

Dear Ms. Louise du Plessis

My name is [REDACTED] and I own a retail store in an area called [REDACTED] on the KNZ south coast.

One of the fastest growing problems in this sector is the number of foreign owned shops that are opening up in every township around the country. These foreign owned shops are at a huge advantage as they do not register their business for tax, they live in their shops and they only employ people from their countries. From the onset, their expenses are so low that they can sell their stuff at much lower prices than the South African owned shops.

Another factor affecting this sector is the suppliers who used to be so strict in the past when it came to doing business with them. Companies that I can use for example are Unilever, Coke and British American Tobacco. About ten years ago when I first approached these companies to buy directly from them, I was told that I first had to have an account with them. I was given an application form that asked for my business registration number, tax number etc. Over the last few years these companies have moved to using distributors to sell their products. Myself and other business friends realized the main reason for this is so that these companies who are so strict when it came to doing business with them, can now use the distributors to supply to anyone. The main people to gain from this are the foreign owned shops.

Lastly the biggest factor affecting this sector is the pricing at the large retail chains compared to the wholesalers. Most of the small independent retailers are dependent on wholesalers, to source their stock. When I was growing up and my dad ran our business, I used to accompany him to the wholesalers to buy our stock. In those days you could only buy from the wholesalers if you had a buying card with them. In those days the prices at the wholesalers was always cheaper than the chain stores. Today it is the other way around. If you take your KVI lines (rice, sugar, oil, maize meal), you will find the chain stores are up to five rand cheaper per an item than the wholesalers. How can the independent retailer like me compete with this when we still have to add transport cost and our mark up?

Regards

[REDACTED]
[REDACTED]