

INFORMAL RED MEAT MARKETING

A Case Study in the Western Cape Townships



Thesis presented in partial fulfilment of the requirements for the degree of Master of Science in Agricultural Sciences at the University of Stellenbosch.

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DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis project is my own original work and has not previously in its entirety or in part been submitted at any University for a degree.

Signature:

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Date: 30 August 1993

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ABSTRACT

INFORMAL RED MEAT MARKETING : A CASE STUDY IN THE WESTERN CAPE TOWNSHIPS

by

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Informal red meat trade was investigated as it occurs in the townships of the Cape Town metropole. To achieve this, an interactive research approach was followed, initially involving months of observation before scientific and empirical analysis was conducted.

The informal marketing activities were described and analysed with the purpose of establishing its strengths, weaknesses, opportunities, and threats. Criteria of efficiency and effectiveness were constantly employed. In this regard, the prevailing system was tested against consumer needs and preferences. A large degree of consistency was found between the nature of supply by the informal sector and the nature of demand from its target consumer base. On this basis, it was deduced that the informal red meat marketing system has the potential to further contribute to development and township food security.

The informal marketing system, however, operates under specific constraints. These were identified and subsequently recommendations were made to alleviate these constraints, in order to maximise the contribution of informal red meat trade to local development.

OPSOMMING

Die informele bemarking van rooivleis, soos dit in die stadswyke (townships) van die Kaapstadse metropolis voorkom, is ondersoek. Deur middel van 'n interaktiewe navorsingsbenadering is daar aanvanklik maande lank net waargeneem voordat 'n wetenskaplike en empiriese analise gedoen kon word.

Die werksaamhede van die informele rooivleismark is omskryf en ontleed met die oog op vasstelling van die sterk punte en swakhede, geleenthede en bedreigings van die bedryf. Kriteria van doeltreffendheid en effektiwiteit is deurgaans aangewend. In hierdie opsig is die huidige stelsel getoets aan verbruikersbehoefte en voorkeure. Die wyse van aanbidding van die informele sektor het in 'n ruim mate ooreengestem met die aanvraag van die teikenverbruiker. Op grond hiervan word afgelei dat die stelsel van informele bemarking van rooivleis die potensiaal het om nog 'n groter bydrae te lewer tot die ontwikkeling van voedselsekuriteit in die 'townships'.

Sekere faktore werk egter beperkend in op die informele bemarkingstelsel. Hierdie faktore is geïdentifiseer en aanbevelings is gemaak ter opheffing van die beperkinge om sodoende die stelsel se bydrae tot plaaslike ontwikkeling te maksimeer.

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CHAPTER 1

1. INTRODUCTION

1.1 CONTEXT OF STUDY

Interest in this study of informal markets is generated by a primary concern with the system of food distribution. Food distribution involves the delivery of food products to various market segments. Market segments are those distinct subsets of consumers who can be targeted and reached with a distinct marketing mix. Market segments can be isolated on the basis of any of a range of variables. These variables may be geographic (location); demographic (age, income, sex, occupation); psychological (personality, psychographics); and socio-cultural (culture, sub-culture, social class, family life cycle). The market segment of relevance to this study encompasses urban African, low income consumers (households) residing in the townships and mainly squatter settlements in the Cape Peninsula area of South Africa.

The past decade has seen a dramatic expansion of this market segment, for two main reasons. Firstly, the Western Cape has experienced a high influx of Africans into the metropole, resulting in unprecedented urban growth, and particularly the mushrooming of urban informal squatter settlements in an around the African townships. Secondly, high population growth among Africans also contributed towards the current situation. The urban growth poses challenges to town planning, housing provision, public health, and business in these areas. The congestion of such numbers of people in the townships and informal settlements, however, poses a further challenge, namely the challenge of adequate food provision to households there, to ensure food security in these areas.

Rapid African urbanisation and demographic trends have also brought increased unemployment, a fall in living standards, inadequate public facilities, etc. These forces have led to the establishment of a 'survival' culture among many township dwellers to secure some form of income. Survival strategies take the form of, *inter alia*, active informal street trading. It is seen as a natural response whereby traders take the

initiative to select a marketable commodity and present it for sale as close and as convenient to the potential buyer as possible. The conditions for trade survival become:-

- i) having a marketable product;
- ii) consumer convenience; and
- iii) having the means (knowledge, product, capital, etc.) of supply.

Informal street traders select those products/commodities that are in demand in this market segment which they then provide more conveniently to consumers. Red meat is one such product.

1.2 THE PROBLEM

The growth of the urban African low income consumer base has created income-earning opportunities in the supply of food to this market. Two factors may have led to the emergence of these opportunities. Firstly, insufficient **quantities** were available for sale in these areas and secondly, those that were available via the formal marketing system (e.g. formal butcheries), did not suit consumers **quality** preferences entirely. It is therefore deduced that the formalised supply measures for, in this case, red meat have not evolved apace with the development of this market segment. Informal red meat marketing hence became the alternative supply mechanism.

Informal marketing seems to have various strengths and advantages:-

- i) It is a measure to ensure food security in the townships.
- ii) It absorbs labour in a climate of high unemployment.
- iii) It has more legitimacy in areas where socio-political forces are quick to destroy businesses that are interpreted as exploitive and unwanted.
- iv) It is a consumer-oriented form of trade and thus demand-driven.
- v) It promotes the economy and monetary flows within the townships.
- vi) It is a valuable source of income for many township dwellers.

On the basis of the above strengths and advantages, it is presumed that informal marketing can make a contribution towards economic development from both a macro-economic and micro-economic point of view. Hence, it becomes essential to support and accommodate this activity in the red meat marketing system. The challenge would lie in utilising its strengths and not necessarily in formalising informal marketing initiatives.

If informal marketing is to be supported and accommodated in the marketing system, certain problems that are currently experienced in these activities have to be addressed. Problems that can be tentatively identified are:-

- i) Inadequate quantity and quality of supplies
- ii) A deficiency of marketing facilities (e.g. public markets, stalls, shelters, water)
- iii) Poor hygiene standards
- iv) Environmental harm caused by informal slaughterings
- v) Legality of informal marketing
- vi) Ignorance of potential suppliers and institutions about the conditions in and character of informal markets
- vii) A neglect of the specific needs, preferences, and socio-economic features of low income consumers

In summary, informal marketing is perceived to have emerged as a result of mainly rapid urbanisation and demographic trends. It brings various macro-economic and micro-economic benefits which have to be recognised in the prevailing economic climate. The challenge lies in supporting and accommodating informal marketing activities within the broader marketing system by addressing the specific problems that were identified.

1.3 HYPOTHESES

With the preceding two sections as a background, three hypotheses can be formulated. This study will subsequently endeavour to prove these hypotheses before confirming their status.

Hypothesis 1

The formalised marketing system is currently inadequate in serving low-income consumers in the townships and informal squatter settlements of the Cape Metropole.

This will be assessed by investigating and analysing

- i) whether the formal system has adapted to serve the urban low-income market segment, concurrent with developments in this market, and
- ii) whether the formal system delivers the required form, place, time, and possession utilities as opposed to the informal delivery mechanisms.

Hypothesis 2

The informal butchers are capable of marketing red meat to the low-income consumer market segment, both efficiently and effectively.

This will be addressed by investigating and analysing

- i) the characteristics of informal traders to initially foster an understanding of these traders;
- ii) the business practice of informal traders;
- iii) their response in markets;
- iv) the level of correspondence between the quality of their product and consumer quality needs and preferences in that product; and
- v) the impact of informal marketing on the price of red meat to low income consumers as opposed to formal prices.

Hypothesis 3

Low-income consumers have established features which need to be considered in marketing strategies.

This will be assessed by investigating and analysing

- i) low-income consumer needs and preferences in red meat;
- ii) purchasing patterns;
- iii) consumption patterns;
- iv) red meats' position in diets; and
- v) consistency between consumer preferences and informal butchers' products.

All three hypotheses are broad and encompass various elements of the marketing system, of informal butcher activities, and of consumer characteristics. Although the descriptions rendered are intended to support analyses and synthesis, these are also intended to divulge valuable information fostering an understanding of informal markets. This may lead to better decisions for interaction in this market.

1.4 STUDY AGENDA

This research into informal red meat marketing involved months of monitoring and interaction in the field before active data collection could be engaged in. This was due to the fairly low level of understanding and familiarity of the informal marketing sector that prevailed. In particular, it was deemed necessary to become more familiar with the nature of informal marketing activities, the informal traders and their characteristics and circumstances. It was not only important to know 'how' the informal system operates but also 'why' it operates in that way. Only once this foundation was laid could the important economic questions regarding the efficiency, effectiveness, profitability, and consumer sovereignty, etc., be asked and analysed.

In Chapter Two the research approach and method is discussed in greater detail and the particular problems encountered in researching this sector are outlined. These descriptions may also be valuable for guiding similar research initiatives in future. In addition, the study area is clearly specified and the sampling methods further explained. Generally, the research approach followed may be seen as somewhat less conventional. It is argued that this approach was seen as the only meaningful way of eliciting the necessary information from the informal sector. The informal market exhibits very low levels of trust in outsiders and subsequently a high level of suspicion. Some innovation was thus

needed to gain acceptance into this sector. This included not only observing trade activities, but also becoming familiar with , and accepting the reigning power relations (e.g. political groupings, gangs, syndicates, etc.) and households. Once acceptability and familiarity was satisfactorily attained, data collection (surveys) was undertaken.

In Chapter Three and Four, the information gained from the observations and surveys is presented. In Chapter three a background is sketched by firstly analysing the factors that led to the development of informal markets. Secondly, a picture of the main characteristics of informal traders operating in these markets is presented. The purpose is to establish some understanding of the dynamic of informal markets and also to become more familiar with the individuals who drive the system. Better understanding serves to make more sound decisions. Thirdly, the first hypothesis is partly tested.

In Chapter Four, the actual activities involved in the informal marketing of mutton, beef and offal are analysed. The purpose of this analysis is threefold. Firstly, to further an understanding of informal business practice, and secondly, to specify the problem areas in need of attention. Once a better understanding of informal business practice is established, appropriate recommendations can be made to address the specified problem areas in informal mutton, beef, and offal marketing. Thirdly, the analysis serves in part to test the second hypothesis.

Before recommendations can be made, the sustainability and value of informal red meat marketing have to be confirmed. In Chapter Five, this is achieved by an investigation of the characteristics of low-income consumers in the townships and squatter settlements. In particular their needs and preferences, purchasing and consumption patterns, and the position of red meat in their diets are probed and analysed. The level of conformity between informal traders and consumers on the abovementioned aspects will be an indicator of the sustainability and value of informal marketing. A high level of conformity would imply a greater contribution to economic development, and vice versa. In this way the first, second, and third hypotheses are tested more fully.

Finally, in Chapter Six the main findings of the study are summarised. Recommendations for the accommodation and support of informal red meat marketing are subsequently proposed.

1.5 TERMINOLOGY

The terms that are used most frequently in this study are:-

- i) the formal marketing system
- ii) informal marketing
- iii) informal traders
- iv) townships
- v) informal settlements.

For purposes of this study, these terms are defined as follows:-

- i) The **formal marketing system** refers to the red meat marketing system for which statutory provision is made in the Marketing Act (No. 59 of 1968). Other terms used synonymous with this are the formalised marketing system, formal marketing, and formal marketing mechanisms.
- ii) **Informal marketing** refers to those marketing activities conducted outside the formal marketing system (as defined in (i) above). Of particular relevance to this study are those marketing operations in low income areas. Terms synonymous with this are informal markets, informal marketing initiatives, and roadside/street trading of red meat.
- iii) **Informal traders** are those individuals engaged in informal marketing (see (ii) above) of red meat specifically in townships and squatter settlements. This category includes informal butchers, informal sellers, offal traders, informal steakhouses/braaiers, and roadside butchers.

- iv) **Townships** refer to the Black townships of the greater Cape Town such as Khayelitsha, Langa, Nyanga, and Guguletu. These townships have primarily formal housing but a large expansion of shacks (informal housing) has developed in and around them.
- v) **Informal settlements** refer to the areas where formal housing has not yet developed, and shacks are the predominant feature. This includes areas like Crossroads, Browns Farm, Millers Camp, and Driftsands, the newly site and serviced areas as well as those areas around the formal housing townships.

CHAPTER 2

2. *RESEARCHING THE INFORMAL MEAT MARKET*

2.1. INTRODUCTION

In this chapter the approach and method employed to research the informal meat market is presented. The subject was perceived as being multi-disciplinary in nature and therefore a holistic approach was deemed appropriate. Observations in the form of fact-finding field work were initially imperative. The problems involved in researching this market are discussed.

Two surveys were completed, i.e. the first among informal butchers and the second among low-income consumers in the townships and squatter/informal settlements of the Cape Town metropole. This was done to test the conformity of butcher and consumer perceptions, problems, and needs. Meat was also sampled from across the study area to analyse price and quality dimensions in this market.

The purpose of this chapter is twofold. Firstly, it presents the rationale for the research method employed, and secondly, it serves as an introduction to the study area in terms of location, problems encountered, and sampling. Some of the research methods used may seem less conventional. However, this has to be viewed in the context of the relatively less familiar nature and circumstances of the research environment.

2.2. RESEARCH APPROACH AND METHODOLOGY

Observing informal red meat marketing revealed that this field is multi-disciplinary in nature. The following disciplines are involved:-



- Economics

Township informal trade has a very distinct character which differs significantly from formal trade methods. Preston-Whyte and Rogerson (1991:2) refers to informal sector trade activities as the economic dynamism of unregulated income generating activities. It is therefore appropriate to accept economic rationality as a prior assumption, so that informal activity can be interpreted by economic theory.

- Agricultural Economics

The inadequacy of the formal marketing system to serve township and squatter consumers has already been identified. The marketing system needs to be adapted in the course of its present evolution to give adequate attention to the township and squatter market.

- Environmental Sciences

Roadside slaughtering and butchering may cause environmental harm (pollution). This is manifested in the fact that in the formally developed system, these activities have to be performed under public scrutiny at suitable abattoirs.

Meat slaughtered, butchered, and offered for sale without any form of cooking/chilling, and without adequate covering when on display, raises concern over hygiene, contamination, and spoilage of meat. These two issues (i.e. pollution and hygiene) will have to be investigated.

- Social Sciences

Informal trade is widely acclaimed to be based on a culture of survival. The human dimension is very strongly prevalent which makes a social perspective indispensable.

These disciplines are extremely broad, but certainly very much related and intertwined. The disciplines can also be described as the important subsystems which function as part of a whole (system). The system being the informal red meat distribution system as it functions in the Western Cape Townships and informal settlements. Ackoff's (1981:15-16) definition of a system is accepted which states that 'A system is a set of two or more elements ... of a whole that cannot be divided into independent parts. It satisfies the following three conditions:-

- i) The behaviour of each element has an effect on the behaviour of the whole.
- ii) The behaviour of the elements and their effects on the whole are interdependent.
- iii) However, subgroups of the elements are formed, each has an effect on the behaviour of the whole and none has an independent effect on it (Ackoff, 1981:15-16).

In this respect, the emphasis of this study falls on synthesis rather than analysis. While analysis renders explanations of the behaviour or properties of parts of a system taken separately, synthesis aggregates these explanations into an explanation of the whole. Analysis then reduces the focus of the investigator while synthesis expands it. Ackoff goes on to state that analysis yields knowledge and enables description while synthesis yields understanding and enables explanation. In this vein, the approach of this study was expansionistic and holistic.

In order to gain an understanding of informal meat marketing as a 'whole', the first step which followed the identification of the problem, was observation of and fact-finding field work on how the system functions. There was no initial attempt at collecting data by means of surveys and questionnaires. As the emphasis was on 'understanding' rather than 'knowing', the investigator had to observe the system in such a fashion that he was constantly entirely open to perceive and take note of all relevant information that presented itself. In this way, an attempt was made to avoid the peril of becoming engrossed in the behaviour and logistics of any particular subsystem, and to keep the primary focus on the 'whole'. The observation period was six months.

Surveying the informal sector in the townships is difficult and requires sensitivity and adaptability on the part of the researcher/investigator. A great suspicion exists towards strangers and therefore traders, hawkers, and vendors refuse to cooperate and share their information. A survey carried out as a stranger would gain information, if any, that would be largely distorted and incorrect. This could lead to misrepresentations, misconceptions, incorrect deductions, and disastrous actions. Unfortunately, though much has been written about surveying the formal sector, relatively much less has been done for the informal sector, especially in South Africa.

2.3. PROBLEMS IN RESEARCHING THE INFORMAL MARKET

Several problems that hinder effective research were identified. These include the following:-

- i) Informal marketing functions in a milieu that has very distinct socio-economic, cultural, and traditional structures which cannot be ignored.
- ii) The communities are also in a period of rapid transition – demographically, economically, and culturally.
- iii) Participants are functioning in an environment of high unemployment and high crime rates, further complicated by political agitation and violence.
- iv) The rapid urbanisation trends experienced in the country means that a considerable segment of the involved communities are still adapting to their new urban environments. Consumer tastes and shopping behaviours may subsequently also change or adapt.
- v) High population growth and movement means that maps and demographic figures quickly become outdated, which makes sampling difficult.
- vi) There is a lack of adequate basic background data to serve as checks and references to this study.

- vii) People tend to exaggerate the information that they render so as to ensure that they exploit and derive the maximum benefit from actions of those outside who wish to act in their interests.
- viii) The existence of syndicates who exercise substantial control over the informal traders cannot be discounted. It is, however, extremely difficult to get behind this.
- ix) People have the tendency to develop expectations when outsiders show an interest in their activities. When their expectations are not met, they lose confidence in the researcher and learn to mistrust other research initiatives.
- x) Informal marketing is very dynamic in nature. Trade may fluctuate from being vibrant on one day, to extremely low on another. Although patterns in trade activity were observed, the degree of inconsistency remains large. These inconsistencies are mainly due to political violence, mass demonstrations, taxi wars, etc.
- xi) Perhaps the biggest hurdle by way of conducting effective research is the general mistrust of strangers. This is, however, a feature of informal activity and several researchers have noted this (see De Soto, 1989; Matsetela, 1979; Kindra, 1984; Preston-Whyte and Rogerson, 1991; and Kaynak, 1986:74).

The above factors are not exhaustive and others may be added under specific circumstances. They do, however, present the main hurdles and problems encountered in this study. It was felt that the only way to deal with these problems was to gain the confidence of the traders by observing and learning to understand them and the way they operate. Kaynak (1986:94) reiterates this to some extent in stressing the importance of a 'bottom-up approach' by 'making sense of the experiences, insights, and findings, reported in studies'. He further emphasises that 'knowledge is more likely to be developed through theory-based field studies and not through armchair developed grand theories'.

The six months of fact-finding field work amongst the informal meat and offal traders in the townships was a truly remarkable experience,

much of which cannot be related here. As time progressed and with regular interaction, the confidence and trust of traders and sellers was gained as they became convinced of the researcher's motives. The importance of being transparent has to be accentuated. Although one could rarely depend on complete trust and confidence, only once this stage was reached was the time conducive to conduct a survey with a formulated questionnaire. Although the emphasis on 'blending' with the informal environment was still maintained the accepted scientific data gathering techniques could then be employed.

Direct verbal interviews were regarded as being the most appropriate interviewing technique in this sector. The following advantages cited by Black and Champion (1976) prompted the use of the technique:-

- i) It enables rapid acquisition of data;
- ii) It allows immediate clarification of the question;
- iii) It allows for flexibility in the process of questioning; and
- iv) Information can be readily checked for validity on the basis of non-verbal cues by the respondents.

A further reason relates to the fact that informal butchers can only be contacted at point of operation. Experience also indicated that handing out questionnaires to be collected or received later is not an effective method at all (SBDC, 1992).

The survey was conducted among informal mutton butchers, informal beef traders (also called informal steakhouses), offal sellers, and butchers- cum-offal sellers in the Western Cape townships and informal settlements.

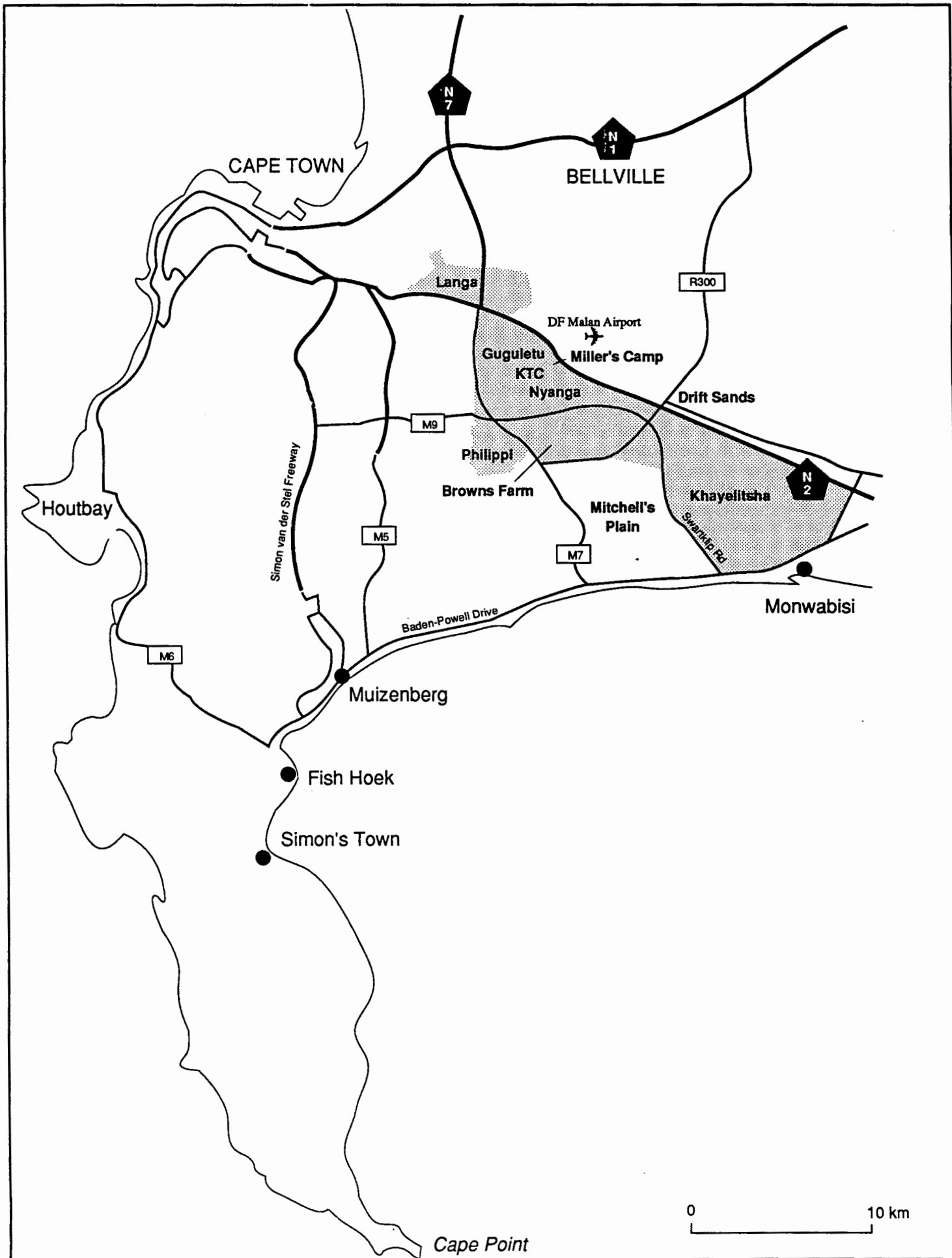


Figure 2.1: Specification of the Study Area

2.4. SPECIFICATION OF THE STUDY AREA

The research was based in the older black residential areas of Langa, Guguletu, Nyanga, as well as those developed later, i.e. Khayelitsha, KTC, Crossroads, New Crossroads, Nyanga Extension, Brown's Farm-Philippi, Millers Camp, as well as the unidentified areas peripheral to these mentioned here (See Figure 2.1). Informal red meat trade is found at specific venues in these townships. It was found that while the roadside butchers tend to cluster in certain strategic venues, the offal traders are more dispersed and closer to the homes of potential buyers. The offal traders could thus be sampled representatively from the relevant areas. The informal butchers, however, had to be sampled from various vantage points (See Figure 2.2). The following areas are included:-

- i) Nyanga terminus;
- ii) Nyanga station;
- iii) Khayelitsha – Site C;
- iv) Khayelitsha – Town II;
- v) Khayelitsha – Makhaza;
- vi) Khayelitsha – Harare;
- vii) Langa taxi ranks;
- viii) Langa hostels; and
- ix) Guguletu hostels.

These venues are chosen by traders for the comparative advantage that they have. These comparative advantages stem from their proximity to the following:-

- i) High pedestrian flow;
- ii) High traffic flow;
- iii) Traders homes;
- iv) High commercial activity;
- v) Taxi ranks; and
- vi) Bus terminals.

The utilisation of comparative advantages was also observed by Green (1989), Ateng (in Gittinger *et al*, 1987:304–308), and Japhta (1989:49–51).

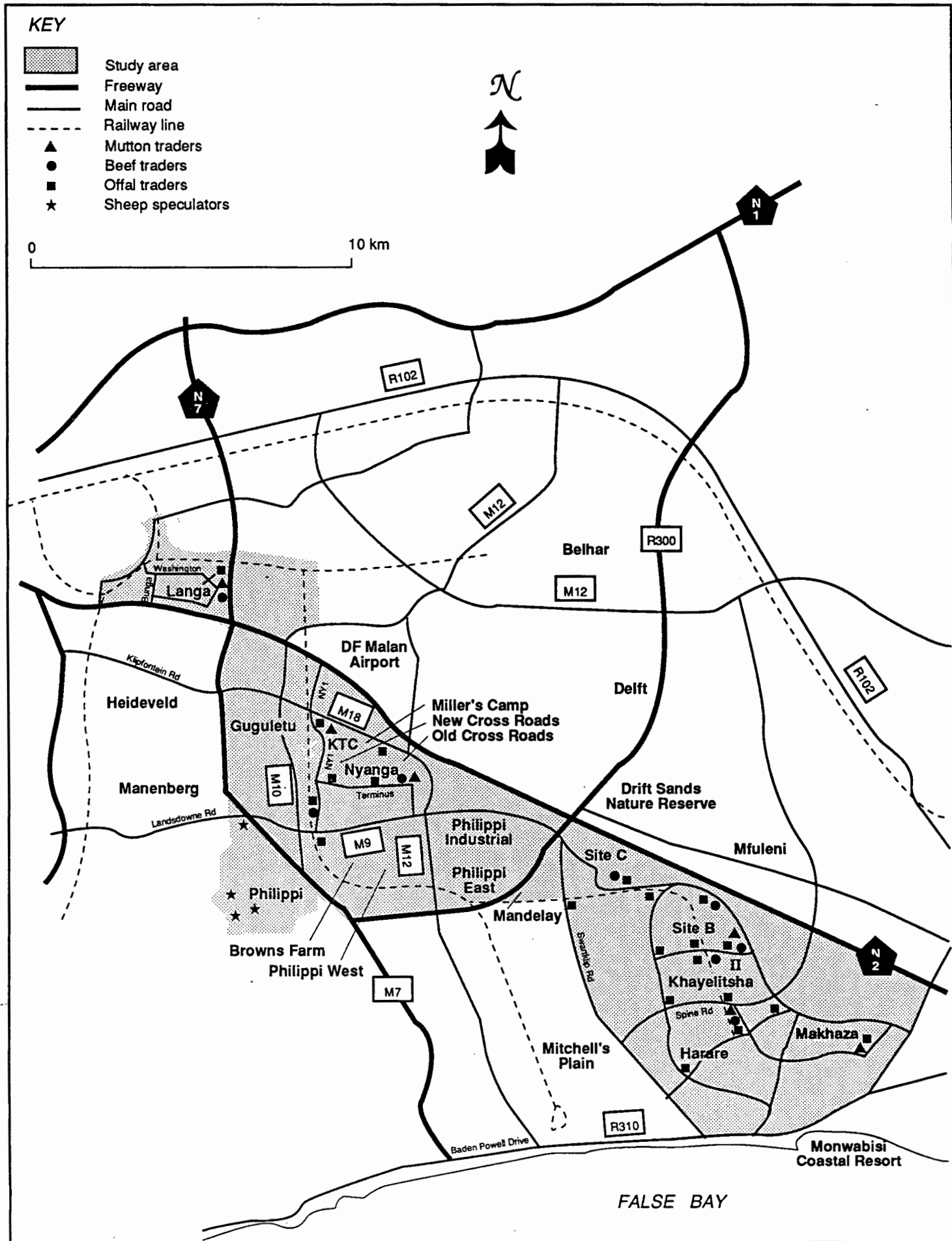


Figure 2.2: Sampled Areas

2.5. SAMPLING METHOD

Informal activity was observed to be volatile, depending on whether circumstances were conducive to trading. For this reason, probability sampling was not considered suitable and the choice had to fall on non-probability sampling. The specific method used was quota sampling as defined by Nel *et al* (1988:293). Quotas on the basis of percentages were allocated to each of the ten survey areas mentioned in 2.4, in relation to the level of informal butchering activity observed there during the observation phase of the study. These are listed together with the sample percentage allocated to each area:-

- i) Nyanga terminus (30 per cent);
- ii) Langa hostels (10 per cent);
- iii) Langa taxi rank (10 per cent);
- iv) Guguletu hostels (15 per cent);
- v) Khayelitsha – Site C (10 per cent);
- vi) Khayelitsha – Town II (10 per cent);
- vii) Nyanga station (5 per cent);
- viii) Khayelitsha Harare (5 per cent); and
- ix) Khayelitsha Makhaza (5 per cent).

In addition to the survey conducted among these venues, meat was also sampled for price and quality dimension to be investigated. This analysis was done by firstly identifying each cut, weighing it, and then dissecting it into fat, meat, and bone components. This data would then be compared with the corresponding data from the formal red meat market.

2.6. SUMMARY

This chapter has discussed the research approach and methodology used in this study and has also substantiated the reasons for employing the specific approach and techniques. The problems complicating the research process have been explained. Only once the research environment is introduced the focus is turned to a more detailed discussion of the informal red meat trade as found in the Western Cape metropole townships and squatter settlements.

CHAPTER 3

3. *A BACKGROUND TO URBAN INFORMAL MARKETS AND TRADERS*

3.1. INTRODUCTION

The objective of this chapter is to foster an understanding of and gain insight into informal red meat marketing. The importance of employing a holistic approach to this study is emphasised. To achieve the above objective, the first part of this chapter examines the factors leading to the development of informal red meat trade in the townships and informal settlements of the Cape Town metropole. In this way, a perception can be formed regarding the current status of informal marketing and where this revolutionary process may be leading.

The second part of this chapter is devoted to an analysis of various relevant features pertaining to informal red meat traders. This includes personal features, ownership and finance, locational features, and trading culture. The purpose of this is to focus on the people who drive this informal market system. A greater understanding of the factors leading to informal marketing, and the personal and trade characteristics of the people involved will illuminate the actual informal marketing activities analysed in Chapter Four.

3.2. FACTORS LEADING TO THE DEVELOPMENT OF INFORMAL MARKETING

3.2.1. Demographics and In-Migration

The earliest accounts of livestock (sheep) sales to township dwellers dates back to the early 1960s. Farmers used to sell sheep from their smallholdings, which were located on the peripheral areas of the Cape Metropole. It was then very much an one-off deal, instead of being a source of regular income to smallholder farmers. The factor which seems to have triggered informal marketing of agricultural products on a relatively larger scale in subsequent years was the rate of African in-migration to the Cape Metropole. Of the informal butchers, 53 per cent

has been established over the past ten years, and 83 per cent over the past 15 years. This trend coincides more or less with the urbanisation and demographic trends experienced over this period in the region. Bridgman *et al.*, (1992:31–32) confirms that while the African population in the Western Cape constituted only 14,7 per cent of the total metropolitan population in 1980, their share has almost doubled to 27,4 per cent in 1990. (See Table 3.1). This share percentage is expected to further increase to 33,5 per cent by 2010.

TABLE 3.1: POPULATION PROJECTIONS : 1980–2010 ('000)

TABLE 3.1: POPULATION PROJECTIONS 1980–2010 ('000)

YEAR	W. CAPE TOTAL	METRO AREA (REGIONS 01.02)							PERIPHERY	% OF W. CAPE
		TOTAL	COLOURED	%	AFRICAN	%	WHITE	%		
1980	2352	1942	1077	55.5	285	14.7	580	29.8	410	17.4
1985	2994	2510	1280	51.0	585	23.3	645	25.7	484	16.2
1990	3666	3101	1546	49.9	850	27.4	705	22.7	565	15.4
1995	4021	3403	1672	49.1	986	28.9	745	22.0	618	15.4
2000	4378	3703	1790	48.3	1125	30.4	788	21.3	675	15.4
2005	4773	4033	1918	47.5	1280	31.8	835	20.7	740	15.5
2010	5233	4423	2065	46.7	1480	33.5	878	19.8	810	15.5
Average % growth p.o. 1990–2010	1.8%	1.8%	1.46%		2.8%		1.1%		1.8%	
SOUTH AFRICA	TOTAL	W. CAPE SHARE								
1985	34600	8.7%								
1990	39551	9.3%								
2000	48800	9.0%								
2010	58800	8.9%								
Average % growth p.o. 1990–2010	2.0%									

SOURCE: Bridgman, et al, 1992.

It has to be noted here that the average annual increase of the African population is estimated at 2,8 per cent, while the national average till the year 2010 is only estimated at 2,0 per cent. The increase in the African population is therefore higher than the national average, and could be seen as the combined effect of rapid urbanisation and population proliferation in the area. These trends had a substantial effect on the quantity of food products demanded. This presented an opportunity to entrepreneurs to supply where deficiencies existed.

3.2.2. Unemployment

When people are unable to secure employment in the formal economy, they revert to the informal sector as a means of earning a living (Kirsten,

1988:41; Naicker, 1991:60–62; Sithole, 1989:18–20). Rogerson and Beavon (1982:255) assert that the rise of the informal sector in South Africa is commonly an informal survival strategy of the Black urban poor. It is for this reason that informal activity is widely referred to as a 'culture of survival'. Under such circumstances where survival means securing some form of income through informal activity, individuals are particularly quick to recognise those opportunities that will allow them to survive.

Bridgman *et al* (1992:39) estimates the percentage of the potential labour force in metropolitan Cape Town, that are either unemployed or active in the informal sector, at 32 per cent for all population groups. The corresponding percentage for Africans in the metropole is, however, 69 per cent. Given the admitted inaccuracy of population figures in the Black townships and informal settlements, this figure (69 per cent) may be considerably higher. This situation then explains why 66 per cent of all survival self-employment in the Cape Town metropole is found among urban Africans residing in the Wynberg magisterial district townships (i.e. Langa, Guguletu, Crossroads, Nyanga, and Khayelitsha). Once again, this percentage (66 per cent) could be higher.

Rogerson and Beavon (1982:256) state further that a survival strategy is imperative in the face of the escalating crisis of structural unemployment in the country. Structural unemployment occurs when the economy has a long term inability to provide sufficient jobs to employ the growing labour force. Against the backdrop of high structural unemployment (DBSA, 1991), rapid annual increases in the labour supply (Bridgman, *et al*, 1992:39), high population increase, and escalating in-migration into the Cape Town metropole, a definite increase in informal activity can be expected.

3.2.3. A Decentralised City

Amidst the situation of high population increases and relatively high unemployment rates, opportunities emerged in the food distribution channel to serve these consumers. The structure of the Cape Metropole was, however, such that the consumers residing in the townships and squatter camps did not have easy and frequent access to the main food chain stores. It has become a feature of the South African cities for the poorest people to be furthest removed from the city centres (Mabel in Swilling *et al*, 1991:33-47; UPRU, 1991). In Cape Town, this is particularly evident when one considers that almost all the Black metropolitan townships lie on the South-east axis. (See Figure 2.1). This meant that Black consumers in particular, had to spend disproportionate amounts of their income and time on travelling to and from shopping centres or city centres (Pennington, *et al*, 1992). Violence and unrest also discouraged the larger chainstore/retailers to erect branches in the townships. These factors led to the emergence of opportunities to township entrepreneurs to provide the required foodstuffs to consumers in the townships. Taking advantage of these opportunities was to be a cost effective and time saving measure, with benefits to both entrepreneurs and consumers.

3.2.4. Cultural Dimensions

Cultures have had a profound influence on consumer diets in that it also exists to satisfy the needs of people within a society. It provides standards and rules regarding when to eat, and what is appropriate to eat at certain times, as well as what to serve to guests on specific occasions (Schiffman and Kanuk, 1983:389-391). For this reason, urban and urbanised Africans can be referred to as a cultural market segment, possessing their own distinctive needs and preferences in food. Their needs and preferences with regard to red meat may then differ distinctly from those of other market segments or sub-cultures. Their demand for red meat would then be a qualified demand which is rooted in their cultural setting.

Culture is usually acquired on learned rather than instinctive, suggesting that culture is also dynamic. This means that consumer habits, tastes, preferences, and behaviour are ever-changing (Kinsey, 1988).

Schiffman and Kanuk (1983:396), list various factors that may induce cultural changes. The two factors most relevant to this study are population shifts (e.g. urbanisation) and cross-cultural borrowings. The urban environment for a newly urbanised African, may not provide all the food products he has been accustomed to for satisfying his needs, so he would have to adapt. The new urban environment may also bring greater exposure to foreign cultures and therefore cross-cultural borrowings naturally occur.

The cultural dimension seems very strong in the way that it influences the demand for red meat. This can be substantiated by the observation of the large quantities of red meat marketed and consumed in this market. Further empirical detail of this is provided in Chapter Four. Consumer preferences and tastes in red meat created an opportunity to supply a product that suited these tastes. Besides being a reason for the development of informal marketing, the situation further emphasised the fact that producers and marketers took cognisance of this matter. Schiffman and Kanuk (1983:452) refer to this as acculturation and define it as the learning of a new or foreign culture. Marketers should thus avoid having a myopic view of the cultural dimension of this market segment. They should rather endeavour to become more familiar with the cultural dimensions of this specific consumer base. Such an approach would serve to make marketing more effective.

3.3. INFORMAL RED MEAT TRADERS

Having examined the factors leading to, and sustaining the development of informal red meat marketing, the focus can now shift towards a descriptive analysis of informal meat trading. From the data procured, the relevant features of informal red meat traders are first analysed. These include personal features, ownership, finances, location, the inherent trading culture, as well as some features of the clientele whom the informal butchers serve. The purpose of this analysis is to provide information that will foster an understanding of how informal red meat traders operate and under what circumstances. Marketing strategies can subsequently be adopted to suit their specific circumstances.

There are basically two groups of informal red meat traders. These are:-

- i) Traders who purchase live sheep, butcher these in the sand behind their stalls, or on the sidewalk, and then offer the meat for sale from fixed stands at strategic venues. They sell both meat and offal, and the only wastes are blood and gut contents. The customers are mostly housewives or those responsible for the household purchases. Meat is always consumed at home.
- ii) Traders who purchase beef from the formal butcheries and sell it from stands at strategic venues. They also have braai stands in front of their stalls, where they sell roasted meat (mostly T-Bone steak, prime rib and sausages). Customers also have the option of buying raw meat and roasting it themselves to their own liking at no extra charge. Customers are mostly individuals who buy the roasted meat for lunch or supper, before going home. Most of the meat bought here is consumed at point of purchase.

The first group is commonly referred to as informal (roadside) butchers, while the second group is commonly referred to as informal steakhouses. The emphasis of this study falls on the first group, as it is in this sector that the problems stemming from an inadequate marketing system, as stated in Chapter One, have been identified as particularly rife. Attention will, however, be given to the second group though to a lesser extent.

A survey was conducted among the informal butchers to gain insight into their business practice, and the particular constraints and problems resulting from the present system. Information with regard to the following strategic aspects was gained from the butchers:-

- i) Personal features;
- ii) Ownership and finance;
- iii) Location; and
- iv) Trading culture.

All of these aspects are analysed. These also form the basis of any actions proposed in Chapter Six. The features analysed are common to both informal butchers and informal steakhouses. Where deemed necessary, distinctions are made between them.

3.3.1. Personal Features

Women play a prominent role in the township meat distribution sector as 87 per cent of the butchers surveyed were women. The ratio of (Black) males:females in the Western Cape suggests a bias towards males viz. 54 per cent males as to 46 per cent females. In the Wynberg magisterial district, black townships (i.e. Guguletu, Langa, Nyanga, Crossroads, and Khayelitsha) this relationship also holds (LHA, 1990:12). The predominance of women therefore did not stem from female dominance of the Western Cape black population. The reasons for the predominance of women could be related to some of the following reasons:-

- i) Differences in male/female incentives in this sector;
- ii) Preference for male labour in the formal sector;
- iii) Role of women in African traditions and households; and
- iv) Differences in exposure to the formal sector.

The first three reasons are very broad and it is not within the scope of this study to venture into a discussion on these issues. Kirsten (1988:45-47) and Sithole (1989:18-20) have explored these further in their respective studies. The fourth reason was, however, investigated. It was found that 44 per cent of the respondents were previously employed as maids in houses, restaurants, hotels, sculleries, etc. Their involvement in food processing might have had an influence in this regard. Boshoff, *et al*, (1992:58-54) confirms that entrepreneurs do utilise knowledge and technical experience gained in previous jobs, in new ventures. The trend does become significant when one considers that 78,2 per cent of respondents had prior involvement in the food distribution system, either as hawkers, butchers' assistants, livestock auction employees, sphaza owners, or maids. Although education levels were found to be low and none had received formal training in butchering techniques, employment history had a significant influence on their becoming informal butchers.

In addition to the fact that none of the respondents received any formal training, educational levels were also relatively low. One third received no schooling at all, while another 40 per cent had only progressed to standard six. The literacy level was found to be 50 per cent, but this percentage was made up of mainly the younger respondents (i.e. below the age of 30 years). The large proportion of illiterates depended on verbal contracts to which they attached a high value. All the informal traders had adopted this system so that written contracts were virtually nonexistent.

Many informal traders (60 per cent) still had strong allegiances and contact with their respective villages in especially the Transkei and Ciskei. They paid regular visits to these areas since many of them still had spouses, children, and other close relatives residing there. As a result, they remitted a portion of their earnings to these areas to support their families there. Often their earnings had to be divided between supporting a home and a family in the city, as well as one in the rural village of Transkei or Ciskei.

3.3.2. Ownership and Finance

By and large, the informal butchers owned businesses they operated. Absentee owners and partnerships existed, but these were in the minority by far (i.e. only nine per cent). Most butchers employed one or two assistants, who were mostly female family members (80 per cent).

The informal butchers started their businesses using own capital, some with little assistance from family or friends. Only 13 per cent of the respondents used borrowed capital. The borrowed capital was usually only enough to buy one sheep (\pm R250) and could be recovered within 14 days. The majority of butchers (87 per cent) belonged to stokvels, most of them having been members even prior to becoming butchers. This rotating credit system also provided them with additional capital periodically.

Informal steakhouse owners also relied mostly on own capital to start their businesses. Only 10 per cent of them used borrowed capital to

purchase their opening stock. This capital usually amounted to R50–R70. They were, however, not as financially strong as informal butchers and thus their trade was more of an inherent and sporadic nature. Their businesses were less capital intensive, i.e. smaller stands that were often only a braai stand. Overhead costs were relatively higher in the light of the amounts they had to spend on fire wood, transport to formal butcheries from where they procured their meat, sausages, spices and paper on which they served the roasted meat.

3.3.3. Locational Features

Initial observations of the trading venues of informal butchers revealed a tendency to cluster at strategic venues. The tendency of traders to cluster together at locations of comparative and competitive advantages implied that traders functioned in direct response to market forces. Traders tend to seek their markets by ensuring that consumers notice their displayed goods on their walking and commuting routes. This phenomenon is described in further detail by Japhta (1989), Green (1989:89–114), and Jagannathan (1987:59–61). Vehicular, bus, taxi, and public circulation routes illustrated by Green (1989) provide proof of these tendencies when the routes are compared. Most butchers were situated at the stallholder venues indicated on the maps presented in Figure 2.2.

In Table 3.2, the proximity of informal butchers to a taxi rank/bus terminus, high traffic flow, high pedestrian flow, as well as other traders is shown.

TABLE 3.2: INFORMAL BUTCHERS' LOCATION RELATIVE TO TAXI RANKS / BUS TERMINUSES, HIGH TRAFFIC FLOW, HIGH PEDESTRIAN FLOW, AND OTHER TRADERS (%)

	Percentage of Butchers Within Distance				
	1–5 m (%)	6–10 m (%)	11–20 m (%)	20 m+ (%)	Total
Taxi rank/ Bus terminus	26.1	13.1	26.1	4.3	100
High traffic flow	69.6	13.0	4.3	13.0	100
High pedes- trian flow	95.7	4.3	0.0	0.0	100
Other traders	78.3	8.7	8.7	0.0	100

The same reasons presented above and in Section 2.4 regarding comparative and competitive advantages of current informal trading venues, can be rendered for the clustering phenomena amongst butchers. This tendency amongst butchers to set up their stalls in close proximity, i.e. virtually next to each other, and conduct trade in direct competition with each other has perplexed investigators. This is particularly evident at Nyanga terminus, Langa Taxi Rank, Langa Hostels, Khayelitsha Town II, and Guguletu Hostels. The phenomenon provides evidence of a market-oriented approach. Under these prevailing circumstances, sufficient incentives existed for informal traders to operate at these venues through provision of facilities there instead of being compelled to move elsewhere, where similar incentives and advantages did not prevail.

The locations of trade and the incentives at these locations for butchers to market there had the following strategic implications:-

- i) Suppliers/marketers were required to deliver only to specific venues in the townships;
- ii) Butchers had increased bargaining power to secure better prices from suppliers due to their concentration in these areas. Often when a supplier's prices did not suit one butcher, other butchers at that location would also not purchase from him until his price was more acceptable;
- iii) Slaughtering was also concentrated in these areas and although considered to constitute a health problem, it also implied that provision for more environmental friendly slaughtering facilities could be made at these specific venues.
- iv) Informal butchers also had constant direct contact with consumers buying commodities other than meat from other street vendors and hawkers. This provided an opportunity to butchers to promote their product more vigorously to a wider spectrum of consumers. This was achieved by applying more attractive displaying methods.

- v) Consumers had greater access to a wide range of goods and services. Other commodities were also traded at these locations so that they became market areas for a wider array of goods. To an extent, these markets replaced convenience stores.
- vi) Greater access to sources of supply could lead to reduced cost of transportation, part of which could be built into profit margins of butchers. This may also have led to lower food prices in the urban townships and informal settlements.

3.3.4. Trading Culture

Informal meat trade has certain intrinsic norms and characteristics. Some of these are generally associated with the modus operandi of the broader informal sector, while others are distinctly part of the informal meat trade. The characteristics and trading culture of the informal sector are well-documented here and abroad, but relatively less attention is given to commodity specific trade ventures in the informal sector. A discussion of the culture involved in meat trade cannot divorce its own characteristics from those of the broader informal sector, and therefore this study took the form of an integrated and holistic approach. The approach was to analyse trading culture by viewing its role and influence on purchasing, sales, time and hours of trade, cooperation and comradeship, and business preferences for development.

i) Purchasing

Purchasing was done in a spirit of expected compromise which meant that price usually served as an indicator of value and/or utility of a commodity. In this respect, traders depended on bargaining until they arrived at a mutually agreed price.

There was also a general tendency to purchase in smaller quantities or fewer units, but more regularly. This tendency is generally referred to as the 'low-margins-high-turnover' principle, and is common to most informal

trade activities (Abbot, 1987:186). Proof of high turnover and purchase of fewer units, though with greater frequency is presented in Table 3.3. The market place could be devastatingly punishing on traders who exceeded their trade capacity. Traders who exceeded their trade capacity would find themselves with some left over meat which, due to a lack of refrigeration, often could not be kept. This was particularly problematic during hot summer days. When this happened, informal butchers suffered a considerable loss of potential earnings. Consequently they sometimes did not have sufficient money to purchase food for own consumption, and/or to purchase goods to continue their trade. Their survival as such would then be threatened. This had important implications for suppliers intending large supply volumes occasionally. Hence, dumping large quantities of supplies in this market with the hope of realising quick returns was not sustainable, and out of tune with the market dynamics.

It should be stressed that informal butchers preferred to buy one sheep (SSU) at a time as they required or had accumulated enough capital. Buying more than one sheep at a time could become punishing if they failed to sell the whole carcass. Supply ventures, whether individual delivering of farm purchases, auctions, or livestock markets would have to take these factors into serious consideration.

It also had to be considered that sources of supply situated far from butchers trading venues, required more time from the butchers for purchasing and transportation of livestock. This was undesirable as butchers were obliged to spend more time at their stalls marketing their goods and managing their businesses so as to minimise the risk of having meat left over. There was and is evidently a need for sources of supply to be located near to butchers, in order to supply livestock regularly at the times that butchers required this.

ii) Sales

Sales were conducted and realised in a dynamic and rapidly changing environment. Factors inducing change were:- rapid urbanisation, political developments, rapid population increase, increased unemployment and crime, urban sprawl, cultural adaptations, and educational levels.

To survive in this environment, informal butchers had to be proactive. They realised that survival depended on adequate and useful market information. They had to know 'what' their customers required, 'when' they required it, 'how' they required it, and 'where' they required it. In this respect, the butchers endeavoured to sell the appropriate products, at well accessible locations, in a suitable quantity and quality, and at times most convenient to their consumers. In general, one could deduce that the 'Doctrine of Consumer Sovereignty' was a prime feature of informal butcher trade.

iii) Time and Hours of Trade

Butchers also adapted their trade to suit the needs of consumers in terms of convenient times. The major business hours were concurrent with the times that most commuting customers returned home. On weekdays, (i.e. Monday to Friday), the major trading hours were between 3pm and 7pm, while on weekends, (i.e. Saturday and Sunday), the mornings were the busiest. Although butchers prepared themselves to supply during the major trading hours, they carried on trading at other times of the day. During the quiet hours, they found time to purchase sheep, scout for prices, and tend to personal affairs.

On a week, month, and year basis, the busier times were found to be at the end of the week, month, and year. On weekends, the number of sheep slaughtered per day per butcher easily doubled, while during December and over

the festive season, slaughterings could even treble. (See Table 3.3). Any form of supply had to take into consideration these phenomena as maximum benefit could be derived by adapting supply to quantity demanded at the specific times mentioned.

iv) Cooperation and Comradeship

A remarkable feature of the informal meat trade was the existence of a unity, based on shared interests and standards, which again gave life to a particular synergy in this market. It was mentioned that informal butchers tend to cluster their operations at strategic locations to exploit the economic advantages there. It was also found that at these locations, and though in direct competition with each other, butchers actually assist each other in various ways. They would

- a) assist a new butcher by providing him with starting capital and/or stock (i.e. one sheep);
- b) sell one another's products should meat be left over when it became late;
- c) run stokvels and similar rotating credit schemes to benefit butchers and other participants; and
- d) older and more established butchers would share their expertise with younger ones.

The reasons for this sense of comradeship could not be researched easily, and an attempt to explain this behaviour would be mere speculation. The fact that this type of cooperation does, however, exist implied that dealing with informal butchers required a constant awareness and sensitivity to the matter. If ignored, it could have serious and damaging consequences to trade relationships.

v) Business Preferences for Development

Informal butchers served a very specific and qualified market. The market that they served at the time was one that formal systems had neglected to some extent. It could be argued that this market could in future be served through more formal structures. Butchers were more or less equally divided on whether their developments should be aimed at enabling them to become formal butchers. Those in favour of formal butcheries associated more formal butcheries with better financial security, higher status, a greater sense of ownership, a sign of success, more comfort, greater access to capital, and better opportunities to improve their own facilities. This group of butchers were of the more recent entrants into the informal meat trade. The older butchers preferred to stay informal, having realised the potential of their market niche. One could venture to say that some formalisation was possible, but the informal culture would have to remain predominant.

3.4. CONCLUSION

Informal red meat marketing in the Cape developed as a result of inter alia, rapid urbanisation and escalating unemployment in the city. These factors were of a long-term nature and became major challenges in the management of the greater Cape area. Rapid urbanisation meant that the demand for red meat became increasingly concentrated in the townships and informal settlement of the city. Escalating unemployment meant that more people were obliged to secure an income via informal trade activities. Hence, the emergence of a burgeoning survival economy. There was no short-term solution to this status quo.

On the positive side, the informal red meat traders were compelled to operate efficiently and effectively in order to survive in this environment. With fairly little resources they managed to occupy a vital role in the food distribution system in the townships. This was evident from their locational features. They became almost indispensable as

food distributors to this market segment. They also fostered the local economy in these areas and promoted the monetary flow there. In this way, informal marketing has made a contribution towards economic development.

Finally, it must be emphasised that these traders had an inherent trading culture that suited their own circumstances. To establish a trade relationship with them could require certain adaptations to suit some of the informal trading methods.

CHAPTER 4

4. INFORMAL RED MEAT MARKETING

4.1. INTRODUCTION

In this chapter the actual trade activities in informal red meat marketing are analysed. The purpose is to identify specific problem areas in need of private or public sector attention. These problem areas are examined so as to give direction to suggestions made in Chapter Six. In this way, the suggestions can become the basis of more informed decisions.

Informal red meat trade is divided into mutton, beef, and offal. Each is analysed separately. Where necessary problem areas are examined inclusively. Mutton is analysed first, followed by beef, and offal. This is done as informal mutton trade appears more problematic, followed by beef and offal.

4.2. MUTTON

4.2.1. Supply by Speculators

Butchers were supplied with live animals on a regular basis by smallholder-speculators and/or farmers residing in the Philippi district. Philippi has had a traditional role in peri-urban agriculture in the Western Cape. Situated some 4 km from Khayelitsha, 3km from Nyanga, 8 km from Langa, 2 km from Crossroads, and 1,5 km from Guguletu, it is relatively close to the townships and squatter settlements (See Figure 2.1). With potential demand and supply co-existing in such close proximity to each other some form of trade was inevitable. In fact, the time when these speculators began selling live sheep to informal township butchers corresponds largely with the time when informal meat marketing activities began in these areas. These speculators became the first to supply sheep to the informal butchers. There were only five speculators regularly supplying sheep. Most of them had converted their operations over time from sporadic and additional income ventures, to fully fledged businesses. They also adapted to provide informal butchers with sheep that suited the preferences that butchers had shown (See

Section 4.2.4). These speculators proved to be the major source of regular and consistent supply of sheep to the informal butchers. All respondents indicated that they purchased from these speculators on an almost daily basis.

The trade between butchers and speculators had important implications. Firstly, it indicated the vital importance of having sources of supply within reach of potential buyers. Although 52,2 per cent of respondents indicated that they used their own means to transport live sheep, most of the others used hired transport (e.g. a friend's vehicle or taxi). Hence, transport remained problematic if the supply source were located far away. It would be time consuming and lead to increased transport expenditure, which could be a disincentive to township meat trade and distribution.

Secondly, the fact that speculators had selected the sheep which they bought at on auctions or from farmers to suit the preferences of their township clients, emphasised the importance of producing a product to suit this market. There were very clear differences between the First World oriented standards in the formal marketing system, and those of the informal marketing system (See 4.2.4 and 5.3.2).

Thirdly, once supply was correctly targeted in terms of price, quantity, quality, location, and time, the marketing of red meat to the informal sector could be a profitable venture for suppliers. The proof of this was that these speculators had developed their marketing ventures into profitable businesses. One should note, however, that this was the experience of livestock markets found in the townships and in that way located in close proximity to the informal butchers. Two examples are quoted here, i.e. Unathi Livestock Market, situated approximately 120 metres from Nyanga terminus, and Lingilethu Livestock Market situated approximately 20 metres from the informal butchers in Khayelitsha Site C. These livestock markets had been established initially to supply livestock (sheep, goats, and broilers) to the township informal butchers. The survey, however, revealed that only 4 per cent of butchers bought from these livestock markets. The benefits from buying at closer locations did not justify them buying there. Price was therefore a major factor determining whether or not trade would be conducted. This was

also reflected in the observation of some of the more established butchers travelling as far as Klapmuts (approximately 50km away), as they were able to secure better prices there. Further issues surrounding prices are discussed in Section 4.4.1.

Speculators experienced various problems in supplying to the informal market. They were regularly harassed by the police who had been alerted by animal protection organisations. The organisations were justifiably concerned with cruelty to animals. Sheep were often tied and transported on an open bakkie, or in the boot of a car where they could be harmed easily. There are also isolated cases of animals having to lie in the sun for long periods before being slaughtered. These practices could only be remedied through education and not through prevention of trade. It was noted that informal butchers were well aware of these problems.

Speculators also had problems charging value added tax (VAT) to informal butchers, as the latter simply did not understand the system. This is a classical example of problems at a formal-informal marketing interface. Speculators included VAT in the selling price which annoyed the informal butchers. Lacking alternative measures, they reluctantly accepted this trade method.

4.2.2. Supply by Farmers

In addition to supply by speculators, informal butchers were also supplied with sheep by farmers who, in the majority of cases, delivered the sheep to the butchers at their stalls. Although there were some farmers who undertook regular weekly deliveries to the butchers, most of the deliveries by farmers were sporadic and at irregular intervals. Such fluctuations in supply were not seen as problematic by the butchers, as they acquired better prices when more livestock became available and they could realise bigger turnovers. Demand also seemed to be sufficient to absorb these floods in supply.

It was, however, the periods between these floods that raised certain concerns. Firstly, these fluctuations were not in response to market signals emanating from the townships. The market signals still

originated in the formal system. The delivery system therefore lacked efficiency. Secondly, demand remained unsatisfied between floods in supply. There remained a problem of access to sources of livestock supply. Supply was required to be more of a response to the demand from this market, and therefore supply should have been fluctuating with fluctuations in demand (e.g. increased supply over weekends). Although bargaining over prices very much epitomised the culture of informal trade, the butchers indicated that they were price-takers. On the contrary, in the formal marketing system the farmers are the price-takers. It thus became evident that the market signals that prompted farmers to sell in the informal market were actually coming from the formal marketing system. Since farmers enjoyed the security of production quotas and permits in the formal channels, and since informal marketing was risky, they would avert this risk by giving preference to formal marketing. Risk is discussed further in Section 4.4.7.

A further concern was that in the above circumstances, farmers appropriated their production techniques to deliver a product that suited the formal system requirements. The product that they could eventually market in the informal market was not always suited to informal market preferences. Being price-takers, and having to cope with relatively high demand which could realise quick profits, informal butchers had limited choices in always getting what they really wanted in terms of quality.

The high risks involved in informal marketing had the effect that only farmers with relatively less risk aversion, or those in dire need of liquidity/ cash ventured into the informal market. Consequently, there was a lack of adequate competition among suppliers, which also implied that those few who had taken the initiative to market in the informal sector found themselves in an oligopolistic position. Oligopolistic conditions on the supply side could then lead to exploitation to the detriment of the informal butchers and consumers. Exploitation usually resulted in high sheep prices (see Section 4.4.1).

4.2.3. Quantities Handled

To a large extent, the relevance and significance of this study lies in the extent to which it succeeds in influencing future marketing strategies. This again hinges on the consumption ability of the current informal market. Consumption is primarily determined by consumer demand, which may also be satisfied through the formal system. The potential role of the informal system will thus depend on its efficiency and effectiveness, and the extent to which it succeeds in satisfying the demands in the townships and squatter settlements. This potential role is assessed by firstly analysing the quantities handled by the informal butchers. Secondly, the preferences expressed by the butchers are analysed and then compared with the consumer preferences in Chapter Five.

The quantities of sheep handled by the informal butchers in the Western Cape townships and squatter settlements appear in Table 3.3. A clear distinction is made throughout between 'regular butchers' and 'irregular butchers'. For the purpose of this study, regular butchers are those who traded on every day of the year, except when social and political circumstances did not allow it (e.g. violence, curfew, etc.). Irregular butchers are those whose trade activity was sporadic and much more cumbersome in that factors such as unrest, economic conditions, own capital position, lack of supply, formal employment opportunities, or other informal trade opportunities, had a bigger influence on them. In general, their trade was restricted to weekend trading but when circumstances improved they traded during the week as well.

By and large, the turnover of small stock units (SSU's) realised by the regular butchers was higher than that of irregular butchers, though the difference was not as big as one would expect. The large number of irregular butchers and the substantial turnovers that they were responsible for provides proof of two facts. Firstly, it indicates that the informal market had considerable potential to expand and handle increased quantities of meat since the meat marketed by butchers trading irregularly was readily absorbed by the market. Secondly, it further substantiates the fact that informal trade was extremely volatile and highly influenced by environmental factors which would promote or

retard its activities. These factors included political instability or stability, taxi wars or truces, good or bad weather, price fluctuations, and middle or end of week/month/year.

In circumstances where regular butchers could trade unhindered and a fair (not optimistic) number of irregular butchers were also able to trade, weekly turnover totalled up to 599 SSU's. When extrapolated over a year, the turnover totalled 31 148 SSU's. Considering that over the festive season (1 December to 10 January), the number of slaughtering actually trebled the annual figure of 31 148 SSU's could be adjusted to 32 945 SSU's.

These slaughtering were not policed, or checked by health inspectors and concern has to be expressed over the environmental hazards posed by side walk slaughtering. As stated in Chapter One, this constitutes one of the major concerns and problem areas with informal slaughtering. The situation becomes even more serious when population projections are made with the increased slaughtering expected. These appear in Table 4.1.

TABLE 4.1: POPULATION PROJECTIONS AND EXPECTED INFORMAL SLAUGHTERINGS IN THE CAPE TOWN AFRICAN TOWNSHIPS

YEAR	METROPOLE AFRICAN POPULATION ('000)	PROJECTED NO SLAUGHTERINGS
1990	850 000	32 945
1991	891 650	34 559
1992	935 341	36 253
1993	981 172	38 029
1994	1 029 250	39 893
1995	1 079 683	41 847
1996	1 132 587	43 898
1997	1 188 084	46 049
1998	1 246 300	43 305
1999	1 307 369	50 672
2000	1 371 430	53 155
2010	2 043 432	79 203

Source: Adapted from Bridgeman et al, 1992:31 (population figures)

There was and is a great shortage of formal housing in the Black townships of the metropole. For the people residing in the townships of the study area, (Guguletu, Langa, Nyanga, Crossroads, and Khayelitsha) there were 32 922 formal houses and 136 000 informal homes. Bridgman *et al* (1992:89) states that the housing crisis will deepen as formal housing provision cannot keep pace with demand. It is difficult to make projections on the provision of housing as there is a marked attempt by the private sector to provide formal housing. However, it is acknowledged that informal housing will increase at a conservative rate of 15 per cent per annum. The informal market is expected to expand accordingly as new opportunities for markets there emerge.

4.2.4. Butcher Preferences

A major factor determining the success and survival of informal marketing is the distinct preferences inherent to this market segment. In order to survive in a competitive environment, informal butchers have to function effectively. Effectiveness in this instance would mean providing a product to their potential market that is in accordance with their distinct consumer preferences. In this study the effectiveness of informal marketing will therefore be judged by comparing the consumer preferences as perceived by informal butchers, to the consumer preferences investigated in Chapter Five.

The informal butchers expressed the following preferences in the sheep they purchase:–

- i) There was a preference for big fat ewes, i.e. generally the higher C grades (according to the new classification system).
- ii) Older animals were preferred to younger ones.
- iii) There seemed to be a general dislike of black-headed sheep. Although this was not entirely acknowledged by the informal butchers, the speculators who were their major source of supply confirmed this aversion.
- iv) The larger framed breeds such as the Mutton Merino and the Dormer were preferred to the smaller breeds such as the Wool Merino.

The informal butchers also expressed the following preferences with regard to the meat they sold

- i) Meat sold had to be as fresh as possible, and therefore slaughtering generally took place as near as possible and during the major trading hours (see Section 3.3.4). The market for cold stored meat appeared to be very limited.
- ii) Fat meat was preferred to lean meat. There was, however, a consciousness prevalent about the disadvantages of very fat meat. The degree of fatness was relative as overly fat meat was not desirable either. Butchers, to a large extent, respected the preferences of consumers with regard to fatness.
- iii) Butchers were divided on the question of whether they would like to butcher carcasses into more conventional cuts (e.g. different chops, steaks, ribs, etc.), as was customary in the formal butcheries. While 35 per cent expressed a wish to move to conventional cuts, 48 per cent still preferred the current unconventional cuts.
- iv) There was a tendency to butcher carcasses into relatively larger cuts than found in formal butchers so that most consumers bought in one-piece-cuts per purchase, instead of different cuts.

Further comment is made on three aspects including (i) freshness, (ii) butchering techniques, and (iii) fatness. Although freshness was high on the priority list of preferences, First World oriented individuals often expressed alarm over the effects of selling fresh meat without adequate protection in terms of cover and cooling. It was, however, established that meat bought on a specific day was eaten on that day. The fact is that the bulk of meat was slaughtered and butchered just before the major trading hours, i.e. when people returned home from work. The time between slaughter and eventual consumption could hardly exceed four hours, taking into account that meat was bought around 4pm and 7pm. This then removed the fear of meat going off or being contaminated.

On the question of butchering meat into unconventional cuts, one could argue that this probably reflected consumer preferences for meat to be

bulky. On the other hand, the considerable proportion of butchers who actually desired to butcher into conventional cuts did reveal the need for programmes geared towards improving butchering techniques, as none of these butchers had received any formal training in this vocation. The eventual decision to educate or not would depend on the specific market or consumer group or market segment that a programme intended to reach and serve.

A last comment with regard to preferences in fatness and specific breeds: It was found that sheep grading poorly in the formal market (i.e. the higher C grades), were actually highly preferred in the informal market. This reveals an imbalance in the grading system with a bias toward First World standards. The new grading system would probably eradicate this problem as preferences were not attached to grades and thus it allowed for more consumer autonomy. Furthermore, producers who held fixed permits and quotas with formal institutions did not adapt their product to suit the informal market. This was also contrary to consumer sovereignty.

4.3. BEEF

The informal beef trade was less complicated than the informal mutton trade. The only source of supply was the formal butcheries all over the greater Cape Town area.

This obviously excludes those cattle slaughtered for rituals and other social functions. The numbers, however, remained less significant.

4.3.1. Formal to Informal Butchers

Informal beef butchers purchased cuts of beef (mostly T-Bone steaks) from formal butchers in the adjacent townships of Gatesville, Athlone, Rylands, and Mitchells Plain, and sold it from their stalls in the townships. Some formal butchers took the opportunity to deliver beef to these butchers in the townships at their stalls. Consumers then had the option of buying raw steaks and roasting these on fires provided by the butchers, or buying roasted steaks from the butchers. For this reason, informal beef butchers were also called informal steakhouses. They

were not only an important source of food to returning commuters, but also concentrated on serving township consumers over the lunch hours in the townships. Hence, they occupied a vital position in what Kohls and Uhl (1985:83–85) call the away-from-home food market.

This sector was subjected to a system of double retailing which was a major constraint as prices subsequently increased to accommodate the additional role-players at retail level. This effect on price is exhibited in Section 4.4.1. Although this double retailing was also found in the formal sector, it is argued that informal steak houses fulfilled not only the role of a steak house, but also that of a butchery as clients were free to purchase raw meat to be cooked at home.

Since a relatively insignificant number of cattle were slaughtered, there was less environmental concern with beef trading activities. With notable exceptions, most of the issues discussed under mutton trade are applicable here, and are therefore not repeated.

4.4. PROBLEM AREAS

Several problems of informal mutton and beef marketing are identified in the analysis of the structure and functions of informal red meat trade. These are the following:-

- i) price structure;
- ii) quality;
- iii) nature of supply;
- iv) environment;
- v) trading volumes;
- vi) legislation;
- vii) risks; and
- viii) infrastructure.

Each of these are now more explicitly stated. Where necessary, distinctions are made between mutton and beef.

4.4.1. Price

i) Mutton

The price structure of the informal market was arguably of the biggest concern in this market. This was explicitly expressed by all respondents. Informal butchers indicated that they paid anything between R180 to R260 per sheep, with the modus price being R220 per sheep. These prices were observed in June 1991, but subsequent observation in September 1991 revealed that the sheep prices had increased to between R220 and R300, with a modus price of R260. Many of these price fluctuations could be related to a producer stock-building phase or formal market prices. Price comparisons between the formal and informal systems are dealt with at two levels. Firstly, the formal auction versus the informal supply to roadside butchers level, and secondly, the formal retail versus the informal retail prices are compared. For consistency purposes June 1992 prices are used.

In the first case, the Maitland formal auction price for mutton was given as 5,85c/kg. This figure translates to R146,25 per 25kg class C carcass (including head, offal, and shanks). Marketing cost of R23,86¹ (Meat Board, 1993) is subtracted from this amount which translates into a producer price of R122,39. As mentioned, the informal supply price was approximately R220, which means that informal butchers paid approximately R97,61 more per carcass. While the producer price in the informal market was almost double that of the formal market.

In order to compare retail informal and formal prices, meat was bought at the roadside meat stalls and analysed in terms of price per cut, as well as fat, meat, and bone

¹ See page 58 for breakdown of marketing costs of sheep.

percentages. The latter (i.e. bone, fat, and meat percentages) are analysed in the following section. The results for mutton appear in Table 4.2 below.² The meat samples were physically cut up to separate the meat, fat, and bone components. Each component was weighted to calculate its percentage contribution to the specific cut.

TABLE 4.2: PRICE ANALYSIS OF INFORMAL MUTTON CUTS FOR FAT, MEAT, AND BONE CONTENT (%)

NO	TOWNSHIP	RETAIL CUTS	PRICE (R)	MASS (g)	INFORMAL PRICE (R/KG)	FORMAL PRICE (R/KG)	FAT %	BONE %	MEAT %
1	Nyanga	Leg	12.00	916	13.10	12.88	12	3	85
2	Nyanga	Shoulder	9.00	619	14.54	15.39	19	14	67
3	Nyanga	Rib	7.00	665	10.53	11.54	31	23	46
4	Nyanga	Flank	10.00	767	13.04	11.54	46	0	54
5	Nyanga	Loin	8.00	1003	7.98	17.12	27	28	45
6	Nyanga	Leg	16.00	1709	9.36	14.16	34	24	42
7	Nyanga	Flank	16.00	2116	7.56	11.54	67	0	33
8	Khayelitsha T2	Loin	7.00	1006	6.96	17.12	16	30	54
9	Khayelitsha T2	Loin	10.00	881	11.35	17.12	15	18	67
10	Khayelitsha H	Leg	10.00	790	12.66	12.88	44	15	41
11	Khayelitsha M	Rib	6.00	733	8.19	11.54	70	10	20
12	Langa	Shoulder	5.00	539	9.28	15.39	9	10	81
13	Langa	Shanks	6.00	635	9.45	15.39	17	36	47
14	Langa	Rib	4.00	375	10.67	11.54	42	18	40
15	Langa	Loin	5.00	561	8.91	17.12	16	25	59
16	Langa	Breast	3.00	121	24.79	15.39	40	60	0
17	Langa	Breast	2.50	240	10.42	15.39	20	19	61

In the informal market red meat is always sold in Rands, e.g. R5, R7, or R10 pieces and not in cents, e.g. R5,50, R7,20, or R10,99. This explains the figures in column four of Table 4.2. This phenomenon is further explained in Section 5.3.3.

The informal prices are generally lower except in the case of number one, where the specific cut was a chumpchop

² The data in Table 4.2 was attained under the supervision of Dr FD Mellet, Meat Scientist, Department of Animal Science, University of Stellenbosch, and with the assistance of the Agricultural Economics honours students of 1992.

which is a highly preferred cut. Indications are, however, that although informal butchers purchase sheep at a price which is almost double the price in the formal market, they actually sell it 20 per cent cheaper.

TABLE 4.3: MUTTON PRICE COMPARISONS FORMAL AND INFORMAL MARKETS (RETAIL)

MUTTON RETAIL CUTS	Carcass Mass (%)	Formal Price (R/KG)	Informal Price (R/KG)
1. Shoulder chops	31.04	15.39	14.54
2. Loin	31.04	17.12	11.35
3. Legs	31.04	13.31	13.10
Weighted Av Price/kg (R)		14.49	12.10
Retail Price/Carcass (R/25kg)		362.12	302.57
Less: Cost/25kg Sheep (R)		146.25	220.00
Mark-up (R/Sheep)		215.87	82.57

The informal prices per cut used in Table 4.3 are the highest ones found in the survey. It would have been better to use a modus price but this was too difficult to achieve. Instead, the highest price is used to represent a worst scenario. The figures are therefore conservative and favour the formal prices.

Table 4.3 proves that informal butchers were selling carcasses for significantly less than the formal retailers, and they also have lower mark-ups. In reality the gap could be even wider since the calculation was made with conservative figures. There is thus sufficient evidence to prove correct the hypothesis that informal butchers purchase more expensively and eventually sell cheaper than the formal retail market does. This supports the opinion that informal butchers would be the most effective and efficient source of supplying the consumers in this market segment.

ii) Beef

The same comparison as for mutton was done for retail cuts of beef. Table 4.4 provides evidence of the effect of double retailing and scarcity by showing an extremely high price (for that time) of R14,52³ per kg of beef compared to formal raw meat prices. It could be said in defence that this price was most probably lower than the price of roast beef in formal outlets such as restaurants and steakhouses (*ceteris paribus*). There were two reasons for the price problem. Firstly, the double retailing and secondly, the inadequate supplies which exacerbated the scarcity problem.

TABLE 4.4: PRICE COMPARISONS OF SELECTED INFORMAL AND FORMAL RETAIL BEEF CUTS

NO	TOWNSHIP	RETAIL CUTS	PRICE (R)	MASS (g)	INFORMAL PRICE (R/KG)	FORMAL PRICE (R/KG)	FAT %	BONE %	MEAT %
1	Langa	Prime Rib	4.00	432	9.26	10.47	6	4	89
2	Langa	Diaphragm	2.00	324	6.17				
3	Guguletu	Prime Rib	5.00	405	12.35	10.47	23	27	51
4	Guguletu	Prime Rib		1543					
			4.00	266	15.04	10.47	16	23	61
			3.00	167	17.96	10.47	24	17	59
			5.00	305	16.39	10.47	23	31	45
			4.00	261	15.33	10.47	21	29	50
			3.00	272	11.03	10.47	23	12	65
			4.00	172	23.26	10.47	29	30	41
5	Guguletu	Prime Rib		1377					
			4.00	302	13.25	10.47	17	25	57
			10.00	477	20.95	10.47	5	23	72
			5.00	337	14.84	10.47	10	10	80
			5.00	264	18.94	10.47	10	22	69
6	Guguletu	Brisket	2.00	121	16.53	9.78	23	23	54
7	Guguletu	Chuck	3.00	240	12.50	14.18	6	0	94
8	Khayelitsha C	Prime Rib	10.00	535	18.69	10.47	24	24	52
9	Khayelitsha C	Prime Rib	10.00	554	18.05	10.47	34	19	47
10	Khayelitsha C	Brisket	5.00	405	12.35	9.70	22	29	49
11	Khayelitsha C	Chuck	3.00	319	9.40	14.18	19	16	65
12	Khayelitsha C	Rump	5.00	375	13.33	18.89	42	0	58
13	Khayelitsha C	Brisket	5.00	535	9.35	9.78	29	16	55

The effect of double-retailing is very clear, as informal prices are significantly higher than formal prices in 70 per cent of instances. The lower informal prices can only be

³ The R14,52 is computed as a weighted average price per conventional formal sector cut.

attributed to lower than average formal prices. Butchers who regularly buy or have fixed arrangements with formal butcheries are in a position to secure discounts from these butcheries, which could explain their lower than average prices.

4.4.2. Quality

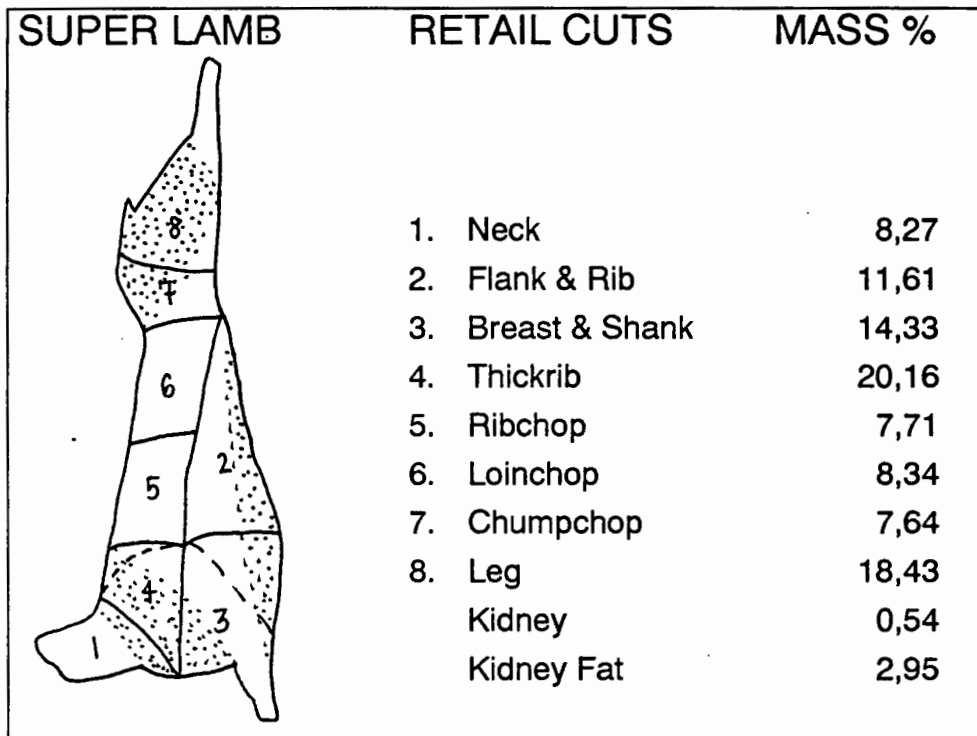
It should be mentioned from the outset that quality in the informal sector differs from the quality standards in the formal sector. Kohls and Uhl (1985:352–353), define quality as a subjective property referring to the usefulness, desirability, and value of a food product. Being a subjective property, it would therefore imply that different consumer groups could have different perceptions of quality. Kohls and Uhl argue further by the mere 'fact that buyers are willing to back up their preferences for certain products over others with purchasing power is evidence that product qualities differ'. It hence becomes necessary for marketers to become knowledgeable of low income consumer preferences and quality choices in order to serve this market more effectively and adequately.

Mutton and beef cuts purchased in the townships were analysed in terms of fat, meat, and bone percentages. This was done because fatness was identified and hypothesised as a quality preference among consumers in this sector. The results appear in Table 4.2, and 4.4.

i) Mutton

There seemed to be a clear preference for fat meat because meat with high fat content (>30 per cent) fetched higher prices. There were notable exceptions though, as in the cases of flank and rib with little fat but which fetches higher prices. Although fat was preferred, a too high fat content was also not desirable. Butchers indicated that the major reason for the demand for fatty meat was that the fat enhanced taste. Another reason that could not be discarded was that fat also increased energy content.

A second quality preference was for 'bulky' cuts. This means that consumers preferred cuts with a high meat content and less bones. The preferred cut would then be leg, flank, and shoulders. Figure 4.1 illustrates these preferences with the shaded areas being the preferred parts of a sheep carcass. This preference is illustrated in Table 4.3, where it is shown that the abovementioned cuts fetched higher prices.



SOURCE: Meat Board, 1993, personal communication

FIGURE 4.1: PREFERRED MUTTON CUTS (SHADED) OF THE CARCASS IN THE INFORMAL MEAT MARKET

From Figure 4.1, it can be deduced that the bulkier portions were preferred and would then fetch higher prices in terms of the price-quality relationship. These bulkier parts were also more conducive to fat accumulation. In terms of formal grading standards, these sheep would qualify under the C grade with a fat index of 3 to 5.

A third quality preference is for fresh meat. Butchers stated that consumers preferred fresh meat and the

consumers backed up this preference by their willingness to pay more for fresh meat. Fresh meat was seen by butchers as meat that had been slaughtered not more than four to five hours before purchase by consumers. In fact, meat slaughtered the previous day or in the morning (around 10 am) and sold after 3 pm showed a fall in its original selling price of up to 50 per cent. It was found that meat that had just been slaughtered and butchered was more attractive to customers, to such an extent that customers made a point of buying at certain fixed times when fresh meat reached butchers' tables. This was usually just after 10 am and 3 pm. The issue is further explored in Chapter Five from a consumer perspective.

If supply is to serve demand effectively, more attention should be paid to the three main quality preferences expressed above, i.e. fatty, bulky, and fresh meat. Producers and marketers may need to adapt their production programmes and techniques to deliver a product that suites these preferences. This applies specifically to the first two preferences (fatty and bulky meat). Although butchers remain chiefly responsible for offering fresh meat for sale, the system should enable the informal butcher to slaughter when he needs to, i.e. before the main selling hours and at least twice daily. This has specific further implications with regard to slaughtering facilities in townships and supply (availability) of livestock.

ii)

Beef

In the beef market, fatness was also preferred. The bulk of cuts sold here were prime rib and brisket. The preference for prime-rib, T-bone steak and brisket could be related to the fact that it was suitable for roasting which, as mentioned, is the major form of beef consumption in the townships. The first quality preference is thus for those specific cuts (prime-rib, T-

bone steak and brisket). Some other cuts like chuck and rump were also sold, but on a much smaller scale.

The second quality preference was fatness. Most cuts have a relatively large fat layer which enhances taste when roasted. Butchers stated that this was highly preferred by customers. Customers, however, first considered the percentage of meat and then the fat layer around it. This meant that the more expensive cuts were those with a high meat percentage and not necessarily mere fat percentage.

Whereas freshness was a quality preference with mutton, it was not a stated preference with beef. All beef sold came via formal butchers, and was therefore chilled. One can only speculate on the demand for fresh beef at the time as this possible market is, as yet, untapped. Whether such a market actually exists remains an open question.

Since butchers already purchased from formal butcheries, they were able to select the cuts they preferred there. There did not seem to be a problem as far as supply of a product of a suitable quality was concerned.

4.4.3. Nature of Supply

There was an inadequate supply of livestock to informal markets at the time of the research. Supply from speculators was consistent but the informal butchers expressed the desire and possibility of increasing turnover from twice to thrice as much, should they be able to purchase more, i.e. if prices decreased significantly. One can only speculate as to the effect that more realistic prices could have on turnover.

No previous information could be found on the price elasticity of demand for meat by low income black urban consumers. Prices would generally be decreased when more meat became available to the market. In addition this required making the market more accessible to suppliers so that competition could be promoted. Supply therefore would have to

be increased largely because it would promote competition which would translate into better consumer prices. This could be an effective measure of addressing food security in the townships and squatter settlements.

Supply also needs to adapt in terms of quality, location, and timeliness. The analysis of quality preferences and locational features has been previously presented (see 4.4.2 and 3.3.3), and therefore not repeated here. Supply could become more timely if this occurred shortly before the major periods of demand. These periods occurred at 10 am and 3 pm on a daily basis, over weekends, at the end of every month, and during the festive season. Timely supply would eradicate time wastage on the procurement of goods by butchers, and could also decrease the time spent on marketing livestock by suppliers. This would have an added advantage of decreasing cruelty to animals.

4.4.4. Environmental Concerns

The environmental concerns stemmed from the large number of slaughterings ($\pm 36\ 250$ in 1992) occurring at butchers stalls all over the townships. The blood and gut contents were either buried or found its way into the stormwater drains. A central stormwater drainage system flows into a coastal detention basin before discharging directly into False Bay, some 1 000 metres east of Monwabisi Resort (See Figure 4.2).

Wright (1992 (1)) reports on a CSIR commissioned hydrological investigation of stormwater runoff from the Khayelitsha catchment area. The stormwater runoff from Khayelitsha that was eventually discharged into False Bay was found to be polluted throughout the year. The pollution was predominantly of a microbiological nature, with correspondingly high concentrations of nutrients and organics. Wright confirms that blood and faecal deposits would contribute to the pollution and more so in future. Discharge of blood and gut content into stormwater drains was thus an undesirable practice which would have to be curbed.

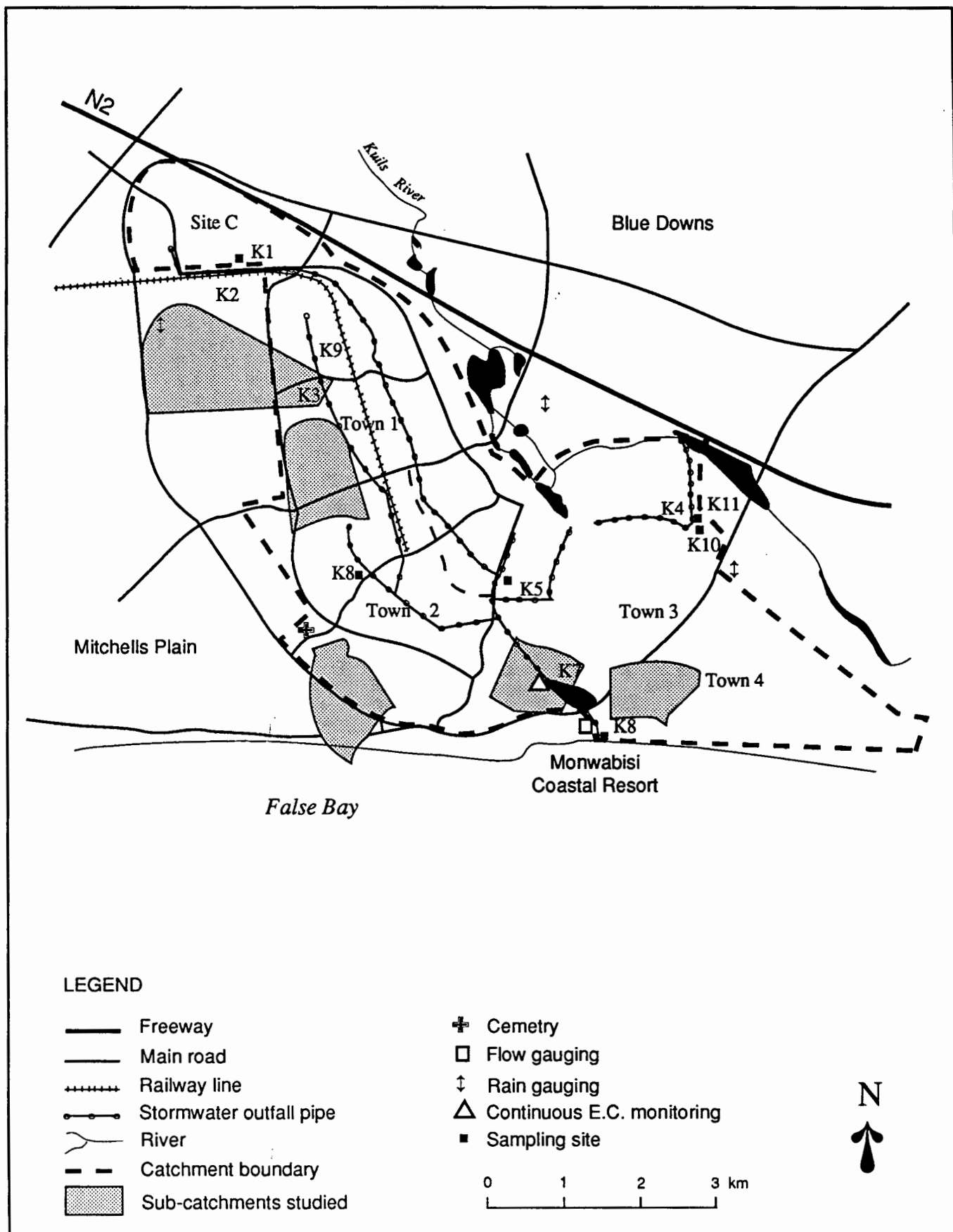


FIGURE 4.2: KHAYELITSHA STORMWATER RUNOFF

The burying of blood and faeces was also undesirable. The generally sandy and porous soils of the Khayelitsha catchment, small effective impervious area, and low intensity rains experienced allow very little overland flow. The high porous nature of the sand enables pollutants to be filtered down by leaching water to produce contaminated subsurface flow. The effect was evident from the pollutant concentrations in the base flow and in sub-catchments not provided with stormwater drainage systems. Here again, the major source of pollution was faecal contaminants and litter. The pollution levels became particularly high during and after stormwater conditions.

Wright admits that pollution caused by roadside slaughterings was certainly not a major contributor to hydrological pollution. The major contributors were faecal contaminants and litter. He agrees that increased slaughterings, as proposed in Table 4.1 could well become a threat. The pollution threat posed by informal slaughtering could therefore be identified as a negative externality in that area.

There seems sufficient evidence of market failure, and therefore a need for public sector intervention by most likely the respective local authorities of the area. Although the priority would be to handle the faecal contaminants and litter in the area, preventative measures could be taken to avoid greater pollution and health hazards brought by informal slaughterings in the area.

4.4.5. Trading Volumes

Informal traders bought in smaller quantities, but more frequently than formal traders. This is detailed in Section 4.2.3. This meant that bulk supplies were effectively ruled out.

The market seemed to be more conducive to having a large number of relatively small buyers and sellers, who could enter into either direct contracts, or who could compete in the marketplace. This feature satisfies one of the conditions for perfect competition (Kohls and Uhl, 1985:176), and vouches well for price discovery in this market.

The accommodation of a large number of traders in informal marketing could relieve some of the unemployment pressures in the townships and squatter settlements. In this way the labour absorption capacity of the economy could also improve with positive macro economic effects.

Trading smaller quantities more frequently (the high-turnover-low-margins principle) could be seen as informal butchers' response to handling business risk under conditions of low operating capital. It was a natural response which suited the nature of informal trade.

Supply should be adapted to suit this high-turnover-low-margin principle.

4.4.6. Legislation

The latest legislation with regard to slaughterings, i.e. The Abattoir Hygiene Act, No.121 of 1992 was passed on 10 July 1992 (Government Gazette, No.14125 (29)). This entailed the repeal of several other Acts which, when they existed, could never be applied, let alone enforced, in the informal meat market. The new Act seems irrelevant to informal marketing, with the only relief being the possibility of special ministerial permission for informal trade. The Act makes the following provisions that stand in stark contrast to informal trade:-

- a) Prohibition of slaughter of animals at places other than approved abattoirs;
- b) prohibition of slaughter of animals at approved abattoirs unless inspected and approved;
- c) permissible methods and procedures for slaughter of animals; and
- d) directives, offences, and penalties.

The implications of these stipulations are examined and commented on. Compelling informal butchers to slaughter only at approved abattoirs could hardly be realised. A few reasons can be cited for this. Firstly, butchers who bought from speculators simply did not have the time to slaughter at an abattoir. It is also doubtful whether these abattoirs could cater for individual traders wanting to slaughter one sheep at a time.

Secondly, the implications of slaughtering two sheep a day, or five on a Saturday or Sunday, made it even more unsuitable. Thirdly, butchers also did not have the resources to travel to an abattoir so frequently. Fourthly, the stringent control at abattoirs made it unsuitable to butchers needs. Butchers who bought sheep in the townships from delivering farmers found it much more economical and sensible to walk a sheep to their stalls and slaughter and butcher it there, instead of taking it to a far located abattoir. Fifthly, due to the high crime rates in the Black townships, butchers could fear being robbed of their sheep on the way to, or returning from the abattoir. Lastly, the butchers would probably have to carry the following marketing costs, when slaughtering at a formal abattoir.

TABLE 4.5: FORMAL MARKETING COSTS OF SHEEP

Cost Item	Rands/ carcass (in 1991)
Meat Board Levy	0.67
Meat Board Insurance and Measles Freezing Levy	0.06
Slaughtering Tariff	3.09
Abattoir Tariff	4.51
Railage	8.79
Agent's Commission	5.08
Transit Insurance	1.27
South African Agricultural Union Levy	0.03
Carcass Inspection Fee	0.36
TOTAL	23.86

Source: Meat Board, 1993 (Personal Communication)

This amount of R23,86 was much higher than the R5,00 that butchers paid an 'informal blockman' to slaughter and butcher a sheep. Most butchers handled their own slaughtering and butchering or had a family member take care of this at very low, or no opportunity cost. Under these circumstances, slaughtering at an approved abattoir was void of any economic rationality.

The negative externalities (e.g. pollution) identified in Section 4.4.4 could be effectively addressed by allowing decentralised slaughtering at butchers trading venues. Proper and regular waste removal would be required to prevent burying of waste or runoff into stormwater drains.

With regard to the inspection of meat by meat inspectors and veterinarians, it could be said that to that date the consumer had been the chief inspector of meat sold in the informal market. In the circumstances prevailing, no health inspector or veterinarian operated in this market. Informal butchers survived by keeping their clientele satisfied. Furthermore, formal standards differed from informal standards, which implied that the task of First World standards oriented (e.g. the old grading system and over stringent health regulations) inspectors were impractical.

The permissible methods and procedures for slaughtering animals, or what was referred to as 'humane' slaughterings were matters of greater concern. The SPCA had already complained about inhumane slaughterings, and this was observed as a valid concern. This also brought one to the issue of policing and monitoring informal slaughterings.

Policing informal activities in order to ensure that the social responsibilities, specifically with regard to externalities, were honoured, was extremely problematic. This was due to socio-political reasons that rendered the law ineffective. The more suitable approach seemed to be an emphasis on education. It could be suggested that an authority would be obliged to educate informal traders to handle these matters before policing them. This highlighted the need for educational programmes to informal butchers.

In addition to the laws pertaining to the slaughterings of animals, there were laws applicable to the handling of meat and the sales premises. Of particular relevance were the Health Act (No.63 of 1977), and the Foodstuffs, Cosmetics, and Disinfectants Act (No.54 of 1972). The latter Act was probably of lesser importance but if production and meat handling techniques were adapted to suit the informal market, this Act

would become more applicable. For example, should the need arise for lengthening the shelf (stall) life of fresh meat by treatment with a chemical substance like lactic acid (Mellet, 1992(1):3) or other substances, this Act would become more relevant.

The regulations in terms of the Health Act (No. 63 of 1977) raised some concern. The relevant regulations stipulated requirements to which premises, buildings, apparatus, and equipment involved in the handling of foodstuffs for sale to the public had to conform. It further stipulated supervision measures and the powers of local authorities. Although none of these regulations seemed to allow the handling and sale of red meat in the informal market, the regulations were briefly examined to show their lack of relevance to the informal market.

- i) The requirements of premises where red meat was handled and offered for sale to the public included: sewerage provision; drinkable water; ablution and sanitary facilities; lighting and ventilation; 30m distance from a livestock pen; and 10m distance from a pail or pit latrine. None of these facilities were in existence at informal butcher trading venues, with the exception of the livestock pens. The livestock are slaughtered often within 5 metres of the stall, which is undesirable according to this regulation. If, however, a slaughtering facility became available at the major red meat trading venues, the required distance of animals and pens from the stalls could be maintained.

Sewerage, ablution, and sanitary facilities were not seen as a problem by informal butchers, as most of their businesses were close to their homes. It would seem irrational for them to pay for such facilities. On the contrary, ablution and sanitary facilities could be more useful if provided to all informal traders at market areas in the townships. This is an urban planning issue and therefore not further dealt with here.

Water provision was completely inadequate as taps were not provided at any of the major meat trading venues.

Without belabouring this issue, it can merely be said that all the informal butchers expressed a need for water provision to improve hygiene. They backed this necessity up with a willingness to pay for water.

Generally, informal premises did not conform to regulations. It was doubtful whether sewerage and sanitary requirements would be complied with. Water provision, however, was a dire need which informal butchers were prepared to pay for.

- ii) Structural requirements to which premises had to conform included 2m high glazed tiled walls, impervious floors, a minimum 2,6m high dust proof ceiling, at least 2m² unobstructed floor space per person manning the premises, and meat handling area separated from the public. None of these were prevalent at informal meat stalls, and neither could any of these be applied. Enforcing these went against the informal culture, and would almost certainly have been resisted and ignored.
- iii) The requirements of equipment, apparatus, storage space, working surfaces, and display benches had to conform to standards of almost clinical hygiene. These standards included, inter alia, stainless steel equipment; surfaces that could be effectively cleaned; sufficient refuse bins that could be disinfected; washing up facilities with hot and cold water and adequate drainage; insect and rodent repelling measures. None of these standards are conformed to by informal butchers. There was apparently a need for educational programmes aimed at creating greater awareness of the importance of hygiene. However, the present standards still seemed too stringent for informal butchers to conform to and some slack could be wise.

- iv) Meat on display was required to be screened with glass or a transparent screen, at least 500mm high, free from dust and impurities, and on clean surfaces. Informal butchers only used netting to cover meat from flies in summer, but no other screening material was used. The counter height requirement was mostly adequate, but surfaces free from dust and impurities hardly existed. Here again, there was a need for educational programmes as most consumers did express concern over unhygienic surfaces. Certainly the presence of dust and impurities raised concerns over spoilage and contamination of meat.
- v) Clothing and overalls were required to be clean and washed daily, and had to prevent meat touching any other parts of the body except the hands. There was doubt whether this is always maintained or ever carried out.
- vi) Perishables (meat) were required to be stored below 10 °C. Butchers did not even keep meat chilled as freshness was a high consumer preference. Meat leftovers seldom occurred, therefore there was little incentive to acquire fridges or freezers. Refrigeration was therefore not a high priority in this market.

To summarise, there was a need for better water provision, refuse/waste removal, drainage, a slaughtering facility, and educational programmes. Legislation would be required to ensure that these priorities were conformed to, and provided. Generally, the legislation which did not exist was far too stringent for informal trade. Relaxed or new, and more relevant and applicable regulations were required.

4.4.7. Risks

The risks involved in informal marketing were perceived to be relatively high. Both informal butchers and their suppliers were exposed to high risk. The following were regarded as possible causes of risk:-

- a) political agitation (e.g. boycotts, so-called Third Force activities, etc.);

- b) high unemployment levels giving rise to high crime rates;
- c) frequent taxi wars; and
- d) suspicion of strangers in this environment which has again the deep social division of the South African society at its root.

Unfortunately, it could only be possible to address these factors gradually over a relatively long period. So for that time, the situation would continue to be dealt with and suppliers would have to enter the market with caution and with a clear conscience of the status quo in informal markets. Only less risk averse suppliers would continue to frequent these areas.

It was found that the better way to handle risk was embedded in the attitude with which the market was approached. Some golden rules were discovered as methods of becoming accepted in this sector. Firstly, respect for local customs, traditions, and modus operandi was invaluable in ensuring the goodwill of people. There were set ways in which elders, youngsters, and adults were treated. There were also ways of greeting, expressing oneself, ways of overcoming language barriers, and ways of handling conflict situations. Secondly, the subtle and compassionate approach was found to be a wise one. On the contrary, and thirdly, a sure recipe for failure was to approach the market with utter distrust, e.g. carrying a firearm visibly, openly showing disgust at the poor hygiene standards, and consciously or subconsciously insulting people's dignity. People respected another's willingness to learn, but became agitated with individuals who acted in an all-knowing fashion, giving the impression that they knew what was good for others.

On the other hand, alternative supply arrangements seemed possible. The fact that speculators functioned effectively from the fringes of these townships meant that opportunities had to exist for the development of market structures at these peripheral locations. In this way, the risks of marketing in the townships could be avoided.

4.4.8. Facilities

Asked about their most dire needs and what business activities butchers would take if they had the means, they showed an overwhelming inclination towards infrastructural improvement. Shelters and stalls were highest on the priority list, followed by water, electricity, and display counters. One could not discount the possibility that these wishes could represent a certain degree of expectation, which in any case was an observed tendency in this sector.

When led to respond to the need of a slaughtering facility, 39 per cent of the respondents replied negatively, and 48 per cent were in favour. The large percentage who voted 'no' may have considered the financial implications of such a development, and the way it could affect them. They possibly also saw it as a method of 'outsiders' to get a footing into their niche. Infrastructural assistance should not be based on expectations but on well-researched needs. On the other hand, creating the suspicion of intruding informal interests was perilous and led to eviction from the area.

A matter of concern was the observed effect that persistent rain had on economic activity in the townships. Butchers usually provided overhead protection for themselves and their meat, but the roadside braaiers (informal steak houses) were particularly susceptible. Since most customers consumed at point of sale, persistent rain could mean the loss of earnings for up to a few days. To an informal trader, this was particularly harsh and damaging since many depended on daily earnings to survive. It could be argued that infrastructural provisions, specifically shelters, might qualify as public goods which could be provided by the public sector (e.g. Local Authorities).

Concern could also be expressed over the general lack of central urban market facilities that catered for those traders who operated at the vantage points. An advantage already existed in that informal traders had already identified and utilised these areas which eradicated the danger of mis-allocating scarce capital by developing uneconomic venues. The experience of the Small Business Development Corporation (1992) pointed out that such developments which were located only a

few metres away from competitive advantage points failed to serve the purpose for which they had been developed.

The provision of water featured as a high priority as it served to alleviate the hygiene problems. Further electricity/power provision could realise considerable spin-offs, e.g. extended trading hours, storage, and refrigeration. In conclusion, the provision of amenities and services, like shelters, water, stalls, electricity, and refuse removal were the priority areas for intervention.

4.5. THE OFFAL TRADE

Township offal trade was less problematic and complicated than the meat trade. It did, however, play a very significant role in the food distribution system in this sector. Being less concentrated at the mentioned vantage points of high pedestrian and/or traffic flow, it succeeded in getting closer to the homes of potential customers. It was more mobile and lends greater access to consumers. In this section the personal features of the offal traders are discussed. Thereafter more detail will be rendered on their business practice, as well as the trading culture adhered to by the offal traders. Finally, this section concludes with an analysis of the problems experienced in the offal trade. The purpose was to investigate the offal trade with a view to understanding its dynamic and problems and in so doing to highlight its development potential.

4.5.1. Personal Features

The number of offal traders was estimated to be at least 500. This would have made them the largest group of informal traders. Women played a very prominent role in the offal trade. The women involved ranged from the elderly to young adults while most of them were housewives. A considerable proportion of the respondents (54 per cent), made their daily living solely from this trade. This group indicated that they were the only breadwinners of their families. Most of them (85 per cent) indicated that they had been selling offal for up to five years and longer. The offal trade was therefore well established, both in terms of supplying a marketable product, as well as ensuring an income and livelihood to many township inhabitants.

When asked what else they would do if they had the means, all of them responded by expressing a wish to expand their operations. Most (84 per cent) would have preferred also selling meat (white and red), while the rest wished to move into formal trade. Hence there was evidence of an informal red meat trade hierarchy with offal traders occupying the lower ranks while mutton butchers were considered the elite continuum.

4.5.2. Trade Activities

The offal traders procured the offal from specific delivery points all over the townships. There were about five such venues. Formal butcheries from across the greater Cape Town delivered offal from the Maitland Abattoir to the townships. This again implied double retailing. Deliveries took place on an average of 2 – 3 times a day at the various locations. Deliveries were usually restricted to specific offal types, i.e. either tripe, or heads, or intestines, or lungs, etc.

In many cases, offal traders would specialise in trading only with one specific type of offal, but this depended on what was available. Specialisation could also occur with a combination of offal. The market thus lent itself to much diversity since all types of offal were sold. Liver, and to a lesser extent, lung were however less available than the other offal. Tripe again was in high demand and, as observed, was usually bought up early in the mornings. Offal traders regularly expressed the need for more offal, as they were confident that they could sell much more of this product.

There was usually much competition among offal sellers in the procurement of their goods at the purchasing or delivery points. Amid what seemed to be chaos, a system of first come first served in queues prevailed. In general, this type of phenomenon was observed throughout township informal trade. Offal traders were essentially price-takers and no bargaining was done at this level, i.e. supplier-to-offal seller. The major reasons for this were firstly, the fact that offal traders, having inadequate transport, were dependant on suppliers of these formal butcheries. A second reason was the present shortage in supply of offal that prevailed at the time.

The general means of transport was either carrying a bucket on the head, or using a shopping trolley. Shopping trollies had become almost a general feature, useful to almost all informal township micro-enterprises.

Some offal traders (40 per cent) had managed to secure fixed contacts with formal butcheries to supply them with offal, and specifically, sheep heads. In this case, they went to the formal butcheries to fetch their goods. At their selling sites, they cleaned these heads, split them into halves, and cooked them in drums. Some of them acquired gas burners to burn off the hair. Although they cooked all the heads, they cooked them a second time once they have been sold, in order to warm them for consumption at the stall. Half a sheep's head would be lunch or supper to many a township dweller.

The offal was not as problematic as it may seem above, as offal sellers hardly complained over prices (except in the case of tripe). The units of purchase (as in meat trade), were always items, e.g. Rands per tripe, Rands per head/liver/lung/heart/pancreas, or Rand per bucket of intestines.

There was a general avoidance of units of weight (kilograms) and of scales. This could have been due to low literacy levels. In any case, even if offal traders had understood the metric system or any other weighing methods, it remains doubtful whether they would have been financially able to acquire the necessary scales. The issue could also have been related to consumers' inability to understand this weighing system. This subject is discussed further in Chapter Five (5.3.3).

Offal traders walked long distances of up to 6 kilometres to purchase offal. Once they had managed to purchase their goods, they set off to their many respective selling sites. These sites were usually located close to their own homes.

At the selling sites they cleaned their goods, cut it into smaller pieces, and offered it for sale. Many of them also cooked the offal (e.g. tripe, heads, etc.), before offering it for sale. Offal could be sold for between

20 cents and R1,00 per piece, depending on the consumers requirements. Offal traders dealing in liver, lung, and tripe, went as far as frying pieces of this product in flour and cooking oil. They sold it off the street, straight out of the pan to passers-by. The sight of frying food, coupled with the fragrant smells emanating from the stands and stalls seemed to have some attracting and enticing influences.

4.5.3. Trading Culture

The trading culture of offal trade invariably fits the broader culture of informal sector trade, as well as that discussed under meat trade. Of specific relevance here is the tendency to bargain, supply what consumers need, in the required form, and at affordable prices. The general avoidance of scales and weights as purchasing units is further proof of the tendency to suit consumer preferences.

The most distinguishing feature of the offal trade was the small sale volumes handled, and the ability to take these small volumes close to the consumer. The situation implied an effective network and spread of offal throughout the area, which vouched well for food distribution systems in the township and informal settlements.

4.5.4. Constraints and Concerns

By and large, the offal trade is a very effective food distribution system and certainly less problematic than the meat trade. The situation tempts one to rather advocate a 'hands off' approach. There are, however, some aspects which may need attention and consideration. These are the following:-

- a) Price;
- b) supply; and
- c) facilities.

Each of these are now briefly examined.

Although offal traders did not generally complain about prices, there was some concern over the double retailing. The fact is that double retailing

has to lead to cost increases. Furthermore, the produce did essentially come from the abattoir, in which case, the question could be raised as to why offal has to first pass through the formal retailing system, instead of going directly from the abattoir to township offal traders? Abattoir administrators may well look into some modification of offal supply systems. Since offal seems to be in much higher demand, and increasingly so in future, direct sales may well be feasible and profitable. It has to be emphasised again that any supply mechanisms would have to be done in such a manner so as to blend with local systems and informal trading cultures.

When offal traders were asked about their biggest problems and facilities required to function more efficiently, most indicated the need for better facilities, overwhelmingly in favour of water and shelters. Provision of shelters would not be a viable prospect since the sellers were relatively more mobile and well-spread. To the contrary, where they co-inhabited certain venues with other informal traders, they would benefit from shelters at more central and strategic locations.

Water again seemed to be the more acute problem. Water was needed mainly to clean offal. The issue was complicated by the fact that water was really required at the selling point, and not at the purchasing/delivery points, the reason being that offal traders, realising the cost implications of time, cleaned offal while selling those that they had already cleaned. Water could similarly be provided at more central locations, and it had to be stated that water provision was an essential priority for this trade sector.

4.6. CONCLUSIONS

In this chapter, the actual trade activities of informal meat marketing have been analysed. This has included mutton, beef and offal with relatively greater attention given to mutton, the reason for this being that the mutton trade was much more problematic than the beef and offal trade.

The analysis was directed at the identification of problem areas that could require attention from the private sector and public sector. The

intention here was not to suggest probable solutions. These are dealt with in Chapter Six. The purpose of identifying problem areas was to first examine these problem areas in order to make more informed suggestions in Chapter Six.

- i) Price was found to be a major concern in the mutton, beef and offal markets. For mutton prices could best be reduced by allowing more suppliers/markets to deal directly with this sector of the informal market, thus improving competition in this market.

Beef prices could be reduced through eradication of the system of double retailing. This seemed highly unlikely as at the time there were no better supply alternatives. There was therefore, considerable scope here.

Offal prices were also affected by double retailing. This could be remedied by more wholesale deliveries from the Maitland Abattoir directly to the townships.

- ii) Quality preferences between the formal and informal markets differed. Suppliers would need to take cognisance and adapt the product they wished to market.

The main quality preferences for mutton were fatness, freshness, and bulkiness. The main quality preferences for beef were fatness and availability for roasting.

- iii) The nature of supply should suit the informal market principle of high turnovers of smaller quantities, but greater frequency. Supply could also be made more effective by ensuring that livestock, meat and offal were available before the major trading hours.

- iv) Informal slaughtering was an environmental threat and was identified as a negative externality. Public sector intervention by local authorities was required. The appropriate approach was to have waste removal services available at all the major trading areas.

- v) Present legislation was not applicable to the informal market. Greater emphasis on education to improve hygiene standards was necessary.

- vi) The risk of marketing in informal markets was relatively high. A good way for outsiders to handle risk was embedded in a positive attitude. This included a willingness to understand the market and make the necessary adjustments to better serve the market.

- vii) There was an expressed need for better facilities. In order of preference the priorities were: shelters, water, electricity, and slaughtering facilities next to informal traders.

CHAPTER 5

5. *TOWNSHIP AND SQUATTER CONSUMERS*

5.1. INTRODUCTION

In Chapter Four the relevant issues pertaining to informal meat trade in the townships and informal settlements of the Western Cape metropole are analysed. In order to achieve better understanding of this trade, a more detailed perspective is given of the consumer, whose demand for red meat sustained the informal red meat trade and made it economically viable. In this chapter the focus is on township and squatter consumers, in order to explore the nature of their demand, i.e. their preferences and tastes in meat, the role played by meat in their diets, and consumption response to income level. In this way the extent to which informal butchers conform to consumer demand in this sector is assessed. The hypothesis which informal butchers survive by effectively providing a product that suits consumer tastes and preferences is put to the test.

To accomplish this, four basic issues are analysed. Firstly, the consumer awareness of red meat in this sector is tested to assert its importance in the urban African diet. Secondly, consumer purchasing is analysed in terms of where, how, how much, and how often they bought and also, what specific attitudes and preferences the consumers had in this regard. Thirdly, consumer consumption patterns are analysed to assess the extent of current red meat use and the possible extent and nature of future use. Fourthly, the image and position of red meat and its competitors are analysed to establish the importance of red meat in consumer diets. The main findings of the analysis in this chapter are drawn together in a synopsis.

A distinction is made throughout between consumers who resided in formal housing, and those in the informal (squatter) settlements. The reason for this is that the high urban growth occurring in the Western Cape metropole meant that the 'newly urbanised' had to find accommodation as squatters since formal housing was either not available or is unaffordable (Dewar and Watson, 1990(1)). A considerable portion of urban dwellers were squatters, which had

implications regarding incomes, and other consumer characteristics. The sample was divided into 61 per cent squatter respondents, and 39 per cent formal housing respondents out of a total sample of 200 urban Africans to represent the larger number of squatters in the area.

5.2. AWARENESS OF RED MEAT

Respondents awareness of different types of meat was tested. The results appear in Figure 5.1. There was a high awareness of beef and chicken, with almost all respondents (99 per cent) mentioning these. The reason could be related to the role of beef/cattle in African tradition. This is also consistent with the preference of beef over other kinds of meat in the entire formal sector (Meat Board, 1992(1)). The prominence of chicken could be related to the fact that chicken is an important substitute for red meat. Both these types of meat were also eaten more frequently in the households than other types of meat.

There was also a high awareness of pork, mutton, goat, and lamb, though not as high as beef and chicken. It is interesting to note that an almost equal awareness seemed to exist of mutton and pork. This seems to be anomalous since informal mutton butchers far outnumbered the pork butchers, and many Africans seemed to have a cultural aversion to pork. This feature could, however, have been the effect of the initiative by pork producers to promote pork consumption in that market at the time (Mellet, 1992(3)).

Duck, turkey, and veal were not well known by respondents. However, higher income users⁴ of red meat are usually more aware of these than lower income users. This suggests that meat consumption not only increases as income increases, but as income increases consumers tend to diversify their red meat diets by consuming more types of meat.

The conclusion is that there was a high awareness of mutton, although not as high as that of beef and chicken. This implied that beef, chicken, and mutton were well established in the urban African diet.

⁴High income groups earn more than R700-00 per month and lower income groups earn less than R700-00 per month.

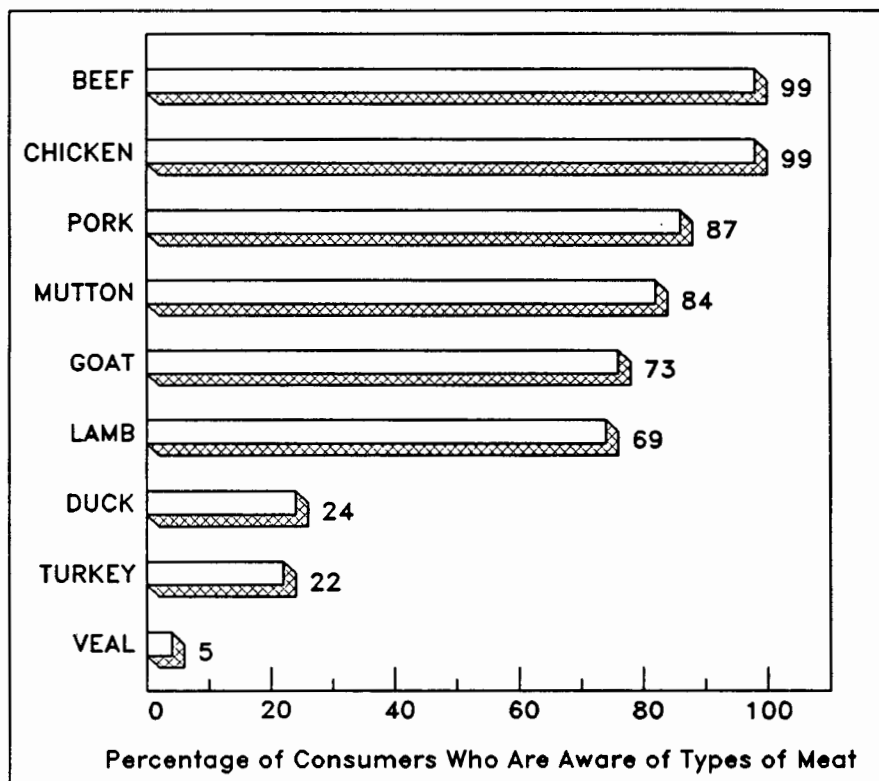


FIGURE 5.1: CONSUMER AWARENESS OF RED MEAT

5.3. PURCHASING PATTERNS

Having established the importance of red meat in township consumer diets, aspects such as where they bought red meat, how they preferred it, what aversions they had, how much they spent on it, and how often and when they bought it, can now be analysed. The second hypothesis states that informal butchers are effective in serving consumer needs in this market by providing an essential product in an appropriate form, and also market it to suit the consumers' lifestyle and environment. The information rendered here validates this hypothesis. Furthermore, the inadequacies of the national marketing system can be ratified by taking into account the distinguishing features of this market sector.

5.3.1. Place of Purchase

More than three quarters of the respondents indicated that they bought red meat from street hawkers. This was more so in the case of heavy users, since they bought more meat more frequently. A significantly strong correlation was found between household income and the outlet

where the meat was bought. Seven out of ten respondents with a household income of R1 000 per month or more supported butcheries, whereas eight out of ten respondents with an income of below R1 000 per month supported informal butchers.

Although formal butcheries were well supported, it was clear that lower income groups, especially squatters, were more inclined to support the informal roadside butchers. The most important reasons given for buying from informal butchers were their proximity to consumers' homes and the quality (i.e. freshness and fatness) of meat. What became evident was that informal butchers were fulfilling a need both for consumer convenience and quality.

Respondents regularly complained of the poor hygiene standards maintained at these roadside stalls. If the notion holds that informal butchers 'survived' by providing consumers' requirements, it may well be assumed that they would start looking into improving their hygiene standards. Much of the hygiene problems could be alleviated if adequate and appropriate infrastructure (e.g. slaughtering facilities, electricity, market stalls, etc.) became available.

Consumers stated specific advantages and disadvantages of buying from informal butchers as opposed to formal butcheries and supermarkets (chain stores). These appear in Table 5.1. Consumers identify expensive prices at informal butchers as a disadvantage. This goes contrary to what was found in 5.4.1. Consumers most probably did not make consistent comparisons as formal and informal retail cuts differed considerably. Informal butchers also provided red meat that conformed better to township consumer preferences and it may be that consumers felt that they also paid for this service. For example, it was observed that housewives bought from informal butchers when, according to them, they felt like having fresh meat.

The disadvantages of informal butchers were such that they could be removed through increased supply, more competition, and better facilities (e.g. water and refuse removal). The large percentage of purchases from informal butchers shows that the advantages of informal buying from butchers are important to consumers.

TABLE 5.1: ADVANTAGES AND DISADVANTAGES OF BUYING FROM DIFFERENT OUTLETS

OUTLET	ADVANTAGES	DISADVANTAGES
Supermarket	<ul style="list-style-type: none"> ✱ Clean outlet ✱ Opportunity to buy meat other food, and household requirements ✱ Cheaper meat 	<ul style="list-style-type: none"> ☆ Far from home ☆ Meat not fresh ☆ Use scales
Formal Butchery	<ul style="list-style-type: none"> ✱ Clean outlet 	<ul style="list-style-type: none"> ☆ Meat not fresh ☆ Use scales
Informal Butcher	<ul style="list-style-type: none"> ✱ Close to home ✱ Fresh meat ✱ Fat meat 	<ul style="list-style-type: none"> ☆ Poor hygiene ☆ Expensive

5.3.2. Quality Preferences

The most popular cuts of red meat bought were chops (all types), ribs, flank, tripe, and liver. This is consistent with the supply preferences mentioned in Chapter Four. It was also found that lower income groups and squatters bought more 'meaty' cuts like leg chops. The survey results indicate a preference for the following cuts in a descending sequence of preference: chops, ribs, flank, and leg. These cuts were, however, not conventionally found in the informal market. The meat samples bought in the informal market were thus converted to formal cuts (see also 4.4.1). Meat percentage or bulkiness of cuts was not considered by consumers in isolation, but in conjunction with fat accumulation on these cuts.

With regard to fat content, respondents preferred meat with fat on it. Fat could be perceived to have a high energy content, but also that it enhanced the taste of meat. Excessive fat was generally disliked and the same applied to lean meat. The general trend was towards fatty meat, a tendency which differs with trends in other consumer groups.

Another important quality preference among these consumers was freshness of meat. This preference, *inter alia*, was why informal butchers preferred to follow the hot-boning procedures with implications for developing countries, rendered by Mathieu and van Hoof (1992:891-893). Freshness of meat was perhaps the most important reason why formal sector meat distribution was not effective in the informal market. More than 90 per cent of respondents identified freshness as a quality preference. Freshness generally referred to consumption on the day of slaughtering. This period between slaughter and consumption could take up to two weeks in the formal market (Meat Board, 1993). This situation made the distribution of meat from existing processing and deboning plants less viable.

In summary, there were three distinct quality preferences in the informal market, *i.e.* specific cuts, fatness, and freshness of meat. Much of informal marketing hinged on the opportunities provided by these quality preferences. If consumers in this sector are to be better served in the future, these quality preferences will have to accompany better supplies to this market. The quality preferences expressed by consumers correspond with those expressed by informal butchers in Chapter Four.

5.3.3. Attitude Towards Weighing Scales

A factor that further contributed to the 'success' of informal butchers was rooted in consumers' aversion or negative attitude towards weighing scales. This phenomenon was initially voiced by the informal butchers. When formally investigated amongst consumers it was found that 6 out of 10 respondents disliked scales because they did not understand them. When asked about their reasons for shopping from informal butchers, 'no scales' was one of the regular answers.

Consumers therefore purchased meat on the basis of its perceived quality. The issue can be traced to the low literacy levels generally found in this sector (Bridgman, *et al*, 1992:96-100). The fact remains that illiteracy is part of the consumer profile, and has to be considered when marketing to such a market segment.

5.3.4. Purchase Quantities

For higher income consumers the average amount spent per purchase was R15,00, and for lower income consumers the average amount spent at a time was R13,00. It could thus be established that income was a determining factor for the consumption of red meat.

The per capita consumption of red meat could further reflect the importance of red meat in current urban African diets. The per capita consumption of meat for higher and lower income users in the informal township and squatter consumer market is calculated in Table 5.2. The per capita consumption of the higher income group is actually approaching the national 1992 average of 27,45 kg per capita per annum (Directorate Agricultural Information, 1993:73), while the per capita consumption of the lower income group is still much lower at 13,22 kg per annum. These figures indicate a relatively high income elasticity of demand for red meat in this market segment. This then, with the high urbanisation and demographic trends experienced in the township, suggests a future expansion of the township market. There seems to be considerable scope for the increase of not only the volume of red meat consumed in this market, but also the per capita consumption.

TABLE 5.2: PER CAPITA RED MEAT CONSUMPTION IN THE TOWNSHIP AND SQUATTER CONSUMER MARKET FOR HIGHER AND LOWER INCOME GROUPS

CONSUMER INCOME GROUP	AMOUNT SPEND PER PURCHASE (R)	WEIGHTED AVERAGE RED MEAT PRICE • (R/kg)	QUANTITY PER PURCHASE (kg)	FREQUENCY OF PURCHASES PER MONTH	MONTHLY PURCHASES (kg)	ANNUAL PURCHASES PER HOUSEHOLD (kg)	AVERAGE HOUSEHOLD SIZE	ANNUAL PER CAPITA CONSUMPTION
1	2	3	4=2÷3	5	6=4X5	7=6X52	8	9=7÷8
Higher Income (>500 p.m.)	15	11,96	1,254	7,80	9,78	117,36	4,5	26,08
Lower Income (<500 p.m.)	13	11,96	1,087	6,08	6,61	79,30	6	13,22

* This weighted price was compiled as follows: Average prices of sheep, beef, and pork, each multiplied by factors representing % of total red meat supply (availability). These factors were: 67,5, 18,1, and 14,4 for beef, sheep, and pork respectively (Meat Board, 1993).

- The national average formal red meat price was used because an aggregated informal red meat price could not be computed due to the unavailability of data on beef quantities retailed in the informal market.

5.3.5. Frequency and Time of Purchase

A direct positive correlation exists between the frequency of purchase and the frequency of usage. Higher frequency of purchase could mean higher usage, which is validated by the fact that almost half of heavy users⁵ purchased red meat daily or every second day. More than two-thirds of medium users purchased twice a week, and the same proportion of light users purchased once a week.

Comparing purchases with consumption revealed that most consumers (81 per cent) consumed meat on the same day, mainly due to the lack of refrigeration at home. The lack of refrigeration was, however, only one factor leading to same day consumption, since consumers also had a preference for fresh meat. The reality is that only 22 per cent of the respondents stored their meat in a refrigerator or a freezer. Figure 5.2 illustrates the post-purchase handling of meat.

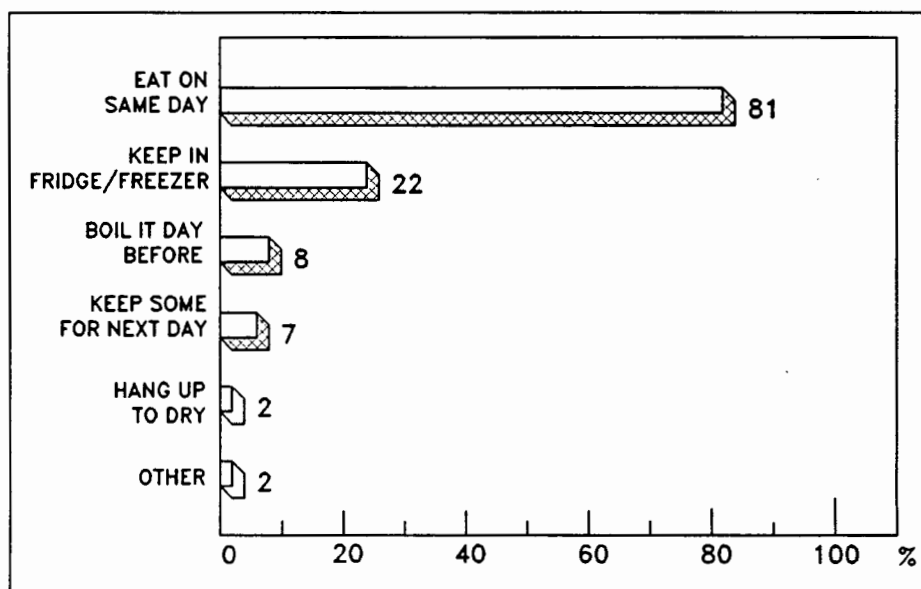


FIGURE 5.2: POST-PURCHASE HANDLING OF MEAT

⁵ Definition of heavy, medium, and light users of red meat: Heavy – ate red meat 10 times or more in the past month; Medium – ate red meat 6–9 times in the past month; Light – ate meat up to 5 times in the past month.

The survey results revealed that 42 per cent of consumers bought their meat early or late in the afternoon, which presumably would be after work, i.e. after 4 pm. A large number (45 per cent) also indicated that they bought at different times of the day.

The morning purchases took place from after 10 a.m., as meat became available at about that time on weekdays. There was then enough time to attend to home tasks before going to purchase freshly slaughtered meat. Butchers also had sufficient time before 10 am to purchase livestock, transport it as well as slaughter and butcher it. Generally, however, the morning purchases remained more spread, while the afternoon purchases were more concentrated around 3 p.m. to 6 p.m. Consumers who mostly purchased at this time of the day were returning commuters, which illustrates that consumers preferred to buy at venues either close to home or on their commuting route. They then had to spend less time on purchasing. This is especially advantageous when considering that consumers commuted up to 30 kilometres if they work in the centre of Cape Town. By train or bus, this could take up to three hours per day (to and fro).

Those who bought at different times of the day were either housewives, unemployed, or those active in the informal sector. Although there was a significant increase in shopping over weekends, the daily shopping was as important since consumers bought in small quantities and consumed it relatively quickly.

5.4. CONSUMPTION PATTERNS

The consumption patterns of red meat is discussed within the context of a more complete meat and protein diet. Consumption levels of different competitors by different income groups, occasions for consumption of red meat, and the preparation methods are analysed. The purpose is to establish the extent of use at the time and the possible extent of future consumption.

5.4.1. Monthly Consumption

Respondents were asked about their consumption of red meat and its competitors in the previous month. Although it could be inaccurate to extrapolate this specific consumption over a year, the data procured could serve as an indication of consumption of red meat in relation to its competitors.

→ Table 5.3 and Figure 5.3 exhibit the different kinds of meat consumed over the past month. Chicken and beef were found to be the two types of meat consumed by almost all respondents in the past month. This correlates with the high awareness of these two types of meat, which is discussed in Section 5.2. Although respondents were aware of mutton and pork, usage was actually lower. The percentage of respondents who had actually consumed mutton and pork over the past month was 42 per cent and 32 per cent respectively. The lower usage of specifically mutton could be related to an inadequate supply which means that at the time demand was still exceeding the supply of mutton.

The high consumption of red meat did not only come from informal purchases. The situation is explained by the fact that most of the formal purchases (65 per cent) were beef purchases. Consumers, therefore, bought mutton mostly in the informal market. It was mostly cooked or roasted beef that was bought in the informal market. Roasted beef from the informal market was rarely served as a household meal like mutton. It was consumed on the road, away from home for lunch, or for a supper outing.

TABLE 5.3: USAGE OF RED MEAT AND COMPETITORS IN JUNE 1992

	PAST MONTH %	AVERAGE NO. TIMES
Red Meat	100	7
Vegetables	95	11
Poultry	94	7
Eggs	91	11
Fish	73	6
Processed Meat	37	8
Tinned Meat	23	4
Pasta	17	3
Soya	1	2

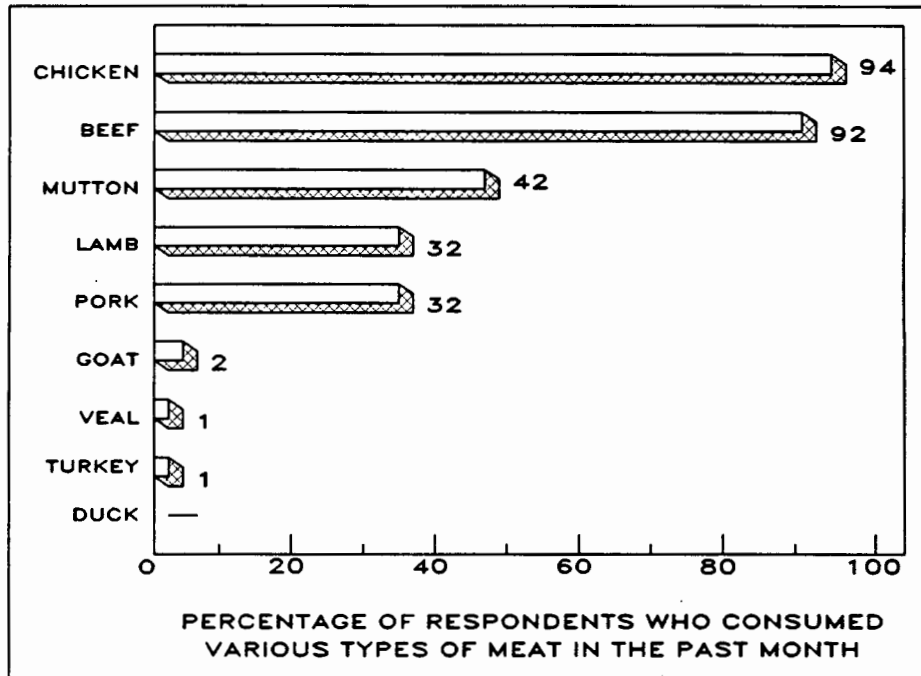


FIGURE 5.3: MONTHLY CONSUMPTION OF RED MEAT AND COMPETITORS

All respondents had used red meat in the past month, but not all the competitors were used. This substantiates the importance of red meat. The main competitors to red meat were poultry, eggs, and fish. Vegetables were found to be strong complementary products to red meat. Vegetables were also consumed on their own with basic staples such as rice and mealie pap. Eggs and vegetables were used more times per month than the other competitors. This was basically a function of price, as these two products were seen by consumers as being reasonably priced. This is discussed in more detail later. Eggs were also a substitute for meat as consumers perceived them as being a high protein product. The high consumption of fish was mainly due to its availability in the Cape.

The main conclusion to be drawn is that red meat occupied an important role in urban African diets. The consumption of beef and chicken was much higher than that of mutton, and this was not so much related to price, but rather to availability. In Chapter Four it appears that the price of beef (R/kg) was relatively higher than that of mutton in the informal market. Chicken prices were also observed to be higher than formal

prices. Beef specifically was much more available since it was bought by informal butchers from the formal retail outlets. An 'access to suppliers' problem did therefore not exist in the informal beef market.

5.4.2. Income and Consumption

The influence of income on consumption is illustrated by the fact that more heavy users were in the higher income groups. An increase in income would stimulate an increase in meat consumption. Medium and light users would eat less red meat than heavy users, but in turn they consumed relatively more white meat (poultry). This means that poultry was a substitute for red meat. In the same vein, fish was also a substitute as it was also consumed more by especially light users. For this reason, poultry was a stronger substitute than fish.

In the light of the above, it may be deduced that red meat was a highly desirable product with poultry and fish as strong substitutes. An increase in disposable income would certainly lead to higher consumption of red meat in this market.

The different occasions when red meat was consumed appear in Figure 5.4, where it is apparent that red meat was mostly consumed (99 per cent) at supper. Red meat was also consumed at lunch which shows its importance in diets.

The fact that a large number of consumers purchased during the early to late afternoon suggests that freshly bought meat was consumed within approximately 3-4 hours after purchase. This, together with the observation that most informal butchers slaughtered and butchered carcasses about an hour before commuters returned home (approximately 15h30 p.m.) suggests that the period between slaughter and consumption could hardly exceed 4-5 hours. Though informal butchering is seen as unhygienic, there could hardly be cause for great alarm over spoilage of meat within such a short time span.

One out of every four respondents ate red meat on special occasions. This is more evident among heavy users than medium and light users. Red meat does therefore occupied a significant role in social and cultural celebrations.

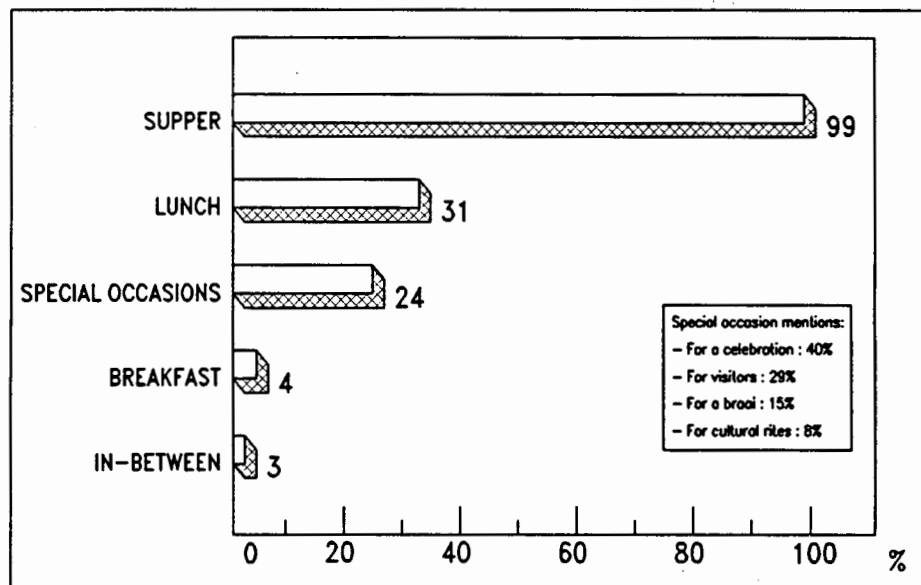


FIGURE 5.4: OCCASIONS FOR RED MEAT CONSUMPTION

The red meat consumed at lunch most probably represented the roasted beef steaks that consumers bought in the townships from the so-called informal roadside 'steak houses'. At the time of research this market was confined to within the townships and one could but speculate on its expansion in future, should the cities become more integrated.

5.4.3. Preparation of Red Meat

The most important method used to prepare meat was found to be frying. The reason for this would most likely be the relatively lower demand on time required by this method, since urban consumers functioned under time constraints and consequently, spent less time preparing food (Kinsey, 1988). Figure 5.5 illustrates the popularity of different methods of preparation.

The importance of vegetables as a complimentary product has been mentioned (Section 6.4.2), and this is validated in Figure 5.5. Almost half of the respondents consumed vegetables and meat together. This was especially popular amongst lower income groups, but less amongst the higher income groups. To some extent then, vegetables (i.e. plant protein), were also a substitute for meat (animal protein).

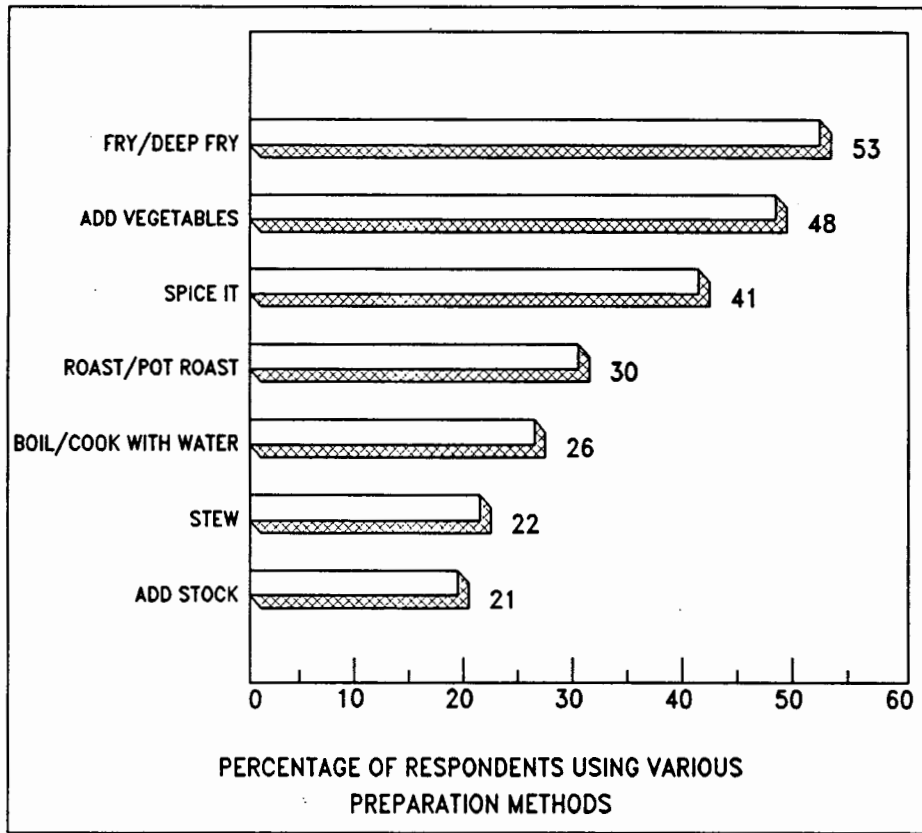


FIGURE 5.5: MOST IMPORTANT METHODS OF PREPARING RED MEAT

The observation of a potential market for spices is proved by the importance that consumers attached to it in the food preparation. Certain companies and small entrepreneurs have recognised this linkage and utilised the opportunity to market spices in this sector.

5.5. IMAGE AND POSITION OF RED MEAT AND COMPETITORS

This section analyses consumer perceptions of red meat and its competitors. The purpose is to establish its image and importance in diets. In this respect, consumer perception of important issues, especially quality and price, receives attention. Finally, the position of red meat in the hierarchy of competitors is determined. Consumer awareness and consumption having been analysed, these are now related and compared to the consumption and image of red meat as opposed to

its competitors. The significance can be established more firmly should red meat outperform its competitors, both in terms of consumer awareness, and future use.

5.5.1. Perception and Attitude Towards Red Meat and Competitors

The consumer image of red meat and competitors appears in Table 5.4, based on various qualities and characteristics.

TABLE 5.4: IMAGE OF RED MEAT AND COMPETITORS

%	RED MEAT	POULTRY	FISH	TINNED MEAT	PROCESSED MEAT	EGGS	SOYA	PASTA	VEGETABLES
HEALTH									
Rich in Protein	(78)	48	53	9	14	56	2	4	40
Healthy	(72)	54	53	12	15	68	3	5	70
Diet	7	21	29	3	7	39	0	5	49
Vitamins/Minerals	65	38	35	9	14	40	3	2	42
Full of Cholesterol	27	10	8	2	1	10	1	1	11
Contains lot of fat	70	9	7	5	1	1	0	0	0
TASTE									
Tasty	(97)	52	42	14	21	39	1	5	34
Liked by Household	(88)	54	31	5	11	40	0	2	30
CONVENIENCE									
Convenient to Use	52	39	32	14	17	50	1	4	35
Easy to Prepare	45	42	39	17	19	73	1	6	39
Easily Available	66	43	31	7	10	50	1	3	52
Well Packaged	47	52	20	15	23	49	0	5	16
QUALITY/PRICE									
Value for Money	(79)	51	30	9	14	50	2	5	48
Good Quality	(92)	49	31	11	13	11	1	5	43
Expensive	(65)	33	12	17	16	9	2	4	1
OTHER									
Well Advertised	40	17	13	10	16	29	1	2	21

Red meat had a high quality image with 9 out of 10 respondents stating that it was good quality. It was seen as being tastier (97 per cent) and liked more by members of the household (88 per cent) than any of its competitors. It was also perceived as being rich in protein, healthy, and full of vitamins and minerals. Regular mention was made of meat containing much fat. This, together with the abovementioned factors, provides proof that meat was primarily consumed for its energy content.

Although fatty meat was seen as being undesirable for those on diet, consumers agreed that fat enhances the taste and energy content of red meat. This corresponds with the findings in Chapter Four.

On the negative side, consumers complained of the price and availability of red meat. They saw red meat as being expensive, yet good value for money. It was also seen as not easy to prepare compared to other competitors, e.g. eggs. Consumers felt that meat was not easily available in the form (quality) that they prefer, and admitted that informal butchers did provide relief. This relief was mostly in the form of the quality and not always the quantity supplied. Hence, it can be concluded that consumers required that more meat conforming to their quality preferences should be made available.

Amongst the other main competitors of red meat, poultry was a strong substitute but did not have strong differentiating features. In Section 5.4.1 it is established that poultry consumption was higher than red meat consumption, and this is further substantiated by the observation of the high level and rapid increase of informal poultry trade. Poultry was, however, a substitute for red meat with no strong distinguishing or differentiating characteristics. Its consumption therefore depended heavily on the price of red meat. If cheaper red meat had become available, poultry consumption would have decreased accordingly and vice versa.

Fish was perceived as being healthy and valuable for people on diet. The same applied to vegetables. A factor in favour of vegetables was that consumers saw these as being reasonably priced. Eggs were noted for their healthiness and ease of preparation.

To add a further dimension, the data in Table 5.4 is subjected to correspondence analysis to generate a perceptual map. This map shows the relationship between red meat and its competitors on a variety of attitudinal statements. If a specific commodity is very different from the others, it is positioned far away from the central point, and if it does not have any specific differentials, it is positioned close to the centre. In the same way, if one attitudinal statement proves to be highly differentiating, it is positioned far away from the centre, and if it is a characteristic

shared by the different commodities to a similar extent, the statement is positioned close to the centre. Sixteen attitudinal statements were tested on nine commodities and Figure 5.6 is the perceptual map that was yielded.

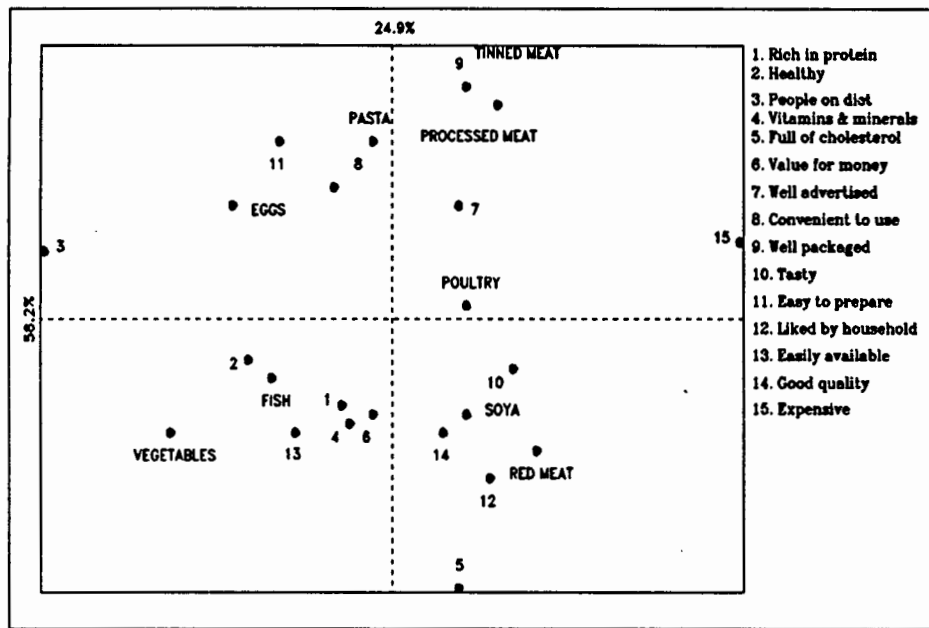


FIGURE 5.6: PERCEPTUAL MAP ILLUSTRATING THE IMAGE OF RED MEAT AND COMPETITORS

Red meat is situated on the right, well differentiated from the other products. It is closely associated with taste, quality, and liked by members of the household, as was discussed earlier. It is also drawn by the axis which claims that it is expensive. Poultry is situated near the centre and is thus undifferentiated by any of the attitudinal statements. Fish and vegetables are drawn by the axis which denotes healthiness and availability. Eggs are drawn to the two axis with the statements of easy to prepare, convenience, and healthiness. The map then shows that red meat is strongly differentiated from the other commodities. It is situated on its own, with a positive image.

5.5.2. Perceptions About Price

As can be seen from the image statements and the map produced, red meat was perceived as being expensive but worth it (See Table 5.5). This was strongly claimed by heavy users and higher income respondents, since they spent relatively more on red meat. A quarter of

the respondents agreed that tinned meat was too expensive. Poultry, fish and eggs were seen to be priced just right and were the main competitors and substitutes for red meat. People with income constraints substituted red meat with poultry, fish, and eggs and in this sequence.

Be that as it may, price was not really a deterrent as only 20 per cent of the respondents claimed that it was too expensive for what it offered. It could be noted here that the analysis and calculations carried out in Chapter Four show that mutton was actually cheaper in the informal market than in the formal retail market. This could explain why price was less of a deterring factor for mutton. The more detailed analysis in Chapter Four, however, proves the opposite for beef, i.e. that it was more expensive in the informal market and consequently price became more of a deterring factor for beef.

TABLE 5.5: CONSUMER PERCEPTION ABOUT PRICE OF RED MEAT AND COMPETITORS (% OF RESPONDENTS ASSOCIATING RED MEAT AND COMPETITORS WITH PRICE LEVELS)

%	TOO EXPENSIVE FOR WHAT IT OFFERS	EXPENSIVE WORTH IT	JUST RIGHT	REASONABLE	DON'T KNOW
Red Meat	20	52	19	9	—
Poultry	15	44	35	5	1
Fish	11	22	35	21	11
Tinned Meat	24	12	16	7	35
Processed Meat	12	22	24	10	32
Eggs	5	11	32	49	3
Soya	1	1	1	1	96
Pasta	2	5	13	11	68
Vegetables	1	4	27	58	10

5.5.3. Position of Red Meat in the Hierarchy of Competitors

Consumers were probed on what they would buy if they had unlimited budgets and what they bought with their actual budgets. From this, consumer aspirations to purchase as opposed to their actual purchases could be established. The results appear in Table 5.6. It was found that

red meat featured extremely well in the hierarchy of competitive commodities. If respondents had an unlimited budget, 99 per cent of them would buy red meat. Of the respondents, 99 percent ranked red meat in their first three mentions. However, based on their actual budgets, only 87 per cent ranked meat as their first three mentions.

Red meat featured well whether respondents had limited or unlimited budgets. They would have liked to eat more red meat, which is shown by the increased willingness to consume more meat with expanded budget. An increase in income would therefore have lead to an increase in meat consumption. To a lesser extent, the same response would have been realised for poultry and fish.

To conclude, the rationalisation of supply measures could be expected to serve to promote consumption in this market.

TABLE 5.6: THE POSITION OF RED MEAT IN THE HIERARCHY OF COMPETITORS

%	UNLIMITED BUDGET		ACTUAL BUDGET	
	1st MENTION	1st - 3rd MENTION	1st MENTION	1st - 3rd MENTION
Red Meat	79	99	66	87
Poultry	17	90	27	89
Fish	1	35	2	39
Tinned Meat	-	7	-	2
Processed Meat	-	10	1	6
Eggs	3	31	3	35
Soya	-	1	-	-
Pasta	-	-	-	-
Vegetables	1	26	1	42

5.6. SYNOPSIS

The focus of this chapter is on the red meat consumer in the townships and informal settlements. More specifically the awareness, purchasing and consumption patterns, as well as the image of red meat and its main competitors have been established. The following are the highlights and main findings of this chapter:

- i) There was considerably higher awareness and consumption of beef and chicken, than of mutton.
- ii) Roadside informal butchers were fulfilling a need in the community as a fresh meat outlet, both for convenience and quality.
- iii) Fatty meat was preferred.
- iv) Scepticism existed about the use of scales for weighing meat and this sales aid was generally avoided.
- v) Due to a lack of refrigeration and preference for fresh meat, consumption was linked to frequent purchases. Meat was generally cooked on the day of purchase.
- vi) The main competition of red meat was poultry, fish, and eggs. Vegetables were seen as a strong complementary product.
- vii) Frying of meat, preferably spiced, was the most popular way of preparation due to it being less time consuming.
- viii) Red meat had a high quality image, in spite of being expensive.
- ix) Poultry, fish, eggs, and vegetables were reasonably priced and therefore strong substitutes for red meat.

5.7. CONCLUSION

The importance of red meat has been demonstrated by its high positive image. It was seen as an important component in the household diet. Street hawkers established themselves as important distributors of red meat in terms of quality and locality. Although consumers also voiced the health and hygiene concerns of informal slaughterings and butchering, these problems required addressing in such a way that they would not endanger the survival of informal butchers.

The conclusions reached in Chapter Four were tested in terms of consumers in this Chapter. A very high degree of consistency between informal butchers and consumers' preferences, problems, trading and shopping culture was found. This proves that informal butchers were serving the township and squatter market efficiently and effectively. In other words, informal butchers were efficient distributors of red meat in this market and their function required enhancement and not further constraint.

CHAPTER 6

6. *CONCLUSIONS AND RECOMMENDATIONS*

6.1 INTRODUCTION

The objective of the analysis undertaken in Chapters Three, Four, and Five was to test the hypotheses stated in Chapter One. It was basically hypothesised that the formal market system was inadequate; that informal butchers were efficient and effective red meat distributors; and that informal marketing was based on specific low income consumer needs and preferences in the Cape Townships and squatter settlements. Only once these hypotheses had been proved positive, could recommendations be made to improve the marketing system, support informal butchers in food distribution, and subsequently bring about greater consumer satisfaction in the low income market.

The chapter therefore has a dual purpose. Firstly to conclude the hypotheses with evidence presented from Chapters Three, Four, and Five, and subsequently stating whether they were proved positive or otherwise. Secondly to make recommendations based on these hypotheses. The recommendations are directed at improving the marketing system to enhance its contribution to economic development.

6.2 CONCLUDING THE HYPOTHESES

Three basic hypotheses are proposed in Chapter One, stating that

- i) the existing formalised marketing system for red meat seems inadequate in serving low income consumers in the townships and informal (squatter) settlements of the Cape Town metropole;
- ii) informal roadside butchers seem capable of distributing red meat to low income consumers both efficiently and effectively ; and

- iii) the low income consumer market segment in townships and squatter settlements has established red meat preferences, purchasing and consumption patterns, attitudes and perceptions that need to be considered in marketing to this market segment, and to which informal butchers have to comply to ensure survival in the market.

The evidence presented in Chapters Four, Five, and Six has positively proved these three hypotheses. The evidence supporting each hypothesis is summarised below.

6.2.1 Hypothesis 1

The formal marketing system was found to be inadequate in serving low income townships and squatter consumers on the following grounds:-

- i) demographic trends and rapid urbanisation have enlarged the low income market segment dramatically. Formal supplies seemingly did not increase apace with this development;
- ii) the existing food distribution patterns (e.g. optimal trade locations) were not utilised by the formal marketing system;
- iii) demand for livestock far outweighed supply and as a result, informal butchers had to buy sheep at prices that were much higher than formal prices;
- iv) suppliers of livestock did not react to informal market (price) signals but to formal market signals in supplying to the informal market
- v) only suppliers who were prepared to carry the greater informal market risks supplied to this market. This resulted in oligopolistic conditions with subsequent high livestock prices;
- vi) the product developed in the formal market did not suit low income consumer preferences in terms of quality and standards; and
- vii) the formal system did not yet accommodate the informal trading culture in terms of trading volumes, profit margins, methods of barter, and business ethics.

6.2.2 Hypothesis 2

Informal butchers proved to be efficient and effective food distributors to low income consumers for the following reasons:-

- i) Although they purchased livestock at prices higher than the corresponding formal abattoir prices they were able to sell their mutton cheaper than formal retail prices, i.e. low cost of distribution.
- ii) Informal trading was conducted at venues most convenient to both traders and consumers with significant time and cost savings.
- iii) Butchers survived by adapting their product to satisfy consumer needs, thus delivering the required form, place, time, and possession utilities under prevailing circumstances.
- iv) Healthy competition existed between the many small traders none of whom were capable of singularly influencing price. Where necessary, informal traders cooperated for mutual benefit.

6.2.3 Hypothesis 3

Investigation showed that low income township and squatter consumers had the following specific preferences, purchasing, and consumption patterns, attitudes, and perceptions:-

- i) Red meat was well established in diets with a preference for fatness and freshness (i.e. hot-boned).
- ii) The entire purchase was consumed on day the of purchase due to a preference for fresh meat and lack of refrigeration.
- iii) Smaller quantities were purchased frequently.
- iv) Consumers preferred to buy meat per piece instead of per kilogram due to an aversion to weighing scales.
- v) Meat was bought from informal butchers for convenience and quality purposes.

- vi) Customers consumed more meat with expanded incomes or lower prices (high income – elasticity of demand).

The positive results from testing the three hypotheses have proved that the inadequacies of the formal marketing system have provided entrepreneurial opportunities to informal traders to market red meat. This task they have fulfilled efficiently and effectively which enhances their status and value in the food distribution system. Their efficiency stems from being able to achieve a low distribution cost, and their effectiveness stems from delivering appropriate utilities to consumers. There is every indication that informal butchers should be accommodated in the red meat marketing system.

6.3 RECOMMENDATIONS

Recommendations can be made regarding supplies to informal markets, facilities for informal trading and policies towards informal marketing.

6.3.1 Livestock Supplies

Supply problems were identified as the:-

- i) oligopolistic position of current suppliers, leading to high livestock prices;
- ii) insufficient quantities amidst high demand, causing high livestock prices;
- iii) timeliness of supply;
- iv) place of supply; and
- v) ignorance of formal suppliers about the informal market.

Recommendations are made regarding each of these problems.

6.3.1.1 Improving Access for More Suppliers

The market should be made accessible to more suppliers, thus increasing competition at specifically the wholesale or informal procurement level. This can be achieved by removing the relatively higher risks that presently accompany marketing of livestock to the informal sector. It is

therefore suggested that a livestock market or auction be established on the fringes of the townships which will be accessible to both informal traders and marketers.

The introduction of an urban livestock market or auction may be interpreted as constraining the business of the speculators who are currently serving the informal market. The auction will however only be periodic and speculators will thus remain the constant and regular source of supply to the informal sector. They may further also choose to participate in the market or auction either as suppliers, agents, or buyers. Such an auction or market poses opportunities and advantages to the speculators and their support for it will have to be lobbied.

To maximise the potential role of such urban markets in township food distribution, it will eventually have to accommodate the wholesaling of other food products and commodities (i.e. broad based) traded in the informal market. Dewar and Watson (1990(2)) shows the role and potential of such markets. The livestock section may, however, be periodic, coinciding with periods of higher demand.

The technical design and administration of the market remains a matter for discussion among the major role players such as informal traders, marketers, organisations, financiers, local authorities, and government. The only recommendation here is that the market should suit the character of informal trading.

6.3.1.2 Increasing Supplies

Urban wholesale markets can also facilitate increased livestock supplies. This will be in addition to current supply by speculators in Philippi and other direct supplies from farmers. Offal can also be made available to the market. Direct deliveries from the Maitland Abattoir to the market as well as the various existing offal supply venues, should increase the offal supply. Again, this will be in addition to existing supplies by various formal butcheries.

Though the access to supply of beef from formal butcheries is not a real problem, other supply measures that may realise lower beef prices could

be explored. This may include direct supply of preferred beef cuts to wholesale markets, as well as to informal beef traders directly. Bulk supplies will, however, be problematic. Instead a steady supply allowing smaller purchasing quantities very frequently will need to be maintained.

6.3.1.3 Scheduled Supply

There is a definite need for consistent sources of supply on a daily basis. There is also a need for additional supply over the festive season, month-ends, and weekends when demand increases dramatically. Consistent daily supply can continue via speculators and other deliveries to informal butcheries. The livestock market can also fulfil this function. Furthermore, the wholesale livestock market can be scheduled to correspond with the periodic nature of demand. Farmer's market days, auction days, etc., can be introduced on, for example, Thursdays and/or Fridays when demand escalates. Informal traders should, however, be consulted on the choice of market days.

In summary therefore, the problems of supply could be remedied by establishing a periodic wholesale market in addition to more consistent daily supplies of livestock, offal, and beef. The livestock market could become part of an expanded commodity wholesale market.

When a long term view is taken, facilities to slaughter and butcher beef carcasses can be argued for. In Chapter Five it is proved that beef is highly preferred and consumed. Consumer preference for freshness was not limited to mutton, and thus also applicable to beef.

6.3.1.4 Educate Suppliers and Institutions

A campaign should be initiated to familiarise and educate potential suppliers and agri-institutions about the conditions in and the character of the informal market. Policy-makers may also have to be informed about the contribution that informal traders make to economic development, and in particular to unemployment, food security, least cost distribution, and the township economy. These educational tasks may be more of an academic initiative via dialogue and presentations.

6.3.2 Facilities

Recommendations with regard to wholesaling facilities are already made in 6.3.1.2. Here recommendations are included with regard to informal retailing.

6.3.2.1 Stalls and Shelters

Various informal market areas have been identified. Traders expressed a need to have shelters and better stalls, which they would be prepared to pay for. These areas could be declared public markets and subsequently upgraded by local authorities. Affordable stall rents could then be introduced after negotiating with informal traders. Meat stalls could also be sheltered to provide shadow and protection from rain, specifically for traders and their goods. The development of public markets is deemed a public sector responsibility but cost recovery does seem possible.

Informal trading also takes place all along pedestrian routes on side walks. Stall and shelter provision at these venues is more complicated though not impossible. This type of trading has to be accommodated, however, as it represents the finer network of township food distribution. Offal and beef traders are particularly involved here.

6.3.2.2 Water

Water provision was poor at all the trading venues, contributing towards unsanitary conditions. Depending on the size of the trade venue, one or two taps could be installed with adequate runoff. Traders have expressed a willingness to pay for this service. The payment arrangements between butchers and the local authority, as well as among butchers themselves, will have to be negotiated initially.

6.3.2.3 Slaughtering Facility

It has been established that a central slaughtering facility will not be economically viable. Decentralised, simpler measures of appropriate technology would better suit the informal market. An example of an appropriate design for a slaughtering facility features merely a concrete or brick and plastered table, with a hole on one side under which a refuse bin could be placed. A sheep could then be slaughtered on the table with blood, faeces, and wastes deposited into the refuse bin. These bins should be removed by the municipality once or twice a day to prevent unhygienic conditions.

At every meat trade venue a concrete slab could be laid on which the butchering tables could stand. A tap should be provided and the slab area should be connected via a runoff to the sewerage system. At the larger venues, more than one such 'slabattoir' could be provided. These slabattoirs should be designed as simple as possible, yet effective by addressing a need.

As the slaughtering facility is required to prevent the negative externality of environmental harm, the provision of this facility, together with waste removal, becomes a public sector responsibility. The local authority, Department of Health, Department of Meat Hygiene, or Department of Environmental Affairs could either provide or facilitate the provision of slaughtering facilities. It is important for informal traders (or the community) to have a say in the provision of such facilities. They will thus have to be consulted in an interactive manner. This may lead to more appreciative use and maintenance of the facilities.

Informal butchers would need to be educated about the importance of using these means. The use of the facility should not be policed but rather monitored, and gradually phased in through continual education. Health officials could play a significant role here.

An educational programme can be developed in conjunction with the provision of slaughtering facilities, addressing the following aspects:-

- i) hot-boned meat hygiene;
- ii) stall hygiene;
- iii) pre-slaughter handling of animals; and
- iv) humane slaughtering.

To conclude, slaughtering facilities should be provided by the public sector at trading venues and preferably in conjunction with a meat hygiene educational programme. This recommendation is based on the fact that hygiene has been identified as a negative externality (see Section 4.4.4). The counter argument to this is that it is the products from the commercial red meat industry that are sold in this market and the industry therefore may have a responsibility to provide such facilities. This latter recommendation seems the more viable one.

6.3.2.4 Electricity

Electricity was only seen as a priority need by the more established informal butchers. The benefits of electricity to informal butchers would be:-

- i) longer trading hours;
- ii) refrigeration for storage, especially on hot days; and
- iii) eventually using electrical butchering equipment.

These benefits are of a longer-term nature and may well fit a programme of electricity provision to the urban informal sector.

6.3.2.5 Credit

Informal trade could be promoted should traders be able to access credit loans of up to R250, at lower credit costs than at present. Access to credit needs to be enhanced. Financial institutions, parastatals, commercial banks, etc., could play a significant role here. Credit provision would hence form part of a broader micro lending support strategy to the urban informal sector.

6.3.3 Policy Issues

Policies relating to the marketing of agricultural products should acknowledge the potential role that informal traders play in food distribution in low income markets. Their activities have to be accommodated and supported instead of constrained. Support does, however, not mean formalising the informal sector.

Policies directed at policing informal activities, e.g. ensuring that social responsibilities such as waste removal are met, could prove disastrous. The softer, interactive approach over a longer period (i.e. a process) is seen as more effective. Measures taken would have to be based on consensus from interactive consultation with all relevant role-players. This is consistent with Johnston's view (1992:2) that social problem solving requires a combination of intellectual cogitation and social interaction.

Informal marketing certainly brings several macro-economic benefits. These benefits may

- a) enhance labour absorption in the face of high unemployment;
- b) promote economic activity and monetary flows within decentralised and segregated townships and squatter economies;
- c) promote food security; and
- d) generate incomes.

These benefits are seen as secondary benefits or positive spin-offs. The primary benefit of informal marketing is the fact that it succeeds in satisfying consumer needs and preferences. This is its real strength and its contribution to economic development is founded upon its need satisfying function. Marketing policies should be geared towards improving the need satisfying function of marketing. In this respect, informal marketing could make a significant contribution towards effective and efficient marketing, and so doing, contribute towards economic development via its various secondary benefits.

6.4 CONCLUSION

All three hypotheses have been proved positively, with sufficient evidence in support. Although the formal marketing system has been found to be inadequate in serving low income consumer markets, these inadequacies can be remedied by accommodating and supporting informal marketing activities. Various practical suggestions have been made to achieve this.

Supply to informal markets could be increased by making the market more accessible to other potential suppliers, thus promoting competition. Urban wholesale markets could be established that cater for livestock and preferably other commodities as well. These wholesale markets could be located on the fringe of the township with safe and easy access as far as possible. Activity could be periodic with market days for wholesale deliveries but permanent activity should not be discouraged.

An initiative could be undertaken to familiarise suppliers with the nature and characteristics of informal markets, as well as the preferences and needs in these markets. In this way, the interaction at the formal/informal marketing interface would be enhanced.

The retail markets existing in the townships could also be supported through the provision of stalls and shelters, water and sanitation, micro-lending facilities, and electricity. To combat the environmental harm caused by informal slaughterings, a slaughtering facility could be provided at each trading venue. A central slaughtering facility would not be viable. The facilities should be simple, not costly, appropriate, and have to be accompanied by regular waste removal. This is deemed a joint public sector – private sector responsibility. Community consultation remains crucial.

To further combat the hygiene problems of informal meat trade, an educational programme could be introduced, aimed at educating the informal traders about meat hygiene, and treatment of animals. This public sector endeavour would foster an understanding of social responsibilities and promote the use of slaughtering facilities.

In general, it may be concluded that policies should be aimed at accommodating and supporting informal trade. Actions taken would have to be the result of consultation with, and consensus among the most important stakeholders.

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