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Felix Adamu Nandonde, John Kuada,

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# Perspectives of retailers and local food suppliers on the evolution of modern retail in Africa

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Felix Adamu Nandonde  
*Department of Business Management,  
School of Agricultural Economics and Business Studies,  
Sokoine University of Agriculture, Morogoro, Tanzania, and*  
John Kuada  
*Department of Business and Management,  
Aalborg University, Aalborg, Denmark*

## Abstract

**Purpose** – The purpose of this paper is to present the findings of an exploratory qualitative study of the evolution of modern food retailing in Tanzania (from both retailers and suppliers' perspectives).

**Design/methodology/approach** – The qualitative case approach was used in this study. Participants were drawn from three sets of actors: retailers, local food suppliers, and government institutions. Data were collected using semi-structured interview format. Thematic qualitative analytical technique was used for the data analysis.

**Findings** – According to the results of the study, seven major factors that account for the evolution of modern food retail in the country were identified. These are availability of suppliers, acceptance of trade credit, innovation, lifestyle change, institutional support, convenience, and availability of consumers.

**Originality/value** – The study has expanded the knowledge of the evolution of modern food retail in developing economies by using the relationship marketing theory. Furthermore, the study employed some major actors in the food value chain to understand determinant factors that accelerated the evolution of supermarkets in Tanzania.

**Keywords** Retailing, Relationship marketing theory, Suppliers, Tanzania, Retail evolution

**Paper type** Research paper

## Introduction

During the past two decades, Tanzania has witnessed a significant increase in the number of supermarkets with retailers from South Africa (Game, Pick N Pay, Woolworth, and Shoprite), and Kenya (Nakumatt and Uchumi supermarket). According to A.T. Kearney (2014), the Tanzanian retail sector is growing at an annual rate of 75 per cent. Although the growth of the food retail sector in developing countries has been attracting academic attention, our review of the Sub-Sahara African literature has revealed paucity of research on the subject. Some recent contributors to the existing knowledge in Africa include Neven *et al.* (2006) who studied food retailing in Kenya, Abebe *et al.* (2013) who authored the International Food Policy Research Institute report for Ethiopia, Emongor (2008) who studied retailing in Southern Africa Development Community region, and Weatherspoon and Reardon (2003) who investigated the implications of rising of supermarkets for agri-food system and rural poor in Kenya. In Tanzania, studies on this area focused on the factors used by retailers in the selection of suppliers (Nandonde and Kuada, 2016b), the types of food stocked in supermarkets (Snyder *et al.*, 2015), and retailers pricing strategy (Rutashobya, 1996).

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Despite useful insights from these studies, a lot remains to be learnt. For example, we do not know the determinants of the growth of the sector, and the opportunities as well as challenges for further growth (Nandonde and Kuada, 2016a). The limited academic interest means that managers, institutional actors, and policy makers do not have any solid knowledge on which their decisions can be based. This paper seeks to contribute to the existing literature by reporting the results of an exploratory qualitative study of the evolution of supermarkets in Tanzania. It examines the factors accounting for the emergence of modern food retailing in Tanzania (seen from both retailers and suppliers' perspectives).

### **An overview of previous studies**

Earlier studies on the evolution of retail trade were guided by two dominant theories: the wheel of retailing theory developed by McNair (1958), and the accordion theory proposed by Hollander (1966). According to the wheel of retailing theory, the evolution of retailing starts with the emergence of retailers who seek to serve low-income consumers. These retail outlets start with crude facilities, little prestige, and enjoy reputations for cutting prices and margins with the aim of fulfilling the expectations of their price-sensitive consumers. As they mature, they often acquire more expensive buildings, provide more elaborate services, impose higher margins, and become vulnerable to new competition. This change encourages new low price margin retailers to establish themselves in response to an increase in demand.

The validity of this theory in explaining the evolution of modern retail outlets in developing countries has been seriously questioned. It has been shown that, contrary to the theory's prediction, price has not been a key determinant in the emergence of modern retail outlets in most emerging markets (Kaynak and Cavusgil, 1989; Mukherjee and Cuthbertson, 2016). For example, empirical evidence suggests that prices in the modern retail outlets are normally higher than those operating in traditional stores for similar products (Abebe *et al.*, 2013; Battersby *et al.*, 2015). It has also been revealed that middle-income consumers in these countries are attracted to the shopping facilities of the modern retail outlets due to factors such as higher service levels, the ambience of the shopping environments, and physical infrastructure such as parking spaces which are available to customers (Sehib *et al.*, 2013; Singh and Prashar, 2014).

In general, it has been observed that modern retailers in Tanzania locate their stores at the expensive malls and are offering higher prices. In that regard, it is likely that the emergence of modern stores in the Tanzania context is not stimulated by low price or interest of serving low-income consumers.

The accordion theory builds on arguments which are similar to those on which the wheel of retailing theory has been built. According to this theory, retail outlets in a given country expand or contract like an accordion, with the arrivals and departures of merchants offering assortments of products as well as the expansion and contraction of these assortments among the existing firms (Hollander, 1966). The general view is that any retailer has the option of stepping out of the market and allows new actors to occupy his/her position. This decision may be influenced by the retailer's assessment of his/her internal capacity, which is weighted against the possible market gains. This theory assumes that obstacles to innovation which are experienced by the existing retailers open up opportunities for new retailers to emerge (Brown, 1984).

The applicability of this theory to developing country situations, including Tanzania, has also been questioned on the grounds that it is likely to hold true at the stage in the development of retail sectors where the emphasis has been on specialty stores rather than supermarkets and malls that provide assortments of goods under one roof. For example, a Game supermarket that was dealing with home appliances only, recently has introduced food section in its store in Tanzania. The understanding is that the retail outlets that are established in the developing countries often offer "one-stop" shopping opportunities,

in other words, customers can buy nearly all their basic requirements under one roof (Reynolds *et al.*, 2007); they are not specialty stores. As such, the chances that they can expand and contract in an accordion fashion are highly reduced. Furthermore, the theory does not take into consideration resources and other operational constraints that new firms may face in developing countries. For these reasons, the theory cannot adequately explain the evolution of retail outlets in developing countries.

Previous studies in Tanzanian indicate that new supermarkets have emerged with different food items (Nandonde, 2016). However, these new players have been unable to leverage enough resources to sustain their competitiveness. For example, the expansion of Nakumatt supermarket in Dar es Salaam did not happen due to lack of resources, including shopping space. The available evidence reinforces the assertion that new modern retail outlets in the developing economies are not entering as specialty stores but rather as stores that can offer a variety of items under one roof.

The inadequacy of the above two theories in explaining the evolution of the retail sector in developing countries has led to our search for other potential theoretical explanations. The searchlight was grounded on marketing theories that capture the role that changes in the consumption patterns and firms' responses to the changes can play in the evolution of the retail sector. Kuada (2008) draws a distinction between incipient and existing demand for goods and services. Incipient demand represents the demand that is expected to exist in the future as a result of rising income while existing demand represents what consumers are willing to pay for at the given level of income. Demand patterns therefore change with the change of income levels. In the same vein, Featherstone (1991) argues that economic growth and the rising levels of income in a country influence consumers' lifestyle and broaden the market opportunity frontier within which retailers can operate. This happens because previously lower income consumers adopted the tastes of higher income groups, compelling the latter to adopt new tastes in order to maintain the original social distance.

Building on the foregoing observations, some recent studies suggest that the growing middle class in some countries and the general improvements in living standards (including ownership of refrigerators and cars), particularly among the urban populations have led to changes in their consumption patterns that create opportunities for modern retail outlets (Battersby *et al.*, 2015).

It has been argued that firms have three response options to such changes in consumption patterns; one is adopting a market-driving strategy, another is adopting a market-driven strategy, and the third is adopting a combination of the two (Kuada, 2016). With a market-driving strategy, firms engage in new product innovation and marketing in order to satisfy the unfulfilled needs of the emerging consumer market segments. Alternatively, the market-driven strategy allows firms to serve consumers with varieties of the existing products but in new ways that appeal to them and fulfil their expectations. Both strategies have some degree of innovation either on the product or the marketing service.

There is a general belief that firms in developing economies lack resources. This forces supermarkets to depend on their suppliers to supply commodities on trade credit. But the supermarkets are new actors to suppliers or manufacturers. This situation limits their acceptance among the existing suppliers (processors). However, for a supplier to accept trade credit, a good relationship has to be developed between them and the retailers. In Tanzania, a good number of supermarkets are international firms originating from Kenya and South Africa. For this reason, they are likely to have limited knowledge about the behaviour of local food suppliers. Furthermore, since the local suppliers can sell their products through the informal markets on cash basis, they tend to have little incentive to sell on trade credit terms.

These discussions encourage us to consider marketing relationship theory as useful in providing insights into how actors engage and stimulate the evolution of retailing in

developing countries such as Tanzania. Marketing scholars on relationship have stressed the importance of factors such as resources, trust, and commitment in the development of retail sectors (Morgan and Hunt, 1994; Gummesson, 2002).

Trust can be defined as the perception that an actor will act in bona fide for the benefits of another actor in a value chain. Similarly, commitment can be defined as an outcome of one partner's belief that an on-going relationship with another is so important that it warrants maximum efforts to maintain it (Morgan and Hunt, 1994). Without trust and commitment, the monitoring costs of relationships will increase the company's overall marketing costs and reduce its competitiveness.

Furthermore, it makes sense to argue that the ability of retail outlets to satisfactorily serve consumers depends on the availability of the goods and services demanded by the consumers. In the context of a developing country, this will depend on the availability of local suppliers that can deliver good quality products timely and effectively (Nandonde, 2016). In the absence of local suppliers, retailers may need to import the food items in demand, provided that the authorities in the country allow the importation of such items. Previous studies have shown that South African retailers operating in other African countries tend to source about 80 per cent of the merchandise they sell from South Africa (Bianabe *et al.*, 2011).

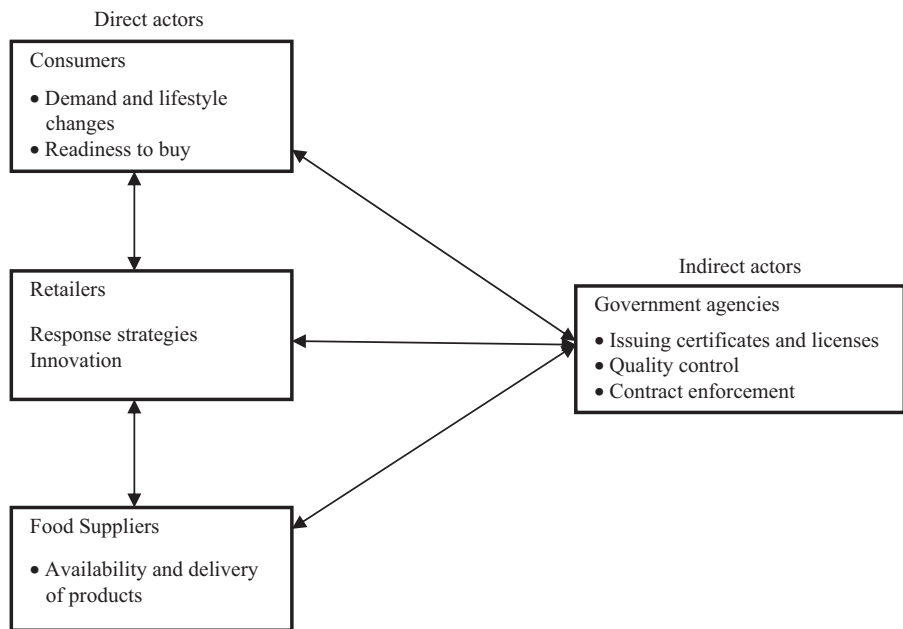
Some scholars have drawn attention to the key role which government institutions and other external agents play in the development of the retail sector in the developing countries (Hadjikhani and Ghauri, 2001; Hadjikhani *et al.*, 2008). For example, Ho (2005) argues that government institutions play a key role in the evolution of retail outlets in developing countries through policies, laws, and regulations; in other words, state agencies provide guidelines on what businesses within the food sectors should or should not be carried out. It means that the firms' priorities and strategies can be a result of state policy and legal frameworks that guide their operations (Zysman, 1983; Hutton, 1995; Whitely, 1999). Along the same lines, Hess (2004) and Henderson *et al.* (2002) argue that a firm's operational capabilities to a large extent depend on the societal embeddedness of the actors involved.

An area in which the role of institutions is very visible in the developing countries is legal certification which is frequently used as an indication of product quality. Such certification may be in the form of business licence, standards certificate, or compliance certificate on health-related issues. For example, scholars (e.g. Digal, 2015; Nandonde and Kuada, 2016b) found that food safety certificates have assumed a heightened importance among the list of criteria that modern food retailers use in selecting local suppliers in the Philippines and Tanzania.

In spite of the growing role of institutions in the evolution of the retail sector in the developing countries, empirical studies have shown that there is a general lack of institutional support and law enforcement mechanisms that regulate relationships between participants within the value chains. Furthermore, contract enforcement has been found to be very low in these countries due to legal wrangles and administrative costs (Fafchamps, 1996). This has encouraged laxity among suppliers of doing business without formal contracts. Here again, trust is important. The lack of trust would lead to free riding, hold-ups, and leakages which can result in less satisfactory supply chain performance or even supply chain defection (McCarter and Northcraft, 2007).

The above theoretical observations and previous empirical evidence have encouraged us to propose the conceptual model presented in Figure 1 to describe the relationships between the key actors that shape the evolution of retail sectors in developing countries, including Tanzania. This model provides a guide for our data collection and analysis.

Figure 1 shows that retailers are key players for food manufacturers to reach the final consumers. The model shows that for the food manufacturer to be accepted, they have to have good delivery record and evidence of consistent availability of the required items.



**Figure 1.**  
Relationships between  
key actors in the  
evolution of food retail  
outlets in developing  
country contexts

The assumption is that if food suppliers are consistent in delivery, retailers would be willing to buy their items all the times. Furthermore, the model shows that retailers have to be more strategic and innovative to attract consumers from all walks of life, including bottom of the pyramid consumers. We therefore expect consumers to play the important role in the evolution of modern food retail in Tanzania partly due to a change in lifestyle, an increase in demand, and readiness to shop in modern stores.

The arrows show that information on changes in a consumer's lifestyle and demand would reach retailers and then retailers would share this knowledge with food suppliers. In that regard, food suppliers would need to have a good relationship with retailers in order to know what to produce or supply in response to the dynamic and changing urban consumers. Furthermore, information would speed up innovation on the part of the retailers. But there should be a good relationship between retailers and food suppliers for the food value chain to function efficiently and effectively.

It has been suggested that food business in Africa can be characterised by opportunistic behaviour of actors in the value chain (Fafchamps, 1996). This means that actors will hesitate to engage in trade credit relationship unless there is an intervention of a third party to facilitate contract enforcement. This observation is reflected in our model. Figure 1 shows that indirect (third party) actors may play a role in facilitating the relationship between suppliers and retailers. Furthermore, the indirect actors (e.g. government institutions) would have an impact on the availability of food through training and issuing of certificates that would provide more quality assurance to retailers. Thus in general, we expect indirect actors to have an impact on the decisions and behaviour of consumers, retailers, and food suppliers in Tanzania. Furthermore, previous studies have suggested that food importation is very difficult in many African countries due to non-tariff barriers (Nandonde, 2016). These import constraints tend to limit the development of the retail sector. Thus, the different roles that government institutions play in increasing local food supply (i.e. training, quality control, facilitation of contract enforcement) may stimulate the opening of more

stores because good quality items would be easily available on the local market. The supporting role that the government institutions play in the food value chain may also assure consumers that buying food from supermarkets is safe.

**Methodology**

According to Deshpande’s (1983) suggestion, qualitative method is appropriate for studying new and context-specific business issues. Thus in the current study, we decided to use qualitative case approach in order to explore the evolution of modern food retailing in Tanzania. Participants were drawn from three sets of actors: retailers, local food suppliers, and government institutions (see Table I). In selecting the actors, we followed the advice by Yin (1994) that the selection of a participant for a qualitative study should depend on the richness of the information required. We therefore limited the selection of population to firms that have been in operation in Tanzania for three years or more in order to tap from their richness in experience and knowledge about the evolution of the retail sector. With respect to the retailers, we targeted the nine major retailers that fitted our criterion for inclusion.

Seven retailers (three international and four local firms) agreed to participate in our study, while two declined our request due to time constraints. Table I shows directors, deputy directors, and/or branch managers of the retail stores that have participated in the study.

We also targeted all local food suppliers that were selling to supermarkets at the time of the data collection, and requested the participation of owners, managers, operational managers, financial managers, and sales officers. Nine suppliers agreed while five firms declined to participate in the study due to time constraints. With respect to the indirect

Case (company)	Year started	Participants position	Number of participants	Gender
<i>Retailers</i>				
Nakumatt holding supermarkets	2008	Branch manager	1	Male
Uchumi supermarkets	2014	Procurement officer and floor manager	2	Males
TSN supermarkets	2008	Branch manager	1	Male
Panone supermarket	2008	Deputy managing director	1	Male
Imalaseko supermarket	1998	Assistant to managing director	1	Male
Shop-N-Save supermarket	1990	Branch manager	1	Male
Game supermarket	2006	Branch manager and floor manager	2	Male and female
<i>Food suppliers</i>				
Mzomo Services	2004	Owner	1	Male
Darsh Industries Limited	1998	Operation manager	1	Male
Meat King Limited	1996	Managing director	1	Female
Monaban Farming Company Limited	1994	Chief finance officer	1	Male
Foot Loose	2003	Managing director	1	Female
Basic Elements Limited	2003	Marketing manager	1	Male
Kijenge Animal Products	1984	Sales officers	2	Males
Happy Sausage	1990	Finance manager	1	Male
Namazone Business Centre	2004	Managing director	1	Female
<i>Institutions</i>				
TFDA	1975	Food inspector officer	1	Male
TBS	2003	Surveillance officer and acting director of laboratory	2	Females
SIDO	1973	Business development officer	1	Male
TCCIA	1990	Business development officer	1	Male

**Table I.** Participants demographic profile

actors, all three government institutions which deal with food regulations and promotion of indigenous businesses in Tanzania were interviewed. In addition to that, five officers from a very active private sector organisation that deals with advocacy and promotion of business in Tanzania also participated.

Drawing from Tuckett (2004), our data collection process was guided by the descriptive saturation principle in qualitative research. According to this principle, data saturation is seen to occur when the researcher no longer finds new descriptive codes, categories, or themes emerging from the collected additional data. We stopped at 24 participants because of saturation of ideas from the data. Similar approach is reported in other exploratory studies within the food retail sector (see Wagner *et al.*, 2005; Coca-Stefaniak *et al.*, 2010).

Data were collected from September 2014 to January 2015 using semi-structured interview format. Different interview guides were developed for the retailers, suppliers, and the institutions. Interview questions were developed from the previous literatures related to the evolution of the retail sector, drawing mainly from studies by Hollander (1960), and Reardon *et al.* The following are the samples of questions we asked: In your own view which factors accelerated the development of modern retail in Tanzania? What is the future of modern retail in the country? Are there any government policies that you think have accelerated the development of retail in the country?

The interviews lasted for an average of 60 minutes and were conducted at the participants' premises. A voice recorder was used where participants permitted its use. Where participants declined the use of a tape recorder, a field note book was used to record responses. Furthermore, notes from interview were transcribed within 24 hours after the interview in order to reduce the incidence of memory decay. The collected primary data were supplemented with secondary data from newspapers, magazines, and other relevant reports.

We used thematic qualitative analytical technique for the data analysis. Braun and Clarke (2006) proposed six stages for such an analysis: familiarising yourself with the data – we did this by rereading the data from the transcripts; generating initial codes, that is, developing codes after rereading the transcript as well as previous literature and theory; searching for themes – we used tabulation to show the initial emerging themes; reviewing themes – we reviewed the themes developed to see their commonalities and differences; defining and naming of the themes; and producing a report. Borrowing from Miles (1979) and Yin (1981), we used our framework in Figure 1 and theoretical knowledge presented earlier to develop a list of variables to guide us in searching for patterns in the data (Miles, 1979; Yin, 1981). We did both within-case analysis and cross-case analysis, again examining the importance of the themes as well as the similarities and differences in the results. Tables II and III show the results from the cross-case analysis.

### Findings

Tables II and III provide an overview of variables that emerged as strong determinants of the development of supermarkets in Tanzania. According to the study findings both food suppliers

**Table II.**  
Retailers' perception  
of determinant factors  
for the rise of modern  
food retail in  
Tanzania

Attributes	Modern food retailers						
	Nakumatt	Uchumi	Game	TSN	Shop-N-Save	Panone	Imalaseko
Innovation	✓	✓	✓	X	X	X	X
Lifestyle	✓	✓	✓	✓	✓	✓	✓
Suppliers' availability	✓	✓	✓	✓	✓	✓	✓
Institutional support	✓	✓	✓	X	X	X	X
Acceptance of trade credit	✓	✓	✓	✓	✓	✓	✓

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



and retailers identified seven major factors that account for the evolution of modern food retail in the country. These are availability of suppliers, acceptance of trade credit, innovation, lifestyle change, institutional support, convenience, and availability of consumers.

*Availability of local suppliers*

All the retailers agree that availability of local suppliers for some of the food items they sell is an important factor in shaping the evolution of modern food retail outlets in Tanzania. The availability of local suppliers has been linked partly to problems of importation facing supermarkets. In other words, poor infrastructure together with the hassles (i.e. the bureaucratic procedures, red tape at all levels of administration) of importing commodities in Tanzania make it preferable for the supermarkets to source as many food items as possible locally. This finding is consistent with the findings from a study by Reardon *et al.* (2012) who noted that the supermarkets in developing countries especially in Africa and Latin America entered into contracts with processing firms who in turn contracted producers in securing regular supplies of local food items.

The study findings show further that food processors invest in agribusiness upstream activities to meet the rapidly rising market of modern food retail in Tanzania, and in Africa in general (Nandonde, 2016). For example, Fanisi Capital bought about US\$6 million stakes in Kijenge Animal Product in Arusha, Tanzania (Reuters, 2015). Kijenge Animal produces products such as animal feeds, maize flour, and chicken which are sold at Nakumatt, Uchumi, and other retailers in Tanzania.

Thus the Game fresh food manager has this to say:

The thing that accelerate the growth of supermarkets to me is the availability of suppliers.

*Acceptance of trade credit*

The findings show that supermarkets expect the local suppliers to grant them a 90-day credit on all items they supply. The suppliers were reported to have initially refused to accept the trade credit requirement, but later they eventually agreed to trade credit since it allowed them to sell large quantities of their products to specific retailers. Previous studies have confirmed the importance of trade credits to the development of retailer-supplier relationship in Tanzania (Nandonde and Kuada, 2016b). This implies that supermarkets have shifted part of the financial burden of distribution to the local suppliers and this has allowed them to concentrate on other investments. As the Game supermarket food manager confirmed:

[...] local supplier are used to trade credit system [...]

*Change in lifestyle*

Our analysis reveals that lifestyle change is one of the major factors that have led to the development of modern food retail in Tanzania. The growing urban middle class in

Attributes	Mzomo Services	Darsh Industries	Meat King	Monaban Limited	Foot Loose	Basic Elements	Happy Sausage	Namazone Business Centre
Convenience	X	✓	X	X	X	X	X	✓
Availability of consumers	X	✓	✓	X	X	✓	✓	X
Acceptance of trade credit	✓	✓	✓	✓	✓	✓	✓	✓
Availability of suppliers	✓	✓	✓	✓	✓	✓	✓	✓

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

**Table III.** Suppliers' perception of factors that stimulated the evolution of modern food retail in Tanzania

Tanzania has developed a lifestyle that makes shopping in modern retail outlets more convenient to them than buying from traditional markets. For example, the middle class considers it more preferable to shop under hygienic conditions. Furthermore, the supermarkets have introduced other innovative marketing practices such as return policy, constant prices that the consumers find appealing. The return policy is that supermarkets allow their customers to return items that have been found to be in some way defective or unsuitable for consumption after purchase. The lack of physical addresses for hawkers and the difficulty of verifying of kiosk owners because they do not issue receipt or even scan the bar code number of the items sold making it difficult for customers to return defective or spoiled food items.

The respondent from Nakumatt explains it as follows:

[...] they can return products which seem to be unfit for them.

Other studies about the evolution of retail outlets in developing countries have also drawn attention to the role which the growing urban middle class and their new life styles play in the development process (see e.g. Sanlier and Karakus, 2010; Reardon *et al.*, 2012).

#### *Institutional support*

The international retailers (Game, Uchumi, and Nakumatt) that participated in this study see institutional support as an important factor in their establishment. The aspects of institutional support identified by the international retailers include: training in issues relating to food laws and hygiene, flexibility within the laws, and regulations and a crackdown on hawkers.

Training services which are provided by institutions such as Tanzania Food and Drugs Authority (TFDA), Tanzania Bureau of Standards (TBS), and Small Industries Development Organisation enable an increasing number of local food suppliers to meet the country-set food standard followed by modern retailers. Furthermore, TFDA and TBS have special schemes to facilitate small-scale enterprises to acquire certificates and training on food standards under the donors' support. Through these initiatives, many SMEs gain access to the standard market and TFDA certifications, which enable them to produce and sell their food items to modern food retailers.

An officer from TFDA explained the role of this institution as follows:

We trained 600 local food processors in the regions in the country [...]

These findings corroborate with the findings with the previous studies. For example, a study conducted in China (Zhang and Wei, 2015) found out that institutional support promoted the emergence of retail sector.

#### *Innovation*

The international retailers have also indicated that the innovative marketing strategies which they have introduced have had some impact on the increasing popularity of supermarkets among consumers from all walks of life. Retailer introduced loyalty cards, through which consumers can earn points that can be redeemed into the purchase of certain commodities in these stores. The earned points are transferred into cash. This practice is not applicable in the open markets, kiosks, and pop and mom stores. It is common knowledge that consumers from low-income groups in Tanzania make use of their points to purchase basic food items such as sugar and bread. Therefore, this innovation which has been introduced by retailers attracts a good number of consumers even from low-income families.

Explaining the importance of loyalty cards, the Nakumatt branch manager had this to say:

[...] We can redeem their points, and he can get sugar.

These findings are similar to those reported in the previous studies that show that the use of loyalty cards in Africa is an important factor in increasing the patronage to supermarkets.

It is interesting to note that local food suppliers do not consider innovation as one of the factors accelerating the evolution of modern food retailing in the country. This is perhaps because the investments required for such technological innovations as loyalty cards could be very high.

### *Convenience*

Other respondents have drawn attention to the changes in the work patterns in different areas of the country due to the increased number of very well-educated people engaged in office work including that of women entering the labour force. This has led to changes in the consumption behaviour of households – in other words, those in the jobs that demand long working hours (some of them working even during the weekends), consider it more convenience to shop at modern food retail stores which close at 10 p.m., instead of shopping at the traditional wet market that close at around 6 p.m.

The manager of Namazone Business Centre had this to say:

[...] you can buy everything and save time when you visits supermarkets [...]

### *Availability of consumers who are willing to buy food from supermarkets*

The study shows that the growth in the demand for quality food items by urban consumers has not been fully met by traditional markets. This has created an opportunity for modern retail outlets of filling the niche. Studies which were conducted in Africa show that consumers played a major role in the emergence of modern food retail (Battersby *et al.*, 2015).

The manager of Meat King had this to say:

[...] consumers now understand that they can everything in supermarkets of high quality [...]

### **Discussion**

The findings of this study confirm arguments made by some earlier scholars that the availability of local suppliers and their willingness to accept to sell to retailers on credit as well as the growth of the middle class and their changing life styles are among the major contributing factors to the evolution of modern food retail outlets in countries such as Tanzania. Trade credit suppliers are an important, but often neglected, source of finance for the growth of enterprises in developing economies. The acceptance of trade credit is important because as Kaynak (1975) observes, the retailers in developing economies lack adequate funds to finance their expansion strategies. Thus, giving them credit reduces their working capital and allows them to invest their limited resources in renting spaces and expanding their outreach. With respect to lifestyle changes, it was noted that factors such as the emergence of health conscious consumers combined with the long working hours in the urban areas make the supermarkets more convenient outlets since they remained open after normal working hours.

The role of innovation was also found to be significant for the evolution of modern retail outlets. Our findings indicate that marketing innovation strategies that supermarkets had introduced have enabled them to retain customers from all walks of life. Initially, supermarkets were perceived to be the outlets for people with high incomes and or living in the major cities, the truth of the matter reveals otherwise. Moreover, some of the supermarkets introduced loyalty cards whereby consumers can earn points which can be redeemed to purchase some specific items in the stores. Our findings are therefore consistent with the findings reported in similar studies in

countries such as Spain (Maixe-Altes and Balaguer, 2015) and South Korea (Suh and Howard, 2009).

Finally, institutional support was found to have significant influence to both local suppliers and retailers on the evolution of retail outlets. The types of support that the retailers received include training and legal flexibility which allow them to operate in Tanzania. Our findings are therefore in line with the findings of studies by scholars such as Mukherjee and Cuthbertson (2015) who found that institutional support enabled retailers to increase their suppliers from local food producers and processors.

It is conceivable that the marketing dynamics which were created by the evolution of the modern retail sector will have implications for the Tanzania agricultural sector. First, provided that the local supply side is properly managed and the producers can improve the quality of their products and scale up their production to meet the demands of the middle-class urban consumers, one should expect these developments to positively impact food production in Tanzania and create jobs among rural communities. For example, the improved practices among local suppliers to the modern retail stores can spill over to other local food producers and thereby improve the quality of products entering the traditional markets. Second, we have noted that the supermarkets are reformulating the “rules of the game” in the market by demanding suppliers to be innovative and upgrade their production processes in order to sustain their inclusion in the supply chain. One can correctly assume that not all local suppliers have the resources to make the necessary investments. And these may therefore be excluded from the supply chain.

The developments outlined above require close attention of policy makers and researchers. For example, specific policies may be required to provide some local suppliers with the resources to avoid the lack that may have made it difficult for them to scale up their production and avoid being excluded from the procurement systems designed by the retailers. Mechanisms for knowledge transfer and knowledge sharing within the local food sector may be designed to help the entire sector benefit from the emergence of modern food retail sector.

Furthermore, space and convenient location have emerged as important factors in the evolution of the retail sector. However, Tanzania is faced with a challenge regarding poor city planning and development. For example, the arrival of Nakumatt supermarket in Dar es Salaam was delayed due to space challenge. This is another aspect requiring policy attention.

In terms of strategy, the study findings show that trust and good relationships between suppliers and retailers are essential for the growth of the entire food industry. For example, the acceptance of trade credit condition depends on trust. Thus, the retailers must strengthen their trust building mechanisms in order to remain in business. In this regard, the findings corroborate with the findings from other African countries such as Uganda (see Odongo *et al.*, 2016).

Hitherto, the evolution of the modern retail sector has not received much attention in Tanzania. In the light of the importance of the developments described above for the agricultural sector in Tanzania, we believe that researchers need to follow the developments very closely in order to provide policy makers and local entrepreneurs with relevant information on which their decisions can be based. It is in this light that we should mention one serious limitation of the present study, and that is, we have only used data from retailers, suppliers, and government institutions – consumers were not included. Future studies should include consumers to gain some insights into their perceptions and further validate (or refute) viewpoints provided by the other actors within the food value chain. Furthermore, the current study used only local food suppliers while there is a general consensus that supermarkets in Africa are flooded with imported food items. We agree with Samli and El-Ansary (2007) who argue that to understand the development of food

distribution in Africa, it is important to investigate the role of wholesales/distributors (including importers) as well as consumers. In the light of this observation, future studies should pay attention to the role played by food importers on the evolution of modern food retail in Africa.

### Conclusion

Studying the Tanzanian market on the supermarket evolution has provided the factors that have contributed structural changes in food distribution in the country. From mid of 1990s, a number of supermarkets emerged in Tanzania; in this respect, the institutional support in the form of training has also enabled the local food producers to meet the needs of urban consumers. In addition, trade credit acceptance by food suppliers has not only assured retailers with constant supply of local food items, but it has also reduced their overall costs of operation and thereby allowed them to undertake expansion in the country.

The findings also have a number of implications for local suppliers, retailers, and policy makers. We have argued that retailers need to maintain good relationship with local food suppliers. Retailers may also need to maintain and increase the quantities they buy from local suppliers in order for them to continue to be attractive candidates for the government institutions. Furthermore, for retailers to have constant supply of items, they should pay suppliers on time. Training and knowledge-sharing mechanisms must also be developed throughout the sector in order to improve opportunities for innovation and growth.

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**Corresponding author**

Felix Adamu Nandonde can be contacted at: [nandonde@gmail.com](mailto:nandonde@gmail.com)