

Complexity emerges from a number of issues including: the increased number of small-scale suppliers, different payment terms, concurrent cash and electronic payment systems, different modes of transport, varied cost rates, and different channels of communication and movement of goods. There are multiple stakeholders at all stages of the production, buying and selling process. However, it appears complexity is inevitable if supermarket chains are going to create value in this fashion, but the management of complexity is what poses a challenge.

A particular feature of the new complexity is, of course, the management of information. In any supply chain there are three fundamental flows: the goods, the money, and the information. At all levels these flows are subject to a more difficult facet of supply chain management, the nature of the relationships between role players at all points, and at all stages. Previous early work by Bytheway [24] has shown that in well developed supply chains in Europe, there are Supply Chain Information Management 11 substantive movements of information for every single movement of goods. If we are to include spoken, telephonic and SMS communications in the mix, then a supply chain such as these in Africa will be even more complex. When we add the need to fully and properly understand the shifting perceptions of value that come with a mix of local and remotely produced stock, the complexity is multiplied. It is hoped that further study and analysis of the information gained from the interviews will reveal some of the answers.

7. CONCLUSION

This paper has looked at early evidence concerning the activities of supermarket expansion within Africa, with a specific focus on the South African retailers that are actively involved in such expansion. The supermarket revolution in the developing world - the fourth wave - has now been examined and it has been found to be interesting and in need of further study. For the retailers the challenges attaching to the management of value and business complexity are clearer, and for the new consumers in the newly empowered communities of Africa the good times seem to be just around the corner. But will their behaviour follow any existing pattern?

This foundation of understanding gives us the opportunity to look at the nature of the internationalisation of retailing, led by South African food retailers, and how it will impact in the medium and long term on the local economic environment of the countries where they operate, especially the local producers of food and other goods and services. The value chain has been introduced and demonstrates the complexities and difficulties involved. It also shows that a good marriage between local and remote supermarket operations might be possible but it will not be easy.

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