

## The Story

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



## Why it Matters

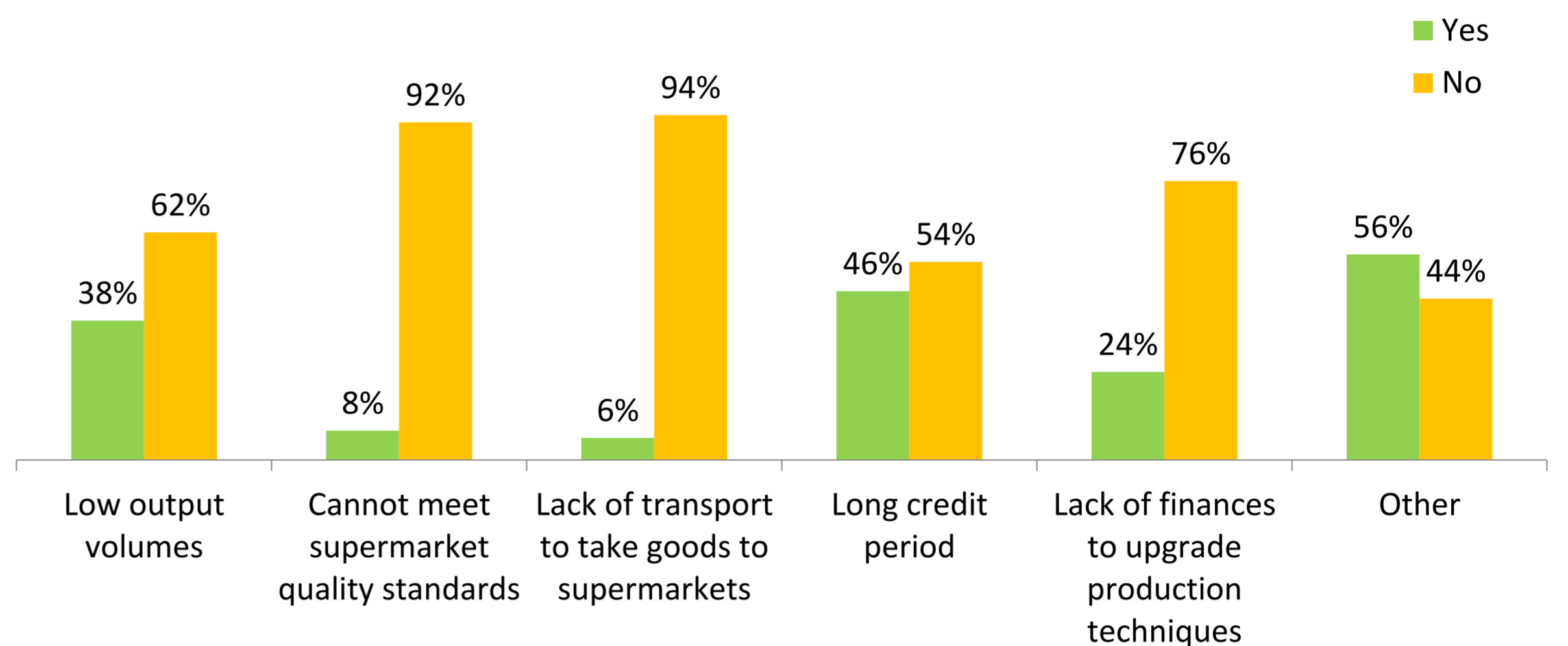
- Stimulus for industrial development and associated knock-on effects on: -
  - Employment creation
  - Economic diversification
  - Export growth
  - Poverty alleviation

## Determinants of Participation

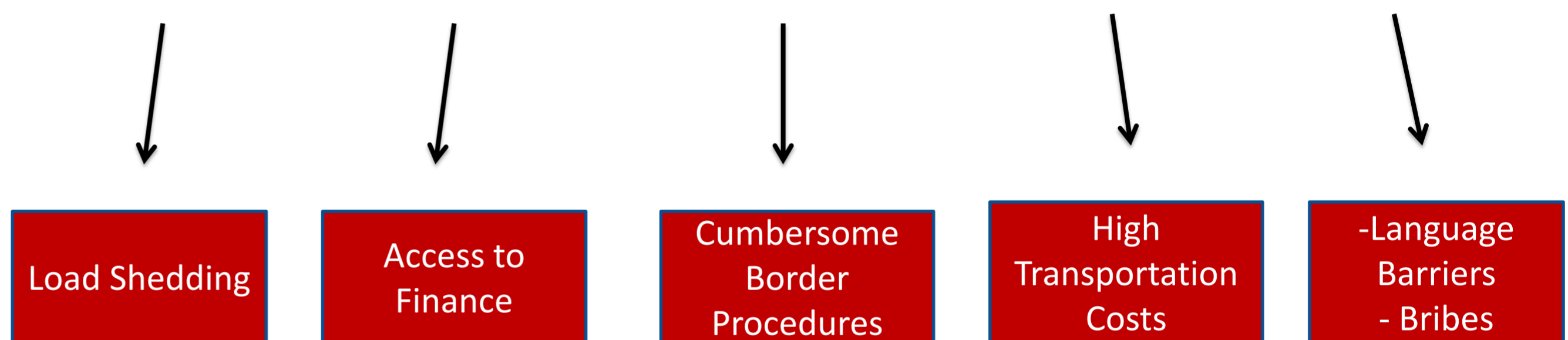
- Sample size = 99 obs (48% - supermarket suppliers; 52% - non-suppliers)
  - Use maximum likelihood probit model
  - Results at  $\alpha = 0.05$ :
    - Bar-coded Products
    - Investment in machinery
- Statistically significant**

## Other Findings

### Reasons for not supplying Supermarkets: the Non-Suppliers



### Domestic and Trade Constraints Faced by Local Firms



## Structural Barriers to Entry

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

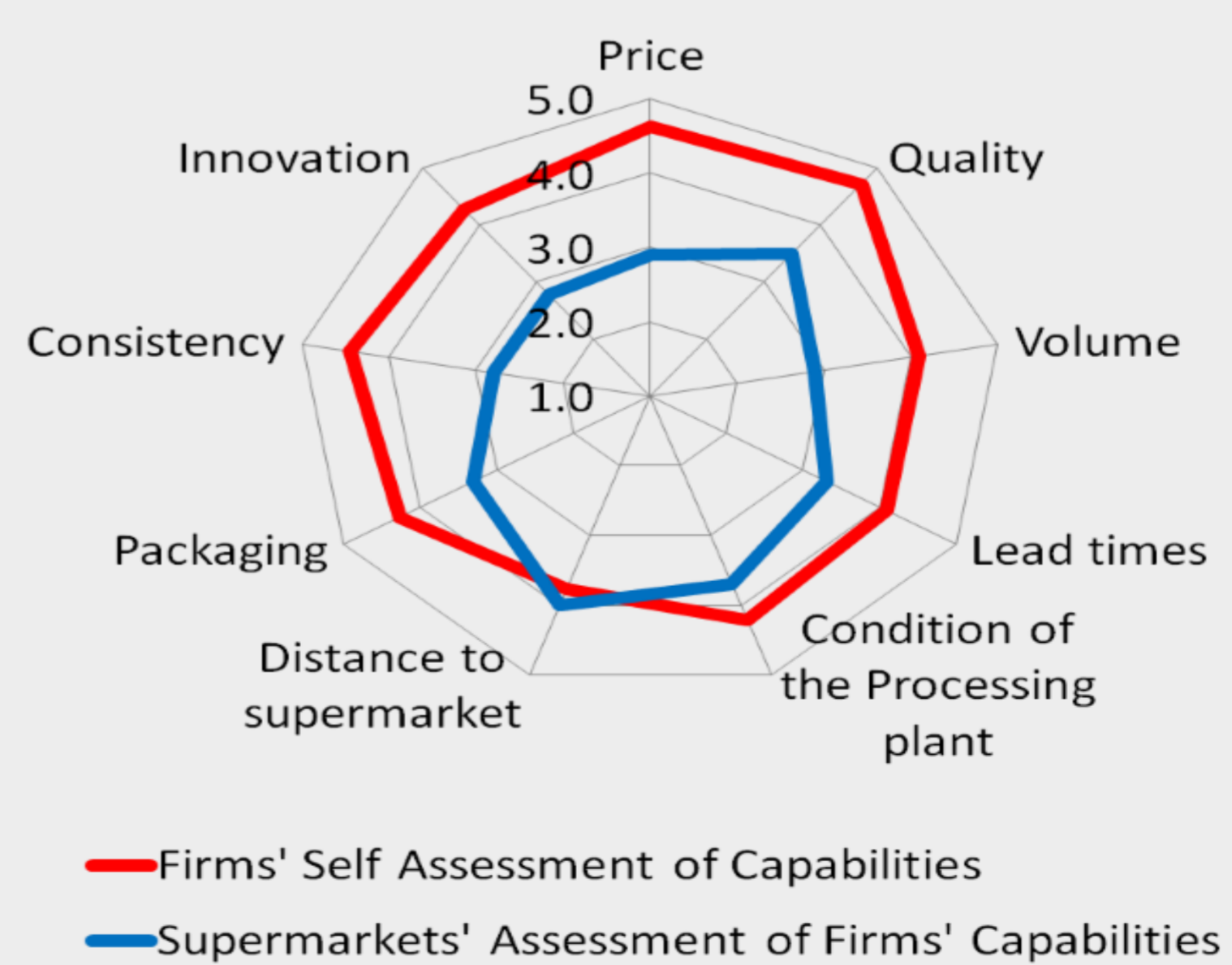
## Strategic Barriers to Entry

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

### Supermarkets' Procurement Criteria versus Firms' Perceptions



### Supermarkets' Perceptions of Firms' Competitiveness versus Firms' Perception of their Competitiveness



## 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