

CHAPTER FOUR

HAWKER ACTIVITIES IN THE REGION

4.1 INTRODUCTION

This work had an in-depth look at the marketing activities of hawkers or vendors of fruits and vegetables with the aim of helping to uplift this sector of micro enterprising. It has its setting in the central region of Eastern Cape Province with East London as its regional capital.

These traders engage in the distributive function of marketing to achieve the objective of making a living. The function comprises a number of activities from sourcing of products till the goods reached the final consumer. How these activities are organised in relation to the objective of making a profit to augment their living are investigated in this chapter.

4.2 DEMOGRAPHICS OF THE SAMPLE

A sample of one hundred and twenty respondents (vendors of fruits and vegetables) was randomly selected from the nodal points (Table 4.1) and where they were mostly concentrated in the region to form the core for this study. A hawker is firstly identified and urged to spare with to spare some time with the interviewer. The aim of the study was explained, followed by the actual interview. Usually the Hawkers willingly co-operated.

The survey revealed that more people are engaged in the trade around the cities and big towns e.g. East London, King Williams Town-Bisho and Mdantsane. The numbers diminished as you moved away from the big towns.

There were more women (89,1 % of total respondents) than men (10,9 % of respondents) in the trade. This trend could be attributed to the migration of men to the mining areas as well as the fact that men found it too demeaning to engage in a business regarded as a woman's job.

The economically active and the younger generation are involved in the trade because the overall average age of respondents from the three nodal points was 32,6 years. The Eastern Cape is predominantly a Xhosa region therefore it is not surprising that there were more Xhosas (92,5%) than any other group involved in the trade. The remainder of respondents spoke other languages and was more concentrated around the cities. This is due to the fact that people from other regions or provinces did not find it a fertile ground for job hunting. More information about the sample is shown in Table 4.1.

Table 4.2 indicates the educational levels of respondents. Those with no schooling (8.3%) were found in the areas far away from cities, probably because they were not endowed and active enough to compete with the young.

Rating	Frequency (%)	Cumulative (%)
1. No schooling	10 (8.3)	10
2. Lower primary	15 (12.5)	25
3. Higher primary	15 (12.5)	40
4. Junior Secondary	20 (16.7)	60
5. Senior Secondary	25 (20.8)	85
6. Tertiary	10 (8.3)	95
TOTAL	n = 120 (100)	n = 120

Table 4.1: Demographics of the sample (n = 120)

Nodal Points	East - London		KingWilliam'sTown /Bisho		Alice - Middledrift	
	Number of respondents	50		48		22
Gender	M	F	M	F	M	F
	6	44	6	42	21	1
Average age of respondent	32.6		31.1		34.1	
Language	X	OT	X	OT	X	OT
	44	6	45	3	22	0

NB: M= Male; F= Female; OT= Other Language and X= Xhosa

There were numerous other reasons given. These included " no jobs, hunger, money to support family, a way of living, to pay school fees, to develop interest in own business, to live, loss of job". As depicted by the above, unemployment and the need to survive play a pivotal role in the influx and the choice of petty trading of fruits and vegetables. Moreover, the capital outlay to start is not much compared to other businesses.

Table 4.2: Educational Levels of Respondents (n = 120)

Rating	Frequency (%)	Cumulative (%)
1. No schooling	10 (8.3)	10
2. Lower primary	25 (20.8)	35
3. Higher primary	35 (29.2)	70
4. Junior Secondary	20 (16.7)	90
5. Senior Secondary	20 (16.7)	110
6. Tertiary	10 (8.3)	120
TOTAL	n = 120 (100)	n = 120

4.3 TRADING SITES

The hawkers are mostly located around taxi ranks to target commuters. Another point where they concentrate is on city centre pavements to attract pedestrians. They are also concentrated near big shopping centres and parking lots in order to target customers with small change and those who have forgotten to buy certain items from the shop. Other popular spots are railway stations, private and government clinics, hospitals, schools and along national roads.

4.4 SOURCING OF PRODUCTS

For any industry to survive and sustain itself it would need regular supplies of raw materials. The hawkers obtain their products from the East London National Fresh Produce Market (ELNFPM). This market is located in Wilsonia, an industrial suburb of the greater East London municipality. The market survives on the activities of assemblers such as Packer-shippers through buying agents and field harvest crews. The market also depends on other provinces for supplies of items such as bananas (from Natal) apples and grapes (Cape Town) potatoes (Orange Free State and Transvaal) and others from as far as Johannesburg.

Supplies from the market stretch as far as Butterworth, Idutywa and Umtata in the East of the central region; King William's Town, Bisho, Dimbaza, Debe-Nek, Middledrift, Alice and Fort Beaufort in the centre, Peddie and its environs and Stuterheim. In the immediate environs of the market are places like East London city, Mdantsane and Berlin.

Other sources of supply for these traders are farmers around the urban fringes, truckloads, Indian and Greek merchants. Transportation problems coupled with long distances to and from farms increase their reliance on the market. The merchants mentioned above were not very prominent sources because of exploitation and increased cost, resulting in reduced profits. This also showed the prominence of the market as a major sourcing point. Though there are varieties of products at the market, the products sold by the hawkers are restricted to products such as: potatoes, tomatoes, onions, apples, bananas, pumpkins, butternuts, cabbage, pears, peas, peaches, green peppers, carrots, spinach, lettuce, pineapples and grapes depending on the seasons. The restriction is mainly due to the type of customer and their needs. The restriction has also led to specialisation i.e. selling only 2 - 3 items in relatively large quantities. Some items are more traded in than others for various reasons. The feeding habits of customers dictated most of the items sold. Tomatoes, onions and potatoes featured prominently because they are used daily in most households. Others were spinach, cabbage, pumpkins and butternuts which more or less complement "paapa" (a local food prepared from maize).

Despite the high perishability of these products, faster movement due to high demand triggered by eating habits counted more than anything else. Chillies are never seen on the stands since they do not play major role in the diet of the majority of households. (This will further be discussed in chapter six).

The East London Market is one of fifteen national markets in South Africa. The Municipal Council, the Director of Markets and his administrative staff run the market.

This market has four market commission agents namely: AA Market Agency, Martin and Scheepers Agency, Gordon Wall Agency and Subtropico Agency. Other subsidiary agents are Umtiza Foods and Border Farmers. There are other components like Naspal (for pallets), T & J (for packaging, supply of boxes and plastics), Engen Depot (for fuel needs) and Banks (monetary transactions). There are also ripening chambers for fast ripening of some fruits, especially bananas, and cooling rooms for storage. It was established to take some of the burden off farmers in the distribution of products.

4.5 TRANSPORTATION

Without transportation goods and services would be stuck and would not get to their destinations from production points. Marx and Van der Walt (1989) state that, for products to move from producer to consumer and due to the geographical separation of the two parties above, place and time utility have to be created through transportation. They are of the opinion that transportation makes goods available at the proper place at the right time and encompasses preparations like crating and shipment.

Kohls and Uhl (1990) described transportation as a creator and preserver of the value of products, links several producers, is the cornerstone of modern food marketing system and influences both the numerator and denominator of marketing efficiency. It plays a key role in market development, expansion and competition and influences other marketing functions and decisions. They also recognise the fact that the biological and bulky nature of farm products make special demands on the transportation system, e.g. perishables require rapid transportation and refrigeration over long distances.

Alderson, (Undated) stipulates that transportation and communication systems arise to bridge the distance between buyer and seller in time to create utility for both. He goes further to say that goods are associated for transportation because of physical handling characteristics and common origin and destination. This was confirmed by the heavy reliance on the market as the main supplier stemming from among other factors, the convenience (getting all products from one supplier and relatively low prices). Proximity and delivery are secondary factors because most (> 60%) used hired transport (available at the market) and own transport (10%).

A breakdown of means of transportation (Fig 4.1) to and from the market showed that the majority of respondents used hired transport, especially small 'bakkies' (relatively cheaper because of shared costs and speed in getting to the selling points). For example: a group of ten vendors will hire a truck or bakkie for between R75 to R200 (depending on distance and the load). Those in the trade for part-time purposes and extra income rely on their own means of transport. A few use trains (12%) and taxis (12%) for the purpose of carting their goods but trains and taxis are extensively used for commuting purposes. A very small number go on foot and use wheelbarrows to transport their goods. This group normally sells few items and they depend on truckloads and Indian or Greek merchants for supplies. The location traders depend on buses.

According to the same author, this activity is an important source of value in the food industry, where supply and demand are seldom in immediate balance.

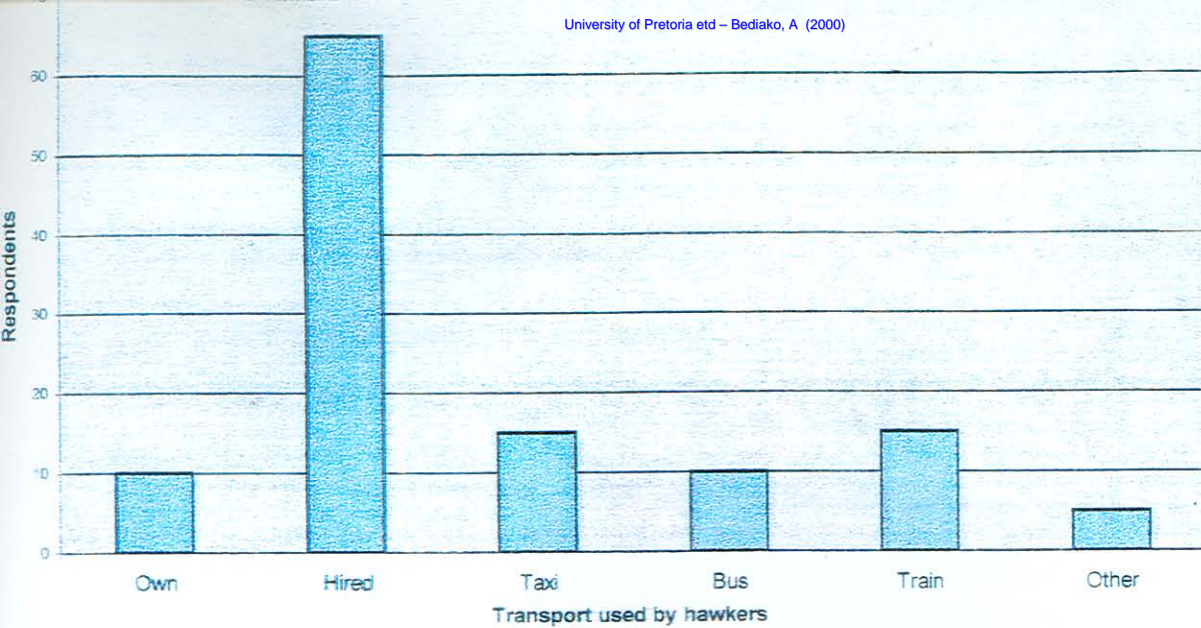


Figure 4.1: Means of transport used by hawkers

4.6 PACKAGING, HANDLING AND STORAGE

McCarthy and Perreault (1990) see storage as holding goods until customers need them. It involves holding and preserving products from the time of their production until their sale (Stanton and Futrell, 1989). Marx and van der Walt (1989) recognise storage as an activity to bridge the time gap and provide the consumer with time utility. This is because the demand for some products and the production of others are unstable. For example the demand for agricultural products might be more steady than their production, which is largely seasonal for fruit and vegetables. Storage makes goods available at the right time, which may include the holding of supplies of finished goods as the inventories of processors, wholesalers and retailers (Kohls and Uhls, 1990).

According to the same authors, this activity is an important source of value in the food industry, where supply and demand are seldom in immediate balance.

It helps to bridge the time gap between periodic harvest and marketing and relatively stable consumption of food on a year round basis. It also helps to keep the marketing pipeline in capacity operation, and prevents supply disruptions for the convenience and efficiency of the consumer and the marketer. Storage can be provided by many, e.g. the farmer, the commercial storage operator, the food processor, and the speculator or vendor.

According to Tomek and Robinson (1990) storage can stabilise prices but not for perishable farm products, unless the production or delivery of supplies in large crop years to secondary markets and the importation in short crop years are controlled. This is confirmed by Kohls and Uhl (1990), who state that each level of the marketing system tries to push much of the storage function to another middleman in the system and where retailers especially struggle to hold inventories at the lowest level consistent with serving their customers.

The situation with fruits and vegetables is worse considering their fast deterioration and the associated cost. It needs innovations. There are numerous countless cost cutting innovations in agricultural marketing. For example, canned fruits and vegetables, frozen foods and processed foods, dehydrofrozen fruits and vegetables. There is also low temperature freezing for melons and avocados, fluidised-bed freezing for beans and peas, diced potato, dehydration or foam-mat drying for citrus and tomato, freeze drying (applying heat and removing water) explosive puffing in fruit berry and vegetable drying, and reverse osmosis Bird *et al* (undated).

Storage as identified by Kohls and Uhl (1990) will always be expensive and complex, but cannot be eliminated; rather its cost has to be reduced through decreased storage activities and operational efficiency. They identify five categories of storage cost, viz, the cost of maintenance and provision of storage facilities; interest on financial investment of product while in store; the cost of quality deterioration and shrinkage; loss from poor consumer acceptance of stored as against the fresh product, and the risk that prices might unexpectedly fall. Reducing such costs would mean increasing the productivity of storage facilities through increased labour efficiency, by reorganisation of handling methods and redesigned mechanisation. For example, the increase in storage capacity of a given area such as use of pallet storage, ventilation and insulation, which allows simultaneously cold and non-refrigerated storage. Management techniques, e.g. fewer goods kept on hand at retail and wholesale levels, daily ordering and in fast moving goods, can also reduce cost.

Deterioration is reduced through quality control, e.g. potato sprout inhibitor, better harvesting methods to reduce bruises and cuts, use of polythene liners in boxes for apples and pears, antibiotic chemicals and irradiation. From the foregoing, it can be seen that the main threat to profit margins and therefore sustainability of the business as a whole. How do these vendors cope? What measures in terms of storage and other handling processes have they put in place to combat spoilage and subsequent undue losses?

Some of the means of storage may be too expensive and out of the reach of these vendors considering their scale of operation. This notwithstanding, they have their humble means of storage amongst which were buying daily in clearable quantities so that goods do not stay with them for long periods. They also buy hard and firm skinned fruits or non-overripe and green fruits to retard deterioration. In sunny weather they protect their products by placing them in the shade or they punch holes in the plastic containers for good ventilation. Unsold goods in plastic bag are unpacked and re-arranged in ventilated boxes at the end of each day. Leafy products like spinach were constantly watered or the bunches placed in a bowl of water to prolong freshness or to delay wilting. They also use some of the unsold goods for home consumption. Despite this, they still suffer losses through spoilage. Other cost-effective means are imperative to cut losses. These will be discussed further in chapter six.

4.7 DISPLAY OF WARES

The retail store according to Marx and Van der Walt (1989) is a machine, which should be designed to display, house and sell merchandise. The means of display by the vendors is not like a store in the above sense, but is rather inexpensive and non-elaborate. They adopt the "open market system" (Fig 4.2) scattered all over at places deemed convenient by them. The components of the "store" were the road side or similar points, the floor with a sheet of cloth or mat, or a table to display goods, a chair to sit on, a big umbrella or raincoat (in few instances) for the hazards of the weather.

They deal in assorted fruits and vegetables, which are either retained in their original containers and boxes from the source or re-sorted in transparent polythene bags in smaller quantities.

The table or the floor is imaginarily divided to accommodate the same products e.g. tomatoes or spinach or onions occupy the same portions on the trading floor. This sort of arrangement is not only appealing but attracts attention. They do not normally use large spaces because of the congested nature of places they trade in, e.g. busy main streets, entrances to bigger shops and around taxi ranks.

These places suit them most because they capitalise on the congestion to catch the eyes of numerous commuters and pedestrians for their products. For example, as described by one vendor and as reflected by majority opinion, "I want to be in the customers' sight when I display my goods because there is no business in the quiet places". The use of transparent polythene bags to repack adds to calling the attention of the passers-by because the customer can see what is being displayed.



Figure 4.2: Display of wares

In certain areas in East London, King William's Town and Bisho, hawkers for various reasons have neglected sites with permanent structures.

- (a) Hoboes and certain individuals who, according to the hawkers, render such places dangerous to trade in because they use such points as drinking and sleeping places.
- (b) There are no public toilets in the immediate vicinity of their trading positions.
- (c) Some points have been turned into public places of convenience resulting in an offensive odour.
- (d) Some of these places were too remote.

To increase sales through display of merchandise, some displayed their wares on their heads and in their hands in small trays and boxes and go to the customer e.g. in stores, offices and those already seated in taxis and buses which were about to set off.

Vendors start displaying their wares from as early as seven o'clock in the morning. The early sellers especially those around big shops, take advantage of the late opening (9 am) of such shops to get some of their customers who are equally early but too impatient to wait. Displays continue until seven in the evening around shops because the shops close early. Business continues till late evenings around the hectic taxi ranks to catch late shoppers and commuters. Hawker numbers are reduced during the early and late hours. Traders who are early or stay late make substantial sales at the start or close of business.

4.8 PRICING MECHANISMS, RETURNS AND PROFIT MARGINS

The role of prices in marketing cannot be overemphasised, because they are the determinants of allocation of resources and reward or penalise performance. Prices determine compensation for productive factors, direct and limit or ration consumption (Hunt *et al*, undated). They observe that, in its determination for goods, the final price is via direct costs, overheads and profit margins.

Market prices at the point of purchase by vendors were generally determined and influenced by demand and supply and a host of other factors (Appendix C). For example the supply of some products are affected by the seasons. Some products are available throughout the year. Cabbages are available throughout the year but at different prices for different months.

For example a punnet (0,5 kg) of cabbage at the East London Market (ELM) was sold at R1.84 in May and R0.94 in September 1996. Daily prices at the ELM were also influenced by the average daily prices in cents per kilogram (Appendix B). For example, on the 11th of July 1996, the price of grade II medium potato ranged between R0.62 and R0.75 per kilogram at the ELM.

The above and other factors influenced price determination by these vendors. Traders consider most of the relevant factors to pricing but to different degrees of importance. All vendors (100 %) saw profit as a major pricing factor. Other factors were quality (67.2 %); prices of others (29 %); supply and demand (35 %) and influence of the time of the day (8 %). (NB: some factors were ticked more than once by several vendors therefore percentage does not add up to a hundred).

From the above, it can be deduced that they all have the profit motive and to achieve this, they have to sell quality products. In their methods to arrive at the desired profitability, judgement, common sense and pragmatism rather than complex theoretical pricing means prevail. They unpack contents from their original containers, for example, (tomatoes from boxes, onions from bags etc). The counting of contents follows this. On the average a box of medium sized tomatoes (5 kg) depending on size has 50 fruits, a bag of potatoes (10 kg) grade I medium Cape has 70 tubers etc. The commodities regularly sold by vendors, units or weight and prices are shown in Table 4.3.

Through the practice of unpacking, counting and re-packaging, a box of tomato (5 kg) produced 8.5 units in East London, 10.2 units and 12.7 units in King William's Town and Alice respectively. These units, multiplied by selling prices at various trading sites yield different gross incomes. For example 8.5 units multiplied by R2 yields R17 gross income in East London $10.2 \times R3 = R30.6$ in King William's Town, $12.7 \times R3 = R38.1$ in Alice. The gross income compared to the selling price at the ELM reveal, various gross profits, it was $R17 - R7.60 = R9.40$ for the tomato hawker in East London etc. Other factors would have to be taken into account to arrive at net profits. As shown in Table 4.3, vendors closer to the main source (ELM) sell bigger units for a lesser amount of money and vice versa.

Their units are on the average usually less than a kilogram. Price per unit is less in East London compared to King William's Town and Alice. Prices increase with distances further away from East London. Prices virtually remain the same for most of the commodities throughout the year, for example it was R2 on the average per pack in East London and R3 or R3.50 per pack in King William's Town and Alice. But contents per pack decrease or slightly increase at certain times of the year depending on availability or supply of the commodity. While hawkers maintain the same prices, suppliers' prices fluctuated greatly. More than 85 % admit to frequent price changes at the market. Asked if they charged the same prices at trading sites their responses were: [never (4) 3.3 %; always (86) 71.6 %; at times (13) 10.3 % and don't know (17) 14.2 %].

As to what they did when consumers complained about their prices, they responded as follow: lower prices (7) 5.8 %; same price (110) 91.6 % and pay amount they had (3) 2.5 %. Most of the traders (75) 62.5 % felt consumers were always satisfied with their prices. Some traders (25%) indicated that consumers were only satisfied at certain times while 4.2% indicated that customers were not satisfied. Some made high sales judging by the ranges shown in Table 4.4. As revealed in Table 4.5, profits were always made (depending on if a product was sold) though less in some cases (tomato) and very high in others (cabbage). Where profits were low, they were augmented by the high profits of others since almost all vendors (85%) at one particular time sold a diversity of products as shown in Table 4.5.

Column eleven of Table 4.5 shows gross profits for the average packs of products sold on a normal day. The net profit per day or month can be estimated based on certain assumptions:

(a)	Transport (shared cost) to and from fruit market	= R10.00
(b)	Transport (to & from) home	= R8.00
(c)	Packaging (using 30 out 60 sachets at R7.00/60 sachets)	= R3.50
(d)	Food Cost	= R10.00
	Total cost or expenses per day	= <u>R31.50</u>

Table 4.3: Popular commodities sold, average units per pack, weight and prices from three nodal points. August 1996

1	East London Market (ELM)	3	East London			King Williams Town			Alice			**Retail shop
	2		4	5	6	7	8	9	10	11	12	13
Commodity	Unit/container Average	Price/kg ₤	Units/pack	Weight/pack (kg)	Price/pack ₤	Units/pack	Weight/pack (kg)	Price/pack ₤	Units/pack	Weight/pack (kg)	Price/pack ₤	Price/kg ₤
Tomatoes (10 kg Medium)	51 (fruits)	1.52	6	0.83	2.00	5	0.69	3.00	4	0.55	3.00	3.98
Onions (10kg Med.)	70 (bulbs)	0.77	7	1.00	2.00	7	1.00	3.00	5	0.71	3.00	2.98
Cabbage (26kg)	10 (heads)	0.23	1	2.60	3.00	1	2.60	3.50	1	2.60	3.00	2.91
Pumpkins (7kg)	1 (fruit)	2.68	1/6	1.2	3.00	1/6	1.2	3.50	1/6	1.2	4.00	2.21
Butternut (13kg)	14 gourd	0.83	1	1.1	2.00	1	1.1	3.00	1	1.1	3.00	2.41
Potatoes (10 kg Med. Cape)	70 (tubers)	0.83	7	1.00	2.50	6	0.85	3.00	5	0.71	3.00	2.98
Apples (11 kg other var.)	128 (fruits)	1.23	6	0.51	2.00	5	0.43	3.00	4	0.34	3.00	2.33
Banana (20 kg)	100 (fingers)	1.47	5	1.00	2.00	4	0.80	3.00	4.00	0.80	3.00	2.74
*Orange Large	30 (fruits)	0.88	30	7.00	8.00	30	7.00	7.00	30	7.00	4.50	7.50/7kg bag

*Oranges were normally unpacked by hawkers, and they moved from Kat River (Fort Beaufort) to the coast (East London) all other commodities moved from East London to the interior.

** Retail shop refers to formal outlets (Checkers, Spar and Pick 'n Pay) in the nodal points.

Table 4.3 shows popular commodities sold, average units per pack and prices from the three nodal points. For example, a five-kilogram box of medium tomato contains an average of 51 fruits. The price at the East London market is R 1.52/kg. Hawkers in East London re-packed and sold 6- units/pack weighing 0.83kg for R 2.00. In King Williams Town, 5-units/ pack (0.69 kg) sold for R 3.00 and in Alice 4 units / pack (0.55kg) sold for R 3.00.

A kg of medium tomato sold for R 3.98/kg in the formal outlets in the same month.

The total cost price of trading stock is equal to R36.51 on a normal day (i.e. total of column 10 in Table 4.5.) All cost on a normal day is R68.01 (i.e. R 31.50 plus R36.51) and total income for the same day is R115.50 (i.e. the total of column 9 in Table 4.5. A typical trader's net profit on a normal day is R47.49 (i.e. R 115.50 minus R 68.01). If a trader works for twenty five days in a month *ceteris paribus*, this translates into a monthly income of R 1187. 25.

Profits can be estimated based on quantities sold on "least, normal and busy days" of popular products as shown in Table 4.4. All commodities are re-bagged in smaller polythene sachets except cabbage, which is sold as single heads. On average, they sell more potatoes and cabbage, followed by onions, tomato and fruit (apples, bananas and pears) the least popular on any day. From Table 4.5, returns or profit margins can be estimated (using ELM market prices and East London hawkers as a test case). Estimated gross profits are shown in Table 4.5. The price per kilogram of various commodities at the East London market is compared in (Table 4.6) with the price of the same weight in retail shops and hawkers in the three nodal points. The hawkers sell at lower prices for some products (tomato, onion, cabbage, potato, butternut and banana) and slightly higher in others (pumpkins and oranges) than the retail shop. The price per kilogram charged by hawkers for most of the products in the remaining nodal points are generally higher than what prevails in the retail shops.

Table 4.4: Quantities of popular commodities sold on least, normal & busy days

Commodity	Least Average (Range) (Packs)	Normal Average (Range) (Packs)	Busy Average (Range) (Packs)
Onions	3 (0-8)	6 (2-20)	9 (6-30)
Tomato	3 (0-7)	4 (2-10)	14 (1-50)
Cabbage (heads)	9 (1-70)	16 (2-80)	28 (3-100)
Potato	9 (1-40)	15 (2-60)	40 (18-120)
Apples	2 (1-5)	3 (1-8)	5 (2-10)
Banana	2 (1-6)	2 (1-6)	

NB: For convenience only popular or common commodities sold by vendors are used in this table. In the above table quantities of popular commodities sold on least, normal and busy days are shown. An average of 3 packs of onions was sold on a least day with a range of 0-8 packs. Six and nine packs were sold on normal and busy days respectively.

As shown in Table 4.6, there are differences in price per kilogram (all products) at the source of supply and that charged by retailers. When certain basic costs incurred by vendors (cost of purchase of goods, transport, packaging and feeding) are considered, it can be concluded that these traders, provided total stock is sold, always make profits.

Table 4.5: Estimated gross profits of selected commodities on least, normal and busy days in the East-London area

Commodities	LEAST DAY						NORMAL DAY					BUSY DAY				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Average sold (Packs)	*Weight (kg) Packs	**Price Pack @	Total Income @ (1x3)	*** SQIM @	Gross Profit @ (4-5)	Average Sold (Packs)	* Weight (kg) Packs	Total Income @ (7x3)	*** PSQIM @	Gross Profit (9-10)	Average Sold (Packs)	*Weight / (kg) Packs	Total Income (12x3)	*** PSQIM @	Gross Profit (14-15)
Onions	3	3.00	2.00	6.00	2.31	3.69	6	6.00	12.00	4.62	7.38	9	9	18.00	6.93	11.00
Tomatoes	3	2.49	2.00	6.00	3.80	2.20	4	3.32	8.00	5.05	2.95	14	11.62	28.00	17.66	10.33
Cabbage (head)	9	23.40	3.00	27.00	5.38	21.62	16	41.60	48.00	9.57	38.43	28	72.80	84.00	16.74	67.26
Potatoes	9	9.00	2.50	22.50	7.47	15.03	15	15.00	37.50	12.45	25.05	40	40.00	100.00	33.20	66.80
Apples	2	1.02	2.00	4.00	1.25	2.75	3	1.53	6.00	1.88	4.12	5	2.55	10.00	3.14	6.86
Banana	2	2.00	2.00	4.00	2.94	1.06	2	2.00	4.00	2.94	1.06	5	5.00	10.00	7.35	2.65

* Derived from column five in table 4.3 (i.e C5 in Table 4.3 multiplied by averages sold on least, normal and busy days in table 4.5.

** Derived from Column 6 in table 4.3 (i.e. Price/pack in East London)

*** PSQIM (Price for same quantity in market) = Column 3 (table 4.3) multiplied by column 8 (table 4.5) or price per kg at ELM (table 4.3)

Multiplied by column 2 (least) or column 8 normal or column 13 (busy)

Average sold - derived from Table 4.4

Table 4.6: Differences in price per kg between the East London market and hawkers/retailers (1996)

COMMODITY	1	2	3	4	5
	East London market *Price/kg @	Retail shop **Price/kg @	Hawkers in		
			East London ***Price/kg @	King William's Town ***Price/kg @	Alice ***Price/kg @
Tomatoes (5kg Med.)	1.52	3.98	2.40	4.34	5.45
Onion (10kg Med.)	0.77	2.98	2.00	3.00	3.00
Cabbage (26kg)	0.23	2.91	1.15	1.34	1.15
Pumpkins (7kg each)	2.68	13.26	18.00	21.00	24.00
Butternut (13kg)	0.83	2.41	1.82	2.72	2.72
Potato (10 kg Med. Cape) July	0.83	2.98	2.50	3.52	4.23
Apples (11 kg other var.)	1.23	1.33	3.92	6.98	8.82
Banana (20 kg)	1.47	2.74	2.00	3.75	3.75
Orange (7kg) Large	0.88	1.07	1.14	1.00	0.64

*Actual price per kg on the East London Market

**Average price per kg in retail shops (Checkers, Spar and Pick 'n' Pay) in the nodal points from (Table 4.3)

***Price per kg of Hawkets derived from table 4.3 (for example 0.83 kg of tomato = R 2.00 therefore 1 kg = R 2.40 e.t.c.

4.9 COMPETITION AMONGST TRADERS

The majority of respondents (71,6 %) admit to charging the same price. The remainder (24,6 %) were divided between never (3, 3 %); at times (10,3 %) and don't know (14,2 %). Generally prices among traders in the same vicinity did not differ for most of the products. Kohls and Uhl (1990) state that in a competitive market, there should be the freedom of buyers and sellers to bargain together and arrive at mutually advantageous exchanges. They further state that, in a perfect competition, all buyers and sellers have perfect knowledge of all prices and the factors that affect market conditions and will use this information in an economically rational manner to maximize their own individual gain.

Though the majority of respondents agreed to charging the same prices, there were a few who tried to establish superiority over the others through unfair trade practices (charging different prices at times). These are traits of unhealthy competition.

4.10 ENTICING THE CUSTOMER

Customers comprised of all race groups but the majority are Blacks. Other race groups especially Whites randomly buy from these hawkers (because of where they are concentrated: around taxi ranks you hardly see Whites). Few Whites buy from vendors at isolated places e.g. in front of banks or post offices. The vendors receive most of the customers after 12 noon and 5 p.m. Business is normally not hectic. Asked why customers preferred their products, greater numbers said their products were cheaper or that they offer better services and that they sell good quality products. Credit sales are not common among traders because most of their customers are passers-by unknown to them.

In their bid to entice customers, they sell products consumed regularly by the bulk of their customers, because according to Myburg (1995) consumption behaviour influence marketing activities.

Goods were moderately priced (average of R2-R3 per pack) i.e. they sell in fixed rand value (Myburg 1995). Transparent plastic bags in which they are packed for sale showed contents to attract passers-by. They are close to the customer (e.g. door to door sales) and prevent queuing at the formal shop. They sell fresh and readily available products. This is confirmed by Rouseau (1991) that, freshness, price, quality and appearance were the main criteria for buying fresh fruits and vegetables. They also display assorted fruits and vegetables, which are eye-catching.

The support the vendors get is rooted in the consumerism of their clientele who are mostly black. According to Myburg (1995), food consumption behaviour refers to many things. Among these are type, how much consumed, quality, how different products are eaten (the preparation thereof, complements, supplements and substitutes in the consumption process). The importance of each in the whole diet, frequency of purchase, stock holding by household, volumes purchased and from where and when the nature of reaction to relative price changes of food types.

Schalkman (1964) states that most housewives prefer to buy goods at reduced prices but are often prevented by lack of time. Some buy in small quantities daily because of the incentive to get out of the house. Consumers want to save time and money. Some consumers may patronise these vendors due to lack of time, the incentive to go out everyday, a lack of parking space for their cars around shopping complexes or the cost of space for parking, and the frustration and annoyance from standing in long queues at the formal shop.

4.11 HOW THE SEASONS AFFECT BUSINESS

Tomek and Robinson (1990) stipulate that most agricultural products are characterized by some seasonality in production and marketing patterns. For crops, seasonality arises from climatic factors and the biological growth process of plants. Many crops are harvested once a year and, depending on perishability may be stored for sale through marketing season.

Due to seasonal variability in production the harvest of crops like fruits and vegetables is crowded into relatively short periods (Kohls and Uhl, 1990). Seasonality has several effects on the participants of the marketing process, the farmers, the middlemen or the final consumers.

According to Rhodes (1976) seasonality affects demand and supply which is an important cause of price movements or cycles. Tomek and Robinson (1990) state that

seasonality leads to cyclical outputs. Outputs become dependant on uncertain events and relates to other factors like the prevalence of lagged response relationships in agriculture and price inelasticities in both demand and supply. Small changes in supply or demand lead to large changes in prices. Price variability is greater for agricultural commodities and leads to uncertainties for producers, and consumers. Farmers are handicapped in making future plans, producers are unwilling to make investments and lenders refuse to make loans because of the risks involved. Consumers, processors and retailers prefer to have more stable supply and prices of farm commodities.

Rhodes (1990) is of the opinion that producers become suppliers at -"sell it or smell it." Spoilage can be averted through storage. According to Tomek and Robinson (1990) price instabilities can be moderated through storage but at a cost. Kohls and Uhl (1990) state that storage is needed to hold the product until consumed. This implies that storage capacity will be full or empty at certain times of the year. Where the product is not storable, it must be consumed immediately or processed i.e. processing plants will run at full or below capacity at certain times of the year. Where food must go directly into consumption, transportation refrigeration must be available immediately affecting the costs of the marketing process. No participant (including these vendors) in the marketing process can avoid such costs brought about by seasonality. But to what extent are the traders' businesses affected by the seasons?

Though a variety of fruit and vegetables are available at different times of the year at the ELM the majority of vendors trade in few products (Table 4.3) due to customer

composition, their preferences and taste. These products are available throughout the year due to continuous production by farmers and storage at the ELM. They are also handicapped by lack of storage facilities, as a result they buy in small clearable quantities to make spoilage costs minimal. For example, one woman said she sold spinach only on cool and rainy days because on sunny days the spinach leaves wilt faster and become unattractive to customers thereby preventing sales, which lead to reduced income.

Seasonality affects prices at the market (Figure 4.3) but these vendors sell at fixed prices per pack most of the times. They counteract the change in price (rise) by decreasing the quantity per pack. The rainy seasons affect the flow of customers. The summer and the accompanying heat lead to faster decomposition, the opposite was the case in winters (the cold delayed decomposition). All these factors influence trade and income.

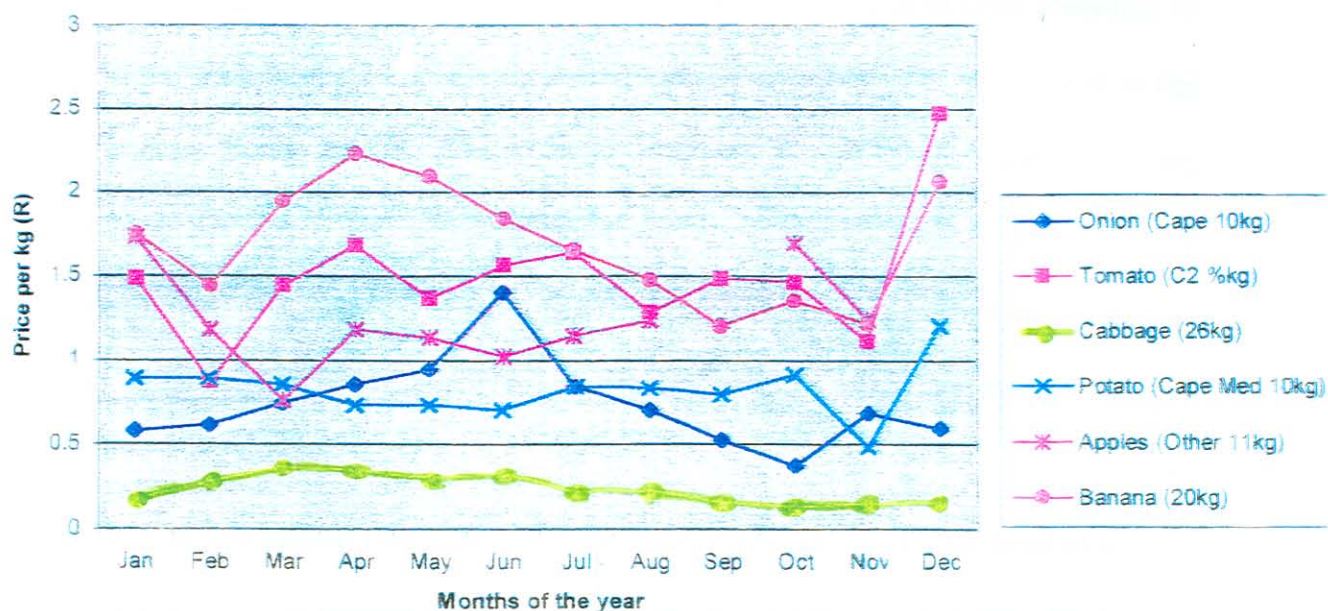


Figure 4.3: The seasons and prices(1996) East London Market

4.12 SAVING MOBILIZATION AND ACHIEVEMENTS

Shetty (1963) states that in a country of traditional historical background it is generally easier to raise small savings and mobilise them for local industrialisation. Mobilisation of small savings constitutes an important source of investible surplus and experience from elsewhere e.g. China has shown that generally, it is easier to raise capital for many small industrial units than for a few large ones. It has the advantage that once the productive mechanism of the labour intensive small-scale industries is set in force on sound competitive footing, capital formation gains momentum in other ways as well, i.e. if they find increased effective demand, their incomes increase, their desire to improve and innovate increases.

Anderson (1987) is of the opinion that for this to take off, low capital intensity in production and high propensity to save are needed. To be able to save, according to Harper (1985), needs frugality, and profits therefrom need to be re-invested in the business. Deaton (1993) states that saving is the main spring of economic development; it generates investments without which there is no economic growth. This is further confirmed by Snyder (1974) as being a major factor in the process of direct economic development by its diversion of resources into information technology that occurs when new capital is introduced.

According to Bhalla (1980), the link between economic growth and the level of savings assumes long-run income growth in developing investment opportunities. The bulk of this finance in most developing countries comes from domestic savings hence, their relevance.

The ability, willingness and opportunities of households to save over time can therefore significantly influence the rate of sustainability of capital formation (Bautista and Lamberte, 1990). Local savings accumulation contributes to the creation of resources for self-reliance on one hand and for lending on the other. Saving mobilisation is vital for the post-project sustainability of financial intermediaries (Schrieder and Heidhues, 1991).

Among the respondents about 40 % said they had money to save at the end of the day/month. Amounts saved averaged around R30/day with a range of R7-R70/day. These monies are kept with formal institutions or banks. Savings are mostly on individual basis while few used the “ savings-club “ in which members contribute a certain amount to the club and share accumulated capital at the end of the year. The remainder (60 %) did not save, their main reason being they have too many commitments.

Most of the respondents regard achievement as being able to settle food bills and accounts for things like clothes, furniture, school fees and caring for families. Though the majority had the ambitions of expansion (e.g. increased trading place, expansion (selling to hotels), and shelter for protection), how to achieve this is lacking, i.e. savings and re-investments. A focused objective helps to increase thriftiness to reach the goal.

4.13 SUMMARY

In this chapter, it has been shown that few of these traders have no education. They concentrate in already congested areas to have customers. The East London market is a major source of supply; this leads to the exploitation of traders who are far from the sourcing point by middlemen. Goods sold are limited, though a variety is available at the market. Diversification into other crops is a possibility to increase customer patronage. Most depend on hired transport and storage of unsold goods is a major problem. This means dwindled incomes. They do not use elaborate display means to attract their customers and they apply common sense rather than complex ways of pricing. Customers are generally satisfied with the service they provide. If goods are cleared, they always made profits. Their operations in relation to goods sold at a particular time are influenced by the seasons. Incomes are depleted or exhausted by other family commitments, this did not auger well for expansion and the future of the business.