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Modern food retailing buying behaviour in Africa: the case of Tanzania

Modern food
retailing
buying
behaviour

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Abstract

Purpose – The purpose of this paper is to explore modern food retail buyers' behaviour in developing economies using the case of Tanzania. This paper provides an insight into the decision-making practice of modern food retail buyers' behaviour in emerging modern food distribution systems, where the buying task involves balancing the retailer's commercial interests with more stringent government regulations that shape food business in the region.

Design/methodology/approach – A qualitative case study approach was used for the study. The researcher used semi-structured interviews with retailers for data collection and corroborated them with secondary data. Data were thematically analysed.

Findings – The study shows that the criteria used by modern food retailers in the selection of local food suppliers are reliability, quality, trade credit and legal certification. The task is further complicated by the overlapping food certification requirements of various government agencies, which impose limitations on the buyers' decision. Due to the exploratory nature of the study and its focus on the context of a particular geographical marketplace, the findings may not be generalizable to other countries.

Originality/value – This is the first academic study of the criteria used by modern food retailers in the selection of local food suppliers in Tanzania.

Keywords Tanzania, Suppliers selection, Modern food retailers

Paper type Research paper

Introduction

Tanzania and Africa in general have witnessed the rise of urban modern food retailing due to an increase in the size of the middle class and increased awareness of the connection between eating habits and overall health. For example, it is estimated that in Tanzania, the middle class has grown to 12 per cent of the population in 2010, up from 9 per cent in 2008, due to an increase in income (AfDB, 2011). Furthermore, the country's average per capita income increased to US\$948 in 2015 from US\$695 in 2012. This stimulated the growth of modern food retailing in Tanzania. For example, the regional retailer, Nakumatt has four stores in Tanzania.

Nevertheless, since the rise of modern food retailing in Tanzania, local food suppliers claim that they have been marginalised. For example, Shoprite a South African retailer was estimated to have imported 80 per cent of its food from South Africa before being acquired by Nakumatt in 2013 (Ciuri, 2013). Previous studies from developing economies show that local food suppliers are marginalised in their ability to access urban modern food retailing consumers due to quality issues (Trebbin, 2014; Andersson



et al., 2015). This makes understanding criteria used by modern food retailers in selecting local food processors very important to the growth of agrifood business.

Hansen and Skytte (1998) argue that the change that has occurred in modern food distribution makes the understanding how modern retailers select suppliers is very important to producers. Understanding how modern food retailers select local food suppliers may also be of interest to researchers, policymakers, local food processors and retailers. Modern food retailers in developing economies are characterised by selling processed food more often than fresh food items (Gorton *et al.*, 2011). Furthermore supermarkets prefer to buy directly from the manufacturers than distributors. Therefore, this study focused on criteria used by retailers when buying directly packaged food from local food suppliers in Tanzania.

Previous studies on retailers' decision making have focused on developed economies such as the UK, the USA and Australia (Johansson, 2001; Fairhurst and Fiorito, 1990; Wagner *et al.*, 1989; Insch *et al.*, 2011). Some of the literature from developing economies has focused on China (Chen and Sternquist, 2006) and Taiwan (Lin and Wu, 2011).

There is a dearth of knowledge on modern food retailing buying behaviour in Africa. In a study conducted in Morocco, Abbad and Pache (2013) found that price is a very important factor used by retailers. Other studies focused on how producers can be linked with foreign markets and on how food standards restrict access to developed markets (Shaw *et al.*, 1992; Akyoo, 2010). The rise of modern food distribution in Africa strongly suggests that there is a need to understand the selection of local food suppliers by retailers.

The literature on retailers' buying decisions suggests that buyers' decisions are country-specific (Sternquist *et al.*, 2008; Good *et al.*, 2013). Furthermore, Lin and Wu (2011) call for more studies on criteria used by modern food retailers in purchasing food from local food processors in developing economies. Good *et al.* (2013) argue that retail businesses' purchasing behaviour cannot be generalised due to different cultural and contextual factors and call for more studies from developing economies. In this respect, it is important to conduct studies in Tanzania, where urban food retailing is rising.

The purpose of this paper is to explore modern food retail buyers' behaviour in developing economies using the case of Tanzania. This paper provides insight into the decision-making practices of modern food retail buyers in emerging modern food distribution. This is the first academic study of the criteria used by modern food retailers in the selection of local food suppliers in Tanzania. The study aims to answer question, what are the criteria used by modern food retailers in selecting local food suppliers in developing economies? To answer this question, this study used a case study of food retailers in Tanzania.

Buyer-seller relationship theory

Different theories and frameworks are used to investigate factors used by retailers in selecting food suppliers. Liu *et al.* (2013) employed Lehmann and O'Shaughnessy's (1982) thinking as a framework for understanding factors used by retailers in selecting suppliers in the USA. Skytte and Blunch (2005) used Sheth's model (1981) to explore food retailer buying behaviour in 16 countries in Europe. Institutional theory was used to investigate factors used by food retailers in the selection of food suppliers in India (Dabas *et al.*, 2012). This study uses marketing relationship theory to understand criteria used by retailers in selecting local food suppliers in Tanzania.

Möller and Halinen (2000) categorise relationship marketing theory into two parts: customer-oriented and network based. Customer-oriented marketing is focused on building relationships with individuals, while network-based marketing is focused

on inter-organisational relationships and how the external environment influences the establishment of supplier-retailer relationships. Grönroos (1994) argues that it is possible to investigate the behaviour of the actors in the marketplace and in non-market environments by using network-marketing relationship theory.

The theory holds that for the actors to come together, the adoption of terms is crucial. This means that actors in a food value chain have to agree on standards, delivery and means of payment. The actors' focus is on building trust and commitment in the value chain to minimise opportunistic behaviour (Firdaus and Kanyan, 2014).

In Tanzania food business is characterised by untrustworthy of not fulfilling of promises and commitments to other actors in the value chain (USAID, 2008). Previous studies show that irresponsibility is very common in Tanzania business environment such as cheating, over pricing and adulteration (Bjerkas and Kagirwa, 1994; Gibbon, 1997; Kurwijila *et al.*, 2005; Kabissa, 2014). Möller and Halinen (2000) and Grönroos (1994) argue that in order to work in this complex context and to capture how firms establish relationships, the network-based retail marketing theory is most appropriate. Based on Tanzania business environment relationship marketing theory considered to be appropriate for this study.

The theory has been used to study the management of power between suppliers and retailers in UK food value chains (Wycherley, 2002; Hingley, 2005). For the purposes of this paper, the network-based marketing relationship can be defined as the coordination of marketing activities, which involves direct and indirect partners that may enable firms to mobilise and control critical resources through a relationship with them (Möller and Halinen, 2000; Gummesson, 2002).

Empirical evidence from developed countries shows that retailers invest in the food suppliers from developing economies. For example, a study conducted in China found that marketing support from suppliers to retailers is an important factor (Skallerud and Grønhaug, 2010). Forms of marketing support could be locating merchandising officers and providing support for promotion costs. Furthermore studies show that through support from retailers to small-scale suppliers of fresh vegetables were able to supply modern food retailing (Andersson *et al.*, 2015; Bloom, 2015).

However, support is a two-way street: retailers may also support local food suppliers in meeting set standards and in improving the value chain through training and managerial skills. Empirical evidence shows that commitment and trust are important factors in establishing relationships in the food industry (Firdaus and Kanyan, 2014). Moore and De Bruin (2004) argue in the absence of ethical behaviour the transaction costs among actors are increased. Williamson (1985) argues that actors participate in the relationship in order to develop their capacity and minimise the opportunistic behaviour of their partner.

Legal certification is one of the potential factors indicating the quality of a product. Such certification may be in the form of business licences, standards certificates or health issues compliance certificates. Digal (2015) found that food safety certificates are more and more important for suppliers to access to modern food retailing.

In a study conducted in the USA, Oberholtzer *et al.* (2014) found that retailers' decisions to source product from a particular suppliers of organic food were influenced by characteristics of the supplying firms such as the number of years a firm had been involved in the business and the firm's size. However, size may not be strong criterion in Tanzania where modern food retailing distribution is at earlier stage of its growth. That means even the volume sold by them is quite small.

Data collection techniques

The checklist used in the study for semi-structured interviews was based on the previous literature on food retail in China (Chen and Sternquist, 2006; Hansen and Skytte, 1998). The checklist was used to ensure consistency of in the questions asked in different cases selected for this study. Research protocol included these questions:

RQ1. What typical food are you buying from local food suppliers?

RQ2. What of these criteria do you use when you buy processed food?

Furthermore, retailers were asked if there were any issues interviewers had not asked about in the standard questions. This technique enabled us to increase the validity in the qualitative case study results (Eisenhardt and Graebner, 2007).

Different techniques have been suggested to minimise biases in qualitative case studies that including triangulation, recruiting experienced individual for interviews and the use of cross-case analysis (Yin, 1981; Eisenhardt and Graebner, 2007). To achieve validity, the triangulations of data from within the case and cross-case analysis were performed. Secondary data are good sources of information for data triangulation to achieve generalisability and external validity (Decrop, 1999). Furthermore, secondary data from varying sources were used, including newspapers, the websites and website of retailers and government reports.

Eisenhardt and Graebner (2007) write that the recruitment of good informants is one of way of achieving validity in qualitative research. Stakeholders interviewed include branch managers, merchandising managers, deputy managing directors and family members. Interviews took place on the retailers' premises and were scheduled to last for one hour. Interviews were recorded and later transcribed for data analysis. Case selection was based on a number of factors: how many years the firms had existed in the business, the number of value chains they had, and whether they had a store in the study area. Table I shows profiles of the six cases that participated in the study: Shop-n-Save, Panone, Imalaseko, Nakumatt, Uchumi and TSN.

Data analysis

To analyse qualitative data, this study used a thematic framework analysis. There are a number of ways carrying out a thematic framework analysis. The selection of which style

Table I.
Sample description of the modern food retailers' employees who participated in the study

Case (company)	Year started (entered Tanzania)	Number of outlets	Number of employees	Participant position	Number of participants	Gender
Nakumatt Holding Supermarkets	2008 (international)	4	208	Branch manager	1	Male
Uchumi Supermarket	2014 (international)	6	400	Procurement officer, floor manager	2	Males
TSN Supermarket	2004 (local)	6	80	Procurement officer, managing director	2	Males
Panone Supermarket	2008 (local)	12	30	Deputy managing director	1	Male
Imalaseko Supermarket	1998 (local)	4	200	Personal assistant to managing director	1	Male
Shop-N-Save	2000 (local)	3	20	Branch manager	1	Male

to use depends on either theory, the text itself or both (Attride-Stirling, 2001). The coding of thematic framework analysis is based on established criteria. By using the literature on relationship marketing and the previous literature previously indicated, different parameters were identified that are relevant for the analysis of factors motivating retailers to buy food from local suppliers in Tanzania; these serve as a guide to the framework.

These parameters include: food quality, year round delivery, price and customer requests (Oberholtzer *et al.*, 2014; Lin and Wu, 2011; Skytte and Blunch, 2001; Skytte and Blunch, 2005). Sandelowski (2010) argues that a study may begin with a theory about a target phenomenon or a framework for data analysis, but this does not mean that it has to stay within this framework. Instead, the interpretation of the data are very important at the data analysis stage. Therefore, the analysis of the data has been reflected in a Tanzanian business context.

This study followed the process of data analysis in a thematic analysis proposed by Braun and Clarke (2006). In a thematic analysis, the researcher is advised to consider both latent content (developing themes) and manifest content (developing categories) before proceeding to the next stage of the data analysis (Vaismoradi *et al.*, 2013; Braun and Clarke, 2006). This paper has categorised text into code sentences, codes, categories and themes as shown in Table II.

There are two cross-case study analysis approaches: the survey and the comparison approach. This study used a case study comparison approach. Yin (1981) argues that the case study comparison approach is suitable if cases are not large in number. In this approach, analysis starts within-cases and then proceeds to cross-case study. This study employed Yin's (1981) and Eisenhardt's (1989) method of within-case and cross-case analysis. However, one of the criticisms of this approach is that it is very difficult

Codes	Categories	Themes
Expiration date	Price reduction	Return policy
Replace	Product replacement	
Drop price		
Supermarket price	Low price	Price
Price reduction		
TFDA	Legal certification	Government requirement
TBS		
Delay payment	Trade credit	Trade credit
Enough capital		
Trade credit		
Consumers wants	Customer preference	Consumer request
Well-known products		
Market trend		
Any time	Volume	Reliability
Shortage		
Taste	Quality	Quality
Food test		
Packages		
Packaging	Packaging	Packaging
Rejecting		
TFDA certificate		
Support retailer	Market promotion	Well-promoted product
Promote product		
Marketing the item		

Table II.
Development of
themes from codes
and categories

to ignore irrelevant information for comparison once a point has been identified in other single case (Yin, 1981). To minimise this problem during cross-case analysis, this stage has to be guided by questions, themes or central issues (Andersson *et al.*, 2002). The analysis of this study is based on developed themes from the theoretical literature of relationship marketing, as previously indicated.

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Findings

Commonalities across the six cases

Table III shows the three factors that emerged as common factors among the six retailers studied: legal certification, consumer requests and quality. Each company insisted that food processors adhere to the country’s rules and present certificates from TFDA, TBS and TRA showing that they are certified to process food for mass commercialisation.

Legal certificates

Cross-case study analysis shows that retailers use legal certificates from TFDA, TBS and TRA as criteria for the acceptance of new actors as suppliers. Digal (2015) found that retailers prefer to buy goods that meet government regulations. This study found that complying with government regulations was important to retailers because if they were caught selling uncertified products they faced penalties and their goods were confiscated. Although suppliers are expected to adhere to government regulations, if there is a violation in the sale of non-regulated goods, it is the retailers, not the suppliers, who are held accountable and penalised:

We first verify suppliers’ certificates from TFDA, TBS and TRA. As Nakumatt, I can’t accept you if you are not registered. Many people don’t register their companies [...] That is a challenge. [...] They don’t have [...] a TBS certificate, which is a challenge (Nakumatt Branch Manager).

Secondary data shows that legal certification is important to the acceptance of local processed food. For example, information from the Uchumi website shows that all suppliers have to submit legal papers (www.tanzania.uchumicorporate.co.ke). Secondary data shows that TFDA has confiscated non-registered food items from retailers:

We run a random surprise operation, which allows us to inspect medicines and various foodstuffs, and we abruptly closed down 39 supermarkets operating illegally and seized various foodstuffs [...]. The products which were seized included cooking oil, iodized salt and

Table III.
Criteria used by retailers for the selection of local food suppliers in Tanzania

Variables	Uchumi	Nakumatt	Panone	TSN	Imalaseko	Shop-n-Save
Acceptance of trade credit	✓	✓	✓	X	✓	✓
Legal certification	✓	✓	✓	✓	✓	✓
Consumer requests/feedback	✓	✓	✓	✓	✓	✓
Reliability	X	✓	✓	✓	X	✓
Return policy	✓	X	X	✓	✓	✓
Packaging	✓	X	X	✓	✓	X
Price offered	✓	X	✓	X	✓	✓
Quality	✓	✓	✓	✓	✓	✓
Well-promoted products	X	✓	X	X	X	✓

Notes: ✓, Criterion considered to be important; X, criterion considered not important

some without iodine, infant formula and energy drinks worth Tsh 27.9 million. They may not be fake, but in order for your products to be sold to consumers, they must have approval from us first (TFDA) (East African Business Week, 2014).

Product quality

Quality of the product has been a strong criteria used by retailers in Tanzania. Our finding corresponds with Lin and Wu (2011) and Knox and White (1991) also found that quality is a very important factor in the selection of suppliers.

Interviews show that food testing can be performed by employees by eating food the samples on the premises or by eating them with by their families and sharing their experience of taste, flavour, colour and odour:

When we received sample, we asked our employees to taste it. If it is maize flour, I can give it to any of the employees to use at their houses, and share with us their experiences of taste, odour and the like. Some food items can even be tasted here at our premises, such as snacks (Uchumi Procurement Manager).

Secondary data corroborates findings that local food items in the country are of low quality. For example, TBS banned production of iodine in Bagamoyo due to the production of substandard iodized salt for domestic consumption:

In December 2014, TBS closed down a salt-producing factory based in Bagamoyo, Sea Salty Company, for producing substandard salt. The salt branded as 'Sea Salt' was proven to lack some essential ingredients when tested against the Tanzania Salt Standards (*The Announcer*, 2014).

Consumer requests

Cross-case study analysis shows that modern retailers rely on consumer feedback to make decisions on whether or not to stock more goods from local suppliers. Kline and Wagner (1994) found that consumer feedback is the major factor influencing retailers' choice of suppliers. At the trial stage, consumers can share their comments or complaints regarding particular food items with retailers via suggestion boxes. Studies show that higher numbers of complaints can lead to a retailer dropping a supplier. As previously noted, retailers have not invested in food laboratories which means that their own internal capacity to determine food quality issues is very low:

We want to understand if customers need it. Is the price affordable as well as the quality? Even customers can talk about the product. We are going to nearby shops to see if we can sock the goods. Therefore, we are looking to see if our competitors don't have it, then we can try it (Nakumatt Branch Manager).

Packaging

Cross-case study analysis shows that packaging is one of the dimensions that indicates quality, and is a very strong criterion for the selection of suppliers. This finding is similar to that in Radaev's (2013) study which found that packing is important for acceptance of food suppliers:

For instance, I can import honey from the United Arab of Emirates, why this, – why this, because Tabora's honey reuse Konyagi's bottles. The thing is, if you pack honey in Konyagi's bottles, it lacks attractiveness like the imported one (Imalaseko Branch Manager).

Furthermore, retailers consider the inclusion of information such as the date of manufacturing, physical address and telephone contact information on packaging, as

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well as its communication, shape and colour are very important to be seen on the packaging. In general, these criteria reflect the TFDA's requirements for food packaging and labelling, which include mandatory use of both Swahili and English.

Differences across six cases

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Six factors emerged as having varying level of influence among retailers in this cross-case analysis. These factors are: acceptance of trade credit, reliability, return policy, packaging, well-promoted products and price.

Acceptance of trade credit

The findings show that the acceptance of trade credit is a major criterion required for local suppliers to be accepted by modern food retailers. This finding contradicts previous studies, which have shown that suppliers drive the value chain and formulate policy in Tanzania (Hermes *et al.*, 2015):

For the products we source from small-scale suppliers, we have agreed they will be paid after the sale of their consignment. If your consignment is finished you can pay and then bring more goods (Imalaseko Branch Manager).

TSN supermarket was the only store surveyed that did not seem to rely much on the acceptance of trade credit. The assumption is that the firm has another TSN distributor's wing with the role of importing consumers' goods from UK. Therefore, TSN has a lot of supplies from abroad which reduces its dependence on locally processed food.

Secondary data show that supermarkets can buy goods on credit for a period of not less than 90 days. For example, Shoprite Supermarket's information for creditors explains that:

We regard 90 days as current. All claims older than 90 days as per our report [...] must be cleared by passing a credit note or supplying the divisional accounts office with the necessary information [...]. For 19 November will exclude November and October. Only an invoice for September and prior that will be shown (Shoprite Checkers Tanzania Limited, 2015).

Reliability

Previous studies show that reliability is one of the most important factors for the selection of suppliers to work with modern food retailers (Neven and Reardon, 2008). Interestingly, the current study shows that retailers are not strict about reliability criteria. This does not mean that reliability is not a strong criterion however; it shows that retailers understand the Tanzanian business context. They understand that, in some situations, suppliers cannot deliver due to infrastructure challenges or power blackouts:

Another thing [...] there are those who are saying I can deliver tomorrow but fail to do so. Therefore, we have to agree with them that I have failed to deliver because of this and that. You know everyone is speaking according to his or her own experience. So for me, I can give an order to a supplier, yes you can tell me that I can deliver tomorrow. But if there are hiccups here and there, that is not an issue (Uchumi Procurement Officer).

The literature on food distribution in developing economies relates reliability with size. This means that small-scale food processors have a low possibility of being selected. However, this study finds that modern food retailers do not consider size to be the most important factor in volume of purchase. For example, Imalaseko does not consider

reliability to be a strong factor for some products, such as cooking oil, because they buy in small quantities from the distributor, and not directly from manufacturers:

We do not buy in bulk because of our sale, so anyone can supply to us, and in some cases some of the items which we can get from small suppliers we would prefer to buy from them (Imalaseko General Manager).

Furthermore, this study shows that reliability is related to the range of products offered by a supplier. This finding shows that retailers prefer source from a single supplier in order to minimise operation costs. Empirical evidence shows that product lines can enable retailers to position themselves strategically in the market (Richards, 2004; Richards and Hamilton, 2006). Draganska and Jain (2006) found that final consumer's favour product attributes more than flavour attributes:

We prefer to source from a supplier with different products instead of buying from an individual with few food products to minimise operation costs (Nakumatt Branch Manager).

Return policy

Interviews show that one of the criteria for the selection of local food suppliers is having a suitable return policy. This criterion seems to be more applicable to suppliers of fresh products than to those supplying processed foods. The replacement/return policy is important for fresh products like local spinach, tomatoes, carrots and cabbages. Our finding correlates with a study conducted in China on supermarket buyers' selection of fish, which was found to be influenced by suppliers' return policies (Hansen, 2001).

Retailers want suppliers to replace damaged items at cost, for both fresh and processed foods. Unfortunately, in other channels such as hawkers, bazaars, kiosks and wet markets, suppliers of fresh products must deal with retailers who will not accept any loss:

Suppliers of vegetables have had to bear all losses due to damage or shrinkage. We are on the safe side, that's why we don't sign a contract with them, because in most cases, we buy goods on credit. I have given you a space to do business, so make sure your items are of high quality (Shop-n-Save Manager).

This study shows that local suppliers' willingness to work with domestic retailers in Tanzania is determined by their acceptance of the no cost-sharing criterion. This means that suppliers have to agree to replace anything, including expired products and damaged goods, at the retailer's request, whether or not the goods were received in good condition. It is no wonder that any given retailer does not sign a contract with a local food supplier.

Price

Cross-case analysis shows that price is one of the most important factors used in the selection of local suppliers by retailers. This correlates with previous findings that have indicated price is a very important factor in the acceptance of food suppliers (Lin and Wu, 2011; Michelson *et al.*, 2012). For example, interviews show that Uchumi would like to work with a supplier that can offer prices below what is offered to kiosks and bazaars:

One of the big things is that the price you offer to me has to favour the last customer who is coming here to make a purchase. Therefore you cannot say, let us assume you are a

distributor who distributes to other buyers in the streets and that you are coming to the supermarket with the same price! Price! [...]. The price that you offer to those retailers in the streets should not be similar to my price (Uchumi Procurement Officer).

The interviews show that retailers would prefer to negotiate price and not simply accept the price proposed by suppliers. Therefore, for suppliers to be chosen by Uchumi, the price offered has to be below the one offered to kiosks.

Well-promoted products

Three retailers indicated that they like to procure well-promoted products. To support promotions, retailers expect suppliers to place merchandising officers at particular stores in order to share information with consumers. Similar findings by Park (2001) in a study conducted in the USA found that promotional activities like coupon and free product offers led to acceptance of suppliers by retailers. Nevertheless, most retailers indicated that they do not charge slot fees or advertising costs to local small firms. However, placing merchandising officers was more likely to increase acceptance by the Panone supermarket and Uchumi:

We have some criteria for the selection of a supplier. First of all, the selling must be a good one, must be a known product. Popular one means people already know about the item. We don't buy an item and start doing promotion. We are supporting them by giving them a space and they have to do promotion. We don't put up something in our stores that customers don't know (Shop-n-Save Manager).

Discussion

The results of the qualitative comparison cross-case study of modern food retailers in Tanzania show that nine factors are important in the inclusion or exclusion of local suppliers. These factors are: acceptance of trade credit, legal certification, consumer feedback, reliability, return policy, packaging, price, quality and well-promoted product. Consequently, Tanzanian firms have the option of integrating into modern food retailing as a result of accepting trade credit and return policies. Traditionally, food suppliers in Tanzania and other developing economies were drivers of value chains and set trade terms including credit terms and means of payment. Retailers now drive the terms of trade credit.

Regarding the first research question, criteria for the selection of local food suppliers, most of the identified themes coincide with the current literature. For example, existing study show that reliability, price and product quality are the strongest criteria (Radaev, 2013). Based on context we found that the acceptance of trade credit, legal certification and the return policy are very strong factors. The study found that domestic consumers do not necessarily prefer locally made products. This means that modern retailers buy from local processors, but are not sure whether these procurement strategies will lead to consumer sales. As a result, some of the local products expire on the shelf, which leads to policies requiring suppliers to be paid after sales and required to accept loss in the case of product expiration. On the other hand, open markets and kiosks pay in cash, and suppliers do not bear the cost of goods once sold. This means that in some situations probably some suppliers likely avoid doing business with modern retailers because they are sure that the open market can absorb their goods on their terms.

Furthermore, the findings show that suppliers have no power to set trade credit policy, which is consistent with the recent findings in Tanzania by Hermes *et al.* (2015). The ability of modern retailers to reject suppliers due to disagreement on trade credit shows that the number of suppliers exceeds the demand for them. Retailers can therefore be selective in their choice of suppliers and insist on certain conditions from suppliers. This suggests that the supplier-retailer relationship as it currently exists in Tanzania is a market-like exchange. Möller and Halinen (2000) argue that the market-like exchange is a less interdependent relationship has a high likelihood of switching.

In general, this study shows that commitment can be demonstrated through reliability, acceptance of trade credit and meeting consumer demands. These initiatives are one-sided; food suppliers are simply required to do more to show their commitment than retailers.

Three factors that are very important in enhancing trust between suppliers and retailers are trade credit, return policies and legal certification. Our findings are similar with Cai and Ma (2015), who found that trust is very important in establishing relationships between suppliers and buyers in agribusiness. Suvanto (2012) argues that trust is associated with control in the food business context. Thus, in some cases modern retailers in Tanzania exercise control by selecting suppliers who adhere to trade credit and return policies. In turn, this indicates their control of the other actors in the food value chain.

This study contributes to knowledge about the criteria used by modern food retailers in developing economies in the selection of food suppliers. The study adds two variables the acceptance of trade credit and return policy that have not previously been cited in many studies. These variables could be further examined in studies of power in the food value chain.

This study's findings have implications for retailers, supplier and policy-makers. We assume that food processors decline to work with modern food retailers due to their low order volume and insistence on trade credit. With Alpert *et al.* (1997), we argue local food suppliers to continue to work with modern food retailers, even though their purchase volume is low in the short term because modern urban food retailing is growing in Tanzania.

To increase the connection between local food suppliers and modern food retail in the country, we suggest that commercial banks work with retailers to design a loan against the trade credit to the suppliers. This may give local food suppliers a chance to have working capital and to meet market demands. Recently, in Kenya, Brookside signed a deal with 15 commercial banks that may allow contracted farmers to access loans when they present milk supply statements to any bank under the contract (Daily Nation, 2015). This arrangement can be replicated to foster supplier-retailer relationships in Tanzania.

Despite its contributions, this study has several limitations. First, the study was limited to retailers; no suppliers were surveyed. Future research can expand this work by including both suppliers and retailers, and by comparing and contrasting the findings from the two groups. Second, the establishment of relationships is influenced by culture and by the perceptions of individuals at the firm level. We encourage future researchers to investigate the impact of culture on the formation of relationships between local suppliers and international retailers operating in Tanzania. Third, this study used relationship theory to study a phenomenon that is new and complex. Möller and Halinen (2000) argue that, in

investigating complex marketing issues like relationship establishment, other theories have to be used in order to attain a better understanding of these issues. Therefore, we appeal to future researchers to employ more than one theory in the study of such relationship.

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