The Expansion of Regional Supermarket Chains: Implications for Local Suppliers in Zambia

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The Story

- Proliferation of supermarket chain stores in Zambia but...
- Local supplier participation remains limited

Why it Matters

- Stimulus for industrial development and associated knock-on effects on:
  - Employment creation
  - Economic diversification
  - Export growth
  - Poverty alleviation

Determinants of Participation

- Sample size = 99 obs (48% - supermarket suppliers; 52% - non-suppliers)
- Use maximum likelihood probit model
- Results at $\alpha = 0.05$:
  - Bar-coded Products
  - Investment in machinery
    - Statistically significant

Structural Barriers to Entry

- Domestic regulatory standards – ZABS
- International regulatory standards – HACCP

Strategic Barriers to Entry

- Supermarkets’ Procurement Strategies
- Supermarkets’ Procurement Criteria
- Supermarket Supply Contract Conditions
- Competition from Vertical Integration of Supermarkets

Policy Options

1) Establishment of a Supplier Development Fund (SDF)
2) Local Content Policy
3) Import Substitution
4) Leveraging on Supermarkets’ Transport Systems for Exports
5) Addressing Trade Barriers
6) General Support to Local Firms from Supermarkets and Government

“Working Towards the formulation of Sound Economic Policies”