

Attention: Louise du Plessis

1. INTRODUCTION:

Grocery competition has become a major threat to consumers living in the rural areas as well as into our townships. In many townships unrest, spaza shops had been attacked and looted. That was not only caused by the xenophobic stunts and criminal elements. But uneven or inconsistent Grocery Prices provoked the hungry people's conscience. Hungry people also set their eyes on the growing number of hypermarkets built closer to the townships. These hypermarkets are being perceived to be very expensive in selling their groceries.

2. BODY

2.1. spaza shops/supermarkets owners operating in the rural areas are exposed to high transport costs from where they purchase their goods. That has a direct impact and influence in their selling prices. Also there's a major competition from the spaza shops owned by the foreigners. In certain quartets spaza shops owned by the foreigners has a potential to win the competition against the locals.

2.2. Even those who owned shops in townships and very close from the wholesale, they still exposed the consumers in high grocery prices. Still foreign owned shops always offer the consumers better selling prices in townships.

2.3. There's a growing perception that foreign owned shops are better managed and are good in managing their cash flow. Also they always buy in bulks in order to meet the SUPPLY and DEMAND. As a result everything consumers they need is always available in their shops.

On other hand for meeting this SUPPLY and DEMAND allows them a chance to raise their prices without the consumers noticing that. For local spaza shops owners, they still struggle to match that PRICING STRATEGY. It is alleged that local spaza shops owners are prohibited to buy in bulks in wholesale market. Also local spaza shops owners focus on monopolising the markets and allegedly prevent the foreign spaza shops to operate. This has affected the grocery prices which end up being sold in high price.

2.4. Also there's a growing number of hypermarkets built very close to the townships. For instance in townships, you may find more than one Spar outlets, Shoprite, Usave and Boxer stores. But their presence has not yet brought PRICE RELIEF. Instead, they are competing in HIGH GROCERY PRICES.

2.5 Sometimes these hypermarkets offer consumers discounted prices on the dates in which consumers have not money. For instance they will advertise less prices available before the 1st of the month. That prevents people earning the social grants to benefit from those less prices. As well those getting paid from the 25th up to the end of the month.

2.6. Also you will find that all the BASIC FOODS are expensive. That included the meat, aromat, fish oil, beans, fruit, vegetables, sugar, meali-meal, rice, sample, beans, potatoes, instant porridge, pumpkin, tomatoes, butter, cheese, bread, yogurt and milk.

3. CONCLUSION

It's a wise move for these hypermarkets to get closer to our community. That creates job and develop franchise. But there's a need for a GROCERY MONITORING TEAM need to constantly visit the shops.

They will conduct an ongoing research on consumers buying behaviour. At the same time shop owners who operates fairly, they must accumulate points and rewarded.

There's a need for a GROCERY PURCHASES and SALES REGULATION. Shops operating in the rural areas should be encouraged to keep the standard prices, but SARS should compensate those shops.

Regards


PORT ELIZABETH