MIDLANDS STATE UNIVERSITY

FACULTY OF COMMERCE

DEPARTMENT OF RETAIL AND LOGISTICS MANAGEMENT

PROJECT TOPIC:

The impact of street vending on financial perfomance of formal clothing retailers in gweru.

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APPROVAL FORM

The undersigned certify that they have supervised the student's dissertation entitled **the impact of street vending on the financial performance of formal clothing retailers inGweru** submitted in Partial fulfillment of the requirements of the Bachelor of Commerce in Retail and Logistics Management Honors Degree with Midlands State University.

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SUPERVISOR   DATE

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CHAIRPERSON   DATE

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EXTERNAL EXAMINER   DATE

DEDICATION
DEDICATED TO THE EVERLASTING LOVE OF

My siblings Gervas, Wadzanai, Onai and mother Tendai Chikwape

And

In memory of my late father (Chiwatsa) Edson E. Muzhangiri, hope will meet again on the second coming of Christ.

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ACKNOWLEDGEMENTS

ABSTRACT

This study seeks to find the impact of street vending on financial performance of formal clothing retailers in Gweru. This study draws inspiration from the gaps identified in previous research studies. Previous studies generalised the impact by actually looking at the impact of informal economy on business holistically. The main objective was to establish the relationship between street vending and financial performance of formal clothing retailers between the years 2013 and 2015. The other objectives were to determine the impact of street vending on customer count of formal retailers, to establish the relationship between street vending and conversion rate of formal retailers and to investigate the impact of street vending on average shopping cart of formal retailers. In order to establish the relationship, the study engaged in hypothesis testing. Main Sources used were four and included (Hudson et al 2012) who evaluated the impact of informal economy on businesses, Williams (2006) who analysed the relationship between small business and informal sector, (Chivivi et al 2014) who researched on advertising strategies and tactics used by flea market traders and (Pedikaki et al 2011) who assessed the impact of customer traffic on service trade performance. The study employed the explanatory study approach. The study used both quantitative and qualitative research methods to come up with the results. The research study was carried out on 34 formal clothing retail shops, 40 vendors operating in Main Street, and 150 customers conveniently selected in town. The research found out that street vending resulted in decrease of customer count for formal clothing retailers by 20% between 2013 and 2015.the massive engagement of street vending in Main Street of Gweru resulted in reduced financial performance of formal clothing retailers. The study also found out that there is a positive relationship between street vending and conversion rate. In other words, one percent change in street vending will automatically lead to a rise in financial performance of formal clothing retailers by 2%. The other main finding was that there is a negative relationship between street vending and average shopping cart of formal retailers. In conclusion the study established a relationship between street vending and financial performance of formal retailers. In light of this, the study recommended the construction of organised flea markets, retailers to engage in shopper marketing, continuous research and development, and relationship marketing. The study ended by calling for research studies in other regions of the world to assess the impact.

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CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

Zimbabwean formal retailers are complaining too much on the operations of street vendors saying they are taking business from them. This research seeks to address analyse and assess the impact of street vending on the financial performance of formally established retail institutions of Zimbabwe. The study will be summarised in five well explained chapters. This chapter outlines the background of the study, statement of the problem, objectives of the study, hypothesis, significance of the study, the assumptions underlying the study, delimitations of the study and limitations.

1.1 Background of the Study

Street vending as a sub section of the informal sector has become a global issue. As a prevalent global phenomenon of the 21st century, studies in vast areas around the world have been conducted in as far as street vending is concerned. Hudson et al (2012), carried a quantitative research of evaluating the impact of informal economy on business in south east Europe. Their research was based on lessons from the 2009 World Bank Enterprise survey. According to their research they found out that large informal sector has an impact on wage levels and affect small business.

Williams (2007) conducted yet another study on the relationship between small businesses and the informal economy in the UK. The findings were that most of the businesses affected are in the sectors of land transport, construction, motor vehicle

trade, hotels and restaurants, with unqualified enterprises/ initiatives and business in the peripheral regions are most affected.

In Asia, Kaizh (2013) did a research on street vending in China stating that it was restricted due to the fact that China was once a socialist economy. In a bid to maintain equity the republic of China had to free its citizens to explore entrepreneurial avenues. Since then China had recorded a transitional improvement in the economy but however the research did not specify the impact street vending has on formal Chinese retailers.

Coming to Africa, street vending is seen as a tool of poverty alleviation according to Chivivi et al (2014). Jimu (2004) evaluated the advantages and disadvantages of street vending and the outcome of the research was that, if correctly controlled in as far as liberty of economic opportunity is concerned, Street Vending could be a positive driver for socio-economic transformation and economic development for poor urban societies. This study rather sought to improve street vending without actually establishing the relationship between street vending and performance of retailers.

Prior to the study by Jimu (2004), Mitullah (2003) from Nairobi University compiled a research report on street vending in African cities. The report was an amalgamation of six case studies. The reason why Winnie Mitullah combined the case studies was that there was an invitation by World Bank to Women In Employment Globalising and organising [WIEGO] to contribute to World Bank's 2005 World Development report. The aim of the report was to assess problems faced by street vendors in business and stakeholder responses. This research did not come up with anything to

do with the relationship between Street vending and performance of formal retailers in African cities.

In order for this study to come up with the real impact of street vending on financial performance of formal clothing retailers in Gweru, the researcher did a preview of the situation in Zimbabwe which happens to be background information for Street Vending in Zimbabwe.

After several years of economic meltdown, 2009 saw Zimbabwe in a recovery mode. In the year 2009 the economy nearly performed well with Zimbabwe adopting the South African Rand, Botswana pula and the US dollar currency (Chikoko 2014). However the economy did not grow with a pace good enough to curb macro-economic problems in the country. According to ZimStat the percentage of unemployment in the years 2012 and 2013 was 11 percent which was argued to be well above 70 percent by independent economists (Herald, December 10, 2013). Using the definition of unemployment by Chirisa and Muchini (2011), unemployment refers to a situation where individuals willing and able to work themselves are deprived of opportunities on the job market. This definition gives this study much ground to agree with independent economist on the issue of unemployment rates in Zimbabwe during the era under review. This therefore means unemployment in Zimbabwe was high, and people sought all means of livelihood leading to the rapid growth of street vending. The state of lawlessness caused low entry barriers in the street vending business and some members of the formal sector joined the informal sector.

The genesis of street vending dates back to time immemorial (Gumbo 2015) but according to (Sibhat 2015) it is caused or triggered by many factors among which

include state of the economy. In 2014 there was an increase in unemployment, company closures and other macro-economic problems leading to rampant social strife. In 2014 at the "*Meet the people*" rallies, the First lady told the police and municipality police to stop harassing the vendors. The statement was a little bit vague and subject to arguments (Gumbo 2015). The general populace misinterpreted by saying the First lady gave a blank cheque to the citizens to sell whatever merchandise in-order to earn a living. However this seemed to be the root cause of disaster to formal retailing in Zimbabwe since they engaged into street vending with large numbers.State of the Zimbabwean economy especially between the year 2013 and 2015 saw many activities of street vendors around the country which are believed to be root causes of poor financial performance by retailers in Zimbabwe. There were so many complains as to why street vendors were selling their merchandise right in front of formally established retail shops. This is supported by the Herald of May 15 (2015) which has a question:

"...would it make business sense for a supermarket to continue operating if street vendors appear untouchable as they sell the same products that are found in the shop on the verandah of the same shops at nominal prices?" (Gumbo 2015).

There are other instances where Zimbabwe witnessed more mobile street vendors moving up and down the streets with vehicles, carts or ferrying their stalls on the head. Indeed they import much of their wares but much of which they import without paying duty. Are they contributing to economic growth when they are not paying taxes? Of course its rhetoric question isn't? Definitely when they are not giving back to the government in any way then they are a threat to economic growth (Gumbo

2015)
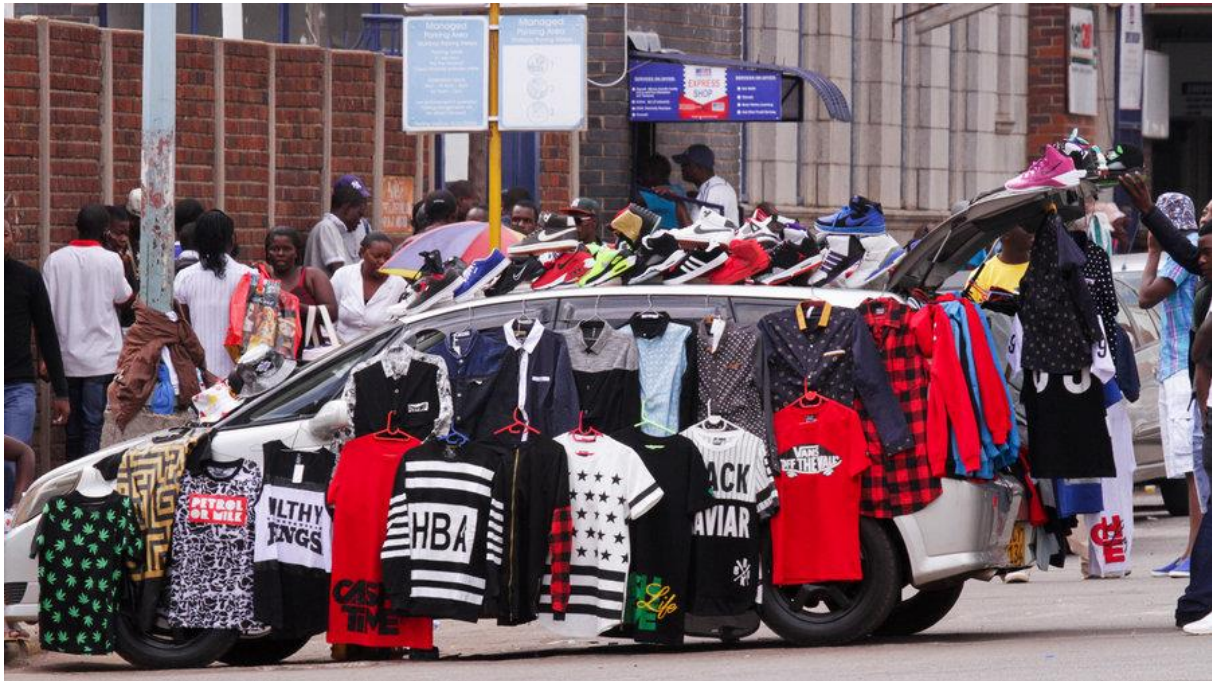
Fig 1.1: Street hawkers have taken over so many side walks in Harare city center that some street vendors are turning their cars into makeshift shops.

Source: Tsvangirai Mukwazhi/AP Available at www.nrp.org

The Manica Post of 11 July 2014 carries a headline "Two nabbed for smuggling". There is a recorded incident of a truck accident where the truck was evading police with bales of smuggled second hand clothes from Mozambique. This is a clear testimony of Illegal Street vending of cheaper clothes in the country as a whole.

The herald of 22 May 2014 carries a headline "Smuggling *Mabhero* (bales) gone easy". In a bid to earn a living Zimbabwean citizens are travelling all the way to Beira to purchase bales of second hand clothes to sell in Zimbabwe. They say their business is viable though illegal and they go to the extent of paying bribes to the police to let them smuggle (Herald, May 22 2014). It is argued that a haulage truck can ferry up to 100 bales. With so many numbers of smugglers in that business can

one imagine how many bales are smuggled into the country? Probably dozens of trucks.

These street vending activities took place in all the cities, towns and growth points, Gweru was no exclusion. It is not all about the second hand cloth import but rather there are some street vendors who operate on open flea markets. These usually import and sell clothes from Zambia, China, South Africa and Tanzania. These pay rentals to the city council and normally operate on designated sites. Due to the fact that their cost of sale is lower they are selling their merchandise at more affordable prices as compared to formal established retailers. Chivivi et al (2014) postulates that, flea markets which are a city council initiative were later taken by the Zimbabwean government to be a weapon to alleviate poverty. The government incorporated this formerly informal sector into the SME category to operate as a formal sector in a bid sustaining the poor in urban and peri-urban are being very successful. Most of these street vendors after being chased away from the streets are now operating in these flea markets.

Clothing retail industry in Gweru is mainly characterised by departmental stores with key players such as Power sales, Jet, Edgars, Meikles, and Topics. There is also some who specialise in one category like ENBEE which specialises in school uniforms. However there are various established boutiques and general stores selling clothes. A composition of these makes a better description of the clothing retail industry of Gweru.

In as much as Hudson et al (2012) supported by Williams (2007) says informal sector has an impact on small businesses, this study went an extra mile to find the relationship between street vending and financial performance of formal clothing

retailers in Gweru Zimbabwe. This was achieved all in the name of hypothesis testing. Variables of retail financial performance such a Gross Domestic product, size of the retail firm and overhead costs were regressed to see the magnitude to which street vending has an impact on financial performance of formal clothing retailers in Gweru.

This study draws motivation from these series of events in the history of the problem of street vending in Zimbabwe during the period 2013 and 2015. The study is also triggered by lack of clarity on the relationship between street vending and financial performance of formal clothing retailers. It is however against this background that the researcher wants to point out in detail the aspects of retailing that have been ruined by the members of the informal sector (street vendors) and ultimately establishing nature of the relationship that exists.

1.2 Statement of the Problem

The relationship between street vending and financial performance has been a matter of intensive debate and to date neither theoretical nor empirical evidence has provided a clear understanding on this subject matter. Street vending has become an important phenomenon in the development of economies in recent years. However poorly controlled street vending activities are resulting in smuggling of goods into the country and very unfair business practices to the formally established retailers. These practices include selling their merchandise right in front of formal retailers.

The financial performance of formal retailers has decreased especially between the year 2014 and 2015. This research assumes that street vending is the major cause. This prompted the researcher to analyze the impact of street vending on the financial

performance of formal clothing retailers. It is therefore the researcher's intention to establish the relationship between street vending and financial performance of formal clothing retailers in Gweru

1.3 Main Objective

The main objective of this research is to assess the impact of street vending on the financial performance of formal clothing retailers in Gweru. This is done by actually establishing the relationship between Street vending and financial performance of formal clothing retailers

1.3.1 Specific Objectives

The researcher seeks to achieve the following throughout the study

1. To access the effects of street vendors on customer count in formal retailers
2. To investigate the impact of street vending on affectivity of formal retailers
3. To investigate the impact of street vending on average shopping cart in formal retailers

1.4 Hypothesis

$H_{0:}$ There is no relationship between street vending and financial performance of formal clothing retailers

$H_{1:}$ There is a relationship between street vending and financial performance of formal clothing retailers

1.5 Significance of the Study

The motive behind carrying this research was to make sure that the stakeholders benefit and these include the researcher, the university, the organizations under study and the nation at large. Establishing the relationship between street vending and financial performance of formal retailers would provide information necessary for

various stakeholders to take action. Policy makers may use the information to device laws that protect formal retailers from unfair vendor practices or if there is a positive impact then the nation works towards upgrading street vending to boost the economy.

This study was carried out such that it could be used in future by other students in related areas of study. Midlands State University benefits in that the dissertation will be kept as an asset in its library for the benefit of its students. The study also contributes to the body of knowledge in as far as the nature of relationship between street vending and formally established retailers in Zimbabwe is concerned

1.6 Assumptions

- There is a relationship between street vending and financial performance by formal retailers

- The research also assumes that the respondents gave accurate information

1.7 Delimitation

The study focuses mainly on Zimbabwean retailers in Gweru town. The study was confined to assessing the impact of street vending on the financial performance of formal clothing retailers in Gweru Zimbabwe during the period between 2013 and 2015. The targeted population for this study were the customers specifically those that stay and buy in Gweru, street vendors that were on the pavements and at Gweru Main Street during weekends, and thirty four clothing retail shops comprising of seven large selected clothing retailers that have been in existence for more than five years. These include Edgars, Meikles, Jet, Topics, ENBEE, Truworths and Power Sales. Also twenty nine smaller clothing retailers/ boutiques were chosen.

1.8 Limitations

- There were so many formalities pertaining authorization to carry out the research

- Some of the street vendors were anxious since they are used to harassment so they could deny being interviewed or asking for benefits

1.9 Definitions of Key Words and Abbreviations

Street vending -the act of selling merchandise in streets either on pavements, temporary constructed structures or on mobility carrying their wares using vessels, baskets, sacks, drawn carts vehicles etc.

NASVI– National Association of Street Vendors of India

NAVUZ – National Vendors Union Zimbabwe

1.10 Summary

This chapter introduced the dissertation project by actually giving background information in as much as street vending both in the world and in Zimbabwe is concerned. Problem statement stated that there is not even a single agreement on the impact of street vending on financial performance of formal clothing retailers in Gweru. Due to this fact, objectives of the study focused on deducing the impact street vending has on formal retailers. The following chapter will review available literature with regards to street vending.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Nyamwanza (2014) posits that the role of contemporary retailers in Zimbabwe should not be over emphasized in as much as economic development is concerned. This is mainly due to the fact that the retailers are not performing at full capacity and many are now financially ill performing. An analysis of the fact Nyamwanza pointed to shows that since most of the retailers now fall in the SMEs category, they no longer perform well in terms of assets. This chapter solely aims at analyzing the existing body of related literature on retail financial performance and how it is affected by street vending. The researcher undertook a review of literature on the theoretical framework of street vending and effects of street vending on performance of formal retailers. Several scholars have advanced different notions coming from diverse perspectives in as much as street vending is concerned and as a result this study used peer reviewed academic articles, journals, books and research thesis.

2.0.1 Definitions of a Street Vendor

The National association of street vendors of India (NASVI), defined a street vendor as someone who offers goods or services for trade or sale to the public without having a lastingly constructed premises but with a temporary immobile structure or mobile compartment. Vendors peddle their wares on the roadway/pavements or private and civic areas. They may not only be stationary but mobile using drawn carts, vehicles, baskets and or sacks.

National Vendors Union Zimbabwe (NAVUZ)'s definition of a "**street vendor**" is a person involved in hawking of objects, goods, food and merchandises of everyday

use or offering services to the general public, in a street, lane, side walk, footpath, pavement, public park or any other public place or private area, from a temporary built up structure or by moving from place to place and includes hawker, peddler, squatter and all other synonymous terms which may be local or region specific.

Dinda (2010) defines a street vendor as any person who is engaged into offering of goods and or services for sale to the community in the absence of a permanently built up structure but with a short-term fixed structure or mobile booth or head load.

With several scholars and organisations giving diverse definitions of street vending, it therefore means there is no "one fits all" definition of a street vendor but rather commonalities can be extracted to come out with a general view of what street vending is. One can define street vending as the act of selling merchandise in streets either on pavements, temporary constructed structures or on mobility carrying their wares using vessels, baskets, sacks, drawn carts vehicles among other things. This research mainly applies the definition by Dinda (2010) since it captures all aspects that are mentioned by NAVUZ. The description matches the street vending definition in Zimbabwean context

2.0.2 Theoretical Framework

Street vending as a subject of the informal sector is argued to be lacking a well-defined theoretical framework as well as analytical rigor Jimu (2004) cited in Ndlovu (2011). As a result of being a segment of the informal sector, arguments and discussions about street vending are incorporated inside the dissertations of the informal sector. Ever since the introduction of street vending in development studies the debates has been differentiated into two discourses that are the Reformist and Marxist Schools (Nattress (1987) cited in Jimu (2004) and Ndlovu (2011). Jimu

(2004) added the Gender perspective and the environmental and health concerns and debates about street vending. However these two added by Jimu (2004) are of no paramount importance to this study.

2.0.3.1 The Reformist School of Thought

Motivation of the reformist school was induced from observations of the international labour laws (ILO) mission to Kenya in the 1970s. This school also draws inspiration from Hart's literature about the informal income prospects as well as matters concerning urban employment of Accra, Ghana, in the 1970s. Not only did inspiration came from the above mentioned but from reports compiled by African Development Bank and World Bank motivates school. This school views the informal sector and street vending in particular ass an instrument in poverty alleviation and economic growth. This view bases in the fact that the informal sector is encouraging ground breaking in terms of business that is entrepreneurship, there is employment creation and above all promoting on the job training (Fapohunda 1985; united nations 1996) quoted by Jimu (2007). Developing countries contains much literature with regards to this view. (Rogerson and Hart, 1989; Hope, 1997, 2001) cited in Jimu (2007) argues that the broad understanding is that meager socio-economic visions echo the catastrophe of orthodox economic intelligence, one that focuses attention on the government and the private sector as engines of economic growth, employment, prosperity, success and general welfare of the people.

The promising role of the informal sector in lessening poverty and unemployment in developing countries is a driving force for the growth of the informal economy. The brains behind such a view is to formalize the informal sector. The unfortunate part is that there is lack of clarity on the extent to which such encouragement should occur, although it is acknowledged that the competitiveness of the informal sector derives

from a lack of bureaucratic and hierarchical structures, unregulated operating environment, and informality, making business in informal sector cost-effective and profitable to the participants Jimu (2007). Often, the argument has been that, to enhance the benefits emanating from the informal sector, focus should be on securing an environment free from bureaucratic constraints. However, it could as well be argued that, the lack of regulation is a disincentive as it jeopardizes the vitality of the informal sector chiefly because as a non-tax-paying sector, governments are swift to disregard or at best to ignore it completely with severe penalties.

Despite the informal sector's contribution to the economy governments are finding it difficult promote them since they do not pay taxes (United Nations, 1996; Esim, 1996) cited in Jimu (2007). Apart from this and other observations, one could claim that a biggest characteristic of the reformist perspective is nothing but a "near total blindness and exaggeration about the distinctiveness of the informal sector" Jimu (2007). Informal sector by virtue of being paraded as the medicine to economic glitches, the school of thought is argued to structural dependency and interdependency of the informal sector and the formal economy, a gap that Marxists adopt as their point of departure.

2.0.3.2 The Marxist school of thought

Unlike the reformist school, Marxist school centers on the structural reliance and manipulative relations amongst the formal and informal economies. Informal sector is regarded as a trivial product production or unimportant sector (Nattrass, 1987) cited in Jimu (2007), Marxist theorists argue that the informal sector is just a distinct 'marginal pole' which by acting as a reserve army of labor and producing or offering cheap, poor quality, subsistence goods and services; facilitates capital accumulation

in the formal sector (Tokman, 1978; Moser, 1978) cited in Jimu(2007). By implication, the participants in the informal sector make little contribution to national gross domestic product (GDP). This means that there would be very little loss to the economy, as a whole, if the informal traders are taken off their occupation. Such a view is hostile to the informal sector and governments pursuing this line of thinking do not see any need to provide physical, economic and social space for informal economic actors, such as street vendors. It is however critical to recognize that the informal sector is not just subordinate to the formal sector, as Marxists posit, but that, it compliments, if not challenges the formal sector. Although both informal and formal sectors of an economy, are subordinate to the structural constraints of the broader national and global economy, the informal sector is a challenge to the formal sector, because it enhances social justice by accommodating people not considered fit in the formal sector, by undermining and even displacing the formal economy (Emizet, 1998) cited in Jimu(2006).

2.0.3.3 The Gender Perspective

This perspective has something to do with promotion of social justice. African studies so far conducted in as much as street vending is concerned show that women dominate the informal sector. They participate mostly in such activities as food and beverages, retail trade, pottery, basket weaving and cross border trade (Murry, 1991; United Nations, 1996 cited in Chen 2006). A sectoral investigation of women's involvement in the informal economy, for example, in the Democratic Republic of Congo (DRC), the Gambia and Zambia, shows that women are exceedingly involved.

However, drastic women's libbers would contend that the trend replicates the gender inequities (with women relegated to the informal sector) essential in patriarchal

societal arrangements that favor males to females, in education and skill training and employment. Yet it is also evident that in most cases, business in the informal sector is citizen owned, locally controlled and less susceptible to economic hardships as compared to large ones. Often, the informal sector thrives and provides self-employment during times of recession.

In as much as street vending in Zimbabwe is concerned, both the reformist school of thought and the Marxist apply. Street vending in Zimbabwe does not have a fixed framework. Through the government's effort of encouraging entrepreneurship and small businesses, the informal sector of can be categorized mainly into the reformist school of thought.

2.0.4 Related empirical literature on street vending

According to Hudson et al (2012), informal sector affects wage levels of workers in the economy and to a greater extent have an effect on smaller businesses. They came to this conclusion as a result of the quantitative study which they conducted in South East Europe under the topic: the impact of informal economy on Businesses. Williams (2007) conducted yet another study on the relationship between small businesses and the informal economy in the UK. The findings were that most of the businesses affected are in the sectors of land transport, construction, motor vehicle trade, hotels and restaurants, with unqualified enterprises/ initiatives and business in the peripheral regions are most affected. By virtue of street vending being subject of the informal economy, this study is left with no option other than to agree with them. However, they ended their researches by calling yet similar research studies from different regions to see whether the impact is the same or not. Also, this study identified a gap in that the study was too general and couldn't establish the relationship between street vending and financial performance of retailers.

Looking at the Asian scenario in as far as street vending is concerned; a study conducted by Kaizh (2013) on street vending in China says it was restricted in China due to the fact that China was a socialist economy. Because china wanted to maintain equity, it had to ease from the policies and let citizens explore entrepreneurial avenues. Since the economic reform street vending grew at a greater rate. In is far as the study was concerned, it was confined to the growth of street vending in the Asian society but not stating its impact on retail organisations of china. This creates a gap and acted as motivation to this study to establish the relationship between street vending and financial performance of formal retailers.

Africa is no exclusion in the literature of street vending since it is a global phenomenon. In 2003 the World Bank invited researchers to Women in Employment Globalising and Organising [WEIGO] to contribute to the World Bank's 2005 World Development report. Mitullah (2003) from the University of Nairobi compiled a report on street vending in African cities. From the blend of six case studies, the study succeeded in assessing business environment constraints available for the street vendors. Of course these street vendors face problems in their operation but the question this study is asking is, are they not a problem also to the formal retailers?

2.1 The effects of street vending on Customer Count (Traffic)

In order to derive understanding of the subject and the performance metrics that are targeted as major objectives of the study, one may ask if there is literature on financial performance. It seems a simple question, ok? Is making profit financially

performing? Well the answer is yes but there is more to that according to (Perdikaki et al 2012). Their study defined financial performance of a retailer as its ability to attract traffic into its stores and convert the incoming traffic into sales profitably. It therefore means that there is need for so much investment on marketing efforts to draw customers into their stores and in-store operations to convert the traffic into profitable sales. Verhoef et al (2009) says There are so many things that are done by retailers to drive traffic into their stores among which include creating a superior customer experience, investing on offering loss leader products, conducting promotional events, offering discounts, conducting promotional events, workshops, seminars and advertising. In as much as previous research on vendors was carried out, there is still a gap on several aspects that this study wants to point out.

The impact that street vendors have caused to formal retailers is still unclear but however there are some writers like Beardshaw et al (2001) who have written something related when they wrote on market structures. They said there is a structure called perfect competition where there are many buyers and sellers in the market. The moment supply of homogenous products increases then it means prices are ready to decline. With this view, entities increase advertising strategies to gain a competitive edge. This is the number of customers who enter the shop or pass through a business establishment. Hiema (2015) says the number of customers is the most straight forward metric for a retail business. Customer traffic can be identified from points of sale and also loyalty programs that the business offers. Street vending affects the customer count of a retailer. Customers may prefer to buy goods from street vendors than from inside the shop as street vendors are situated at the main entrants of the retailer which makes it easy for customers to make

purchases outside the shop. This reduces the number of customers who enter the shop or pass by the shop.

Dinda (2010) carried a research on street vending in 28 towns of Bihar. The study concentrated on bringing an understanding of street vendors by mapping the activities across trades and across towns. The study also captures the socio-economic and business profiles. The most interesting thing in the study is that its assessment wanted to guide the policy process and implementation in structure. In the results the study pointed out how the human capital structure is like in the street vending sector. Street vending in the 28 towns of Bihar is mainly dominated by an uneducated majority indicating the lowest profile of human capital. The study went on to look at the illiteracy rate which they found to be over 60% in other towns and varying in other towns from as les as less than 10% to 50%. In the side of women illiteracy rates are said to be 100%. However on the contrary, Zimbabwean street vendors according to (Gumbo 2015) are dominated by educated youth and jobless population. Situations in Zimbabwe and Bihar are completely parallel and the literacy rate of street vendors in Zimbabwe is almost higher in Zimbabwe as compared to that of Bihar. Having information such as this, it simply means a portion of traffic that the formal retailers were supposed to have is shared among street vendors. Regardless of them being educated or not as pointed out by (Dinda 2010), they still lure customers to buy from them which mean reduced sales on the side of formal retailers.

In the study Dinda also went on to look at socio-economic status of street vendors where the study found out that the majority belong to the age group of 21-50 years. This is the main productive age group for labour force. Male vendors were said to be the ones who start their businesses early at twenty where as women at 30 to 35.

Their earnings per day was also said to be different depending on the background of the vendor, capital injections and entrepreneurial skills. Most of the street vendors were said to have no entrepreneurial ability or skill. In the Zimbabwean context looking at the population pyramids we find out that if a similar study is to be taken the majority of street vendors will be as low as 16 years up to 50. As soon as they finish their ordinary levels students start vending. When talking of market share it therefore means street vendors claim a large number of customers.

2.1.1 Determinants of Gross Margin as a Metric of Financial Performance

This also refers to the ability of gross margin to cover for costs associated with selling of a product. It refers to the ability of the margin to cover all costs associated with producing and selling a product. According to Johnson (2015) gross margin refers to the difference between sales and costs of goods sold. Gross margin as a financial performance metric is used by many companies as a good indicator of the company's operating efficiency. There are various factors that affect this gross margin. These include Sales changes, Material price changes, labor price changes and inventory method changes. (Johnson 2015)

Gross margin can be affected by street vendors following (Perdikaki et al 2012)'s which says the ability of the firm to attract customers and convert them into traffic makes it successful financially. The moment competition from vendors gets tense for the same market then it means formal retail customer count is compromised. A business may realize few sales due to street vending and will have fewer margins to cover costs associated with selling a product.

Mwangi (2015) did a research on determinants of financial performance and found out that profitability was positively related to leverage, equity capital, management

competence index and negatively related to size and ownership structure. Almajali et al (2012) found the same in their study results as they pointed out to liquidity, size and management competence index as having a positive statistical effect on financial performance. However, Ongore and Kusa (2013) drove a slightly different notion basing on their research findings. They postulate that financial performance is mostly affected or driven by management decisions. A close analysis of these views shows that there are several other variables affecting financial performance of a retail firm. Since the purpose of this research is to establish the relationship between street vending and financial performance of formal retailers street vending is to be tested as a dummy variable to see its impact on Gweru clothing retailers.

2.2 Impact of Street Vending on Conversion Rate (Effectivity) of Formal Retailers

Conversion rate management is one of the most interesting topics in retailing. While this study focuses on the impact of street vending on financial performance of formal retailers, the research tries to find out whether street vendors have an effect on retail conversion rate.

There are several definitions of conversion rate that were put forward by various scholars. According to Ayoonso and Yoogalingam (2009), conversion rate include actions other than purchasing such as signing up for newsletters, requesting a consultant or entering a sweep stakes. Jackson (2004) cited in Ayoonso and Yoogalingam (2009) defines conversion rates for four different types of business websites which include retail or e-commerce sites, lead generation cites, content websites and customer service or websites.

Still on the same phenomenon, Pedikaki et al (2011) say that conversion rate refers to the rate of sales volume to number of transactions. Mark Ryski (2011) defined sales conversion by giving a formula which is stated as *Sales conversion = sales transaction ÷ traffic*. Transactions are defined as unique sales that is, a person who comes the till with one or several items to buy.

2.2.1 Relationship between Traffic and Conversion

Ryski (2011) argues that where there is no traffic counting mechanism in a store there is no conversion calculation. This is because the denominator for the formula will be missing and hence calculation will be impractical. (Perdikaki et al 2013) al concurs with Ryski (2011). They did a research on the effect of traffic on sales and conversion rates of retail stores. Their analysis demonstrates that competition negatively affects the sales volume and conversion rate. Where there is competition there is less traffic as compared to a scenario where there are few players. They used number of stores in a mall/ shopping center as a substitute for competition and found out that stores located in malls or shopping centers with higher competition have lower sales volume and conversion rates. From analyzing their writing one can find out that outlets operating in the area with plenty of street vendors also incur the same problem if their analysis is practically true

Location also plays a significant role in determining the number of traffic. Stores located in neighborhood with higher per capita income have higher sales volume and conversion rates. This is because an individual who have higher income are expected to face higher search costs, they may visit a store only when they wish to purchase. Their study also found out a correlation between Dow Jones Index and conversion rate which support the idea that the economy affects consumer's confidence and ability to make purchases (Perdikaki et al 2013).

2.2.1.1 Why Calculating Sales Conversion Rate

Sales conversion is an important performance measurement metric. Retailers have developed a phobia of "so long sales or profit" mentality. Ryski (2011) explains the importance of knowing sales conversion. Sales are very important and so are profits but there are other metrics that needs to be monitored. Ryski 2011 gave the following example to elaborate the importance of knowing conversion rates.

Assuming on day one a retailer had $31 500 in sales (based on 630 transactions) and on day two sales jumped 40% to $44100(based on 882 transaction). The average sale value $50.00 on both days. Assuming that profitability is the same percentage of sales on both days, most retailers would be very happy with the result but here is some additional information to consider. One day total customer traffic was 1750 and 3392on day 2. This information can be plugged into the new formula (actual formula) to calculate sales conversion rate as shown in figure 2-2 below

Table 2.1: Conversion rate calculation

Conversion rate = transaction ÷ Traffic	
Day 1	Day 2
0.36 = 630÷1750	0.26 = 882 ÷ 3392

Source: Ryski 2011 p 90

Although the transactions or sales on day two went up by 40% the sales conversion rate went down ten percentage points or by 28%. Although it is good that sales went up on day 2 the fact is, it could have been a lot better. To be more precise if on day 2

the retailer could have maintained a 36% conversion rate (instead of dropping to 26%), then 1221 total transaction would have been made – or 591 additional sales. Assuming the average ale was worth $50 on both days. If conversion rate would have been held at 36% on both days this would add up to an incremental $29 550 in sales. If conversion rates would have been held at 36 on both days, and the average sale remained $50, then the retailer would have actually increased sales by 94% over day one. Math table below proves it:

Table 2.2: Performance versus the sales opportunity

	Day 1	Day 2	
Conversion rate	36%(actual)	26%(actual)	36%(target)
Traffic	1 750	3 392	3 392
Transactions	630	882	1 221
Average sale	$50	$50	$50
Total Revenue	$31 500	$44 096	$61 056

+40%

94%

Source: Ryski 2011 pg. 91

One can therefore be more than happy to know that they can make 94% but it's only possible through knowing sales conversion rates.

From the above given literature, conversion rate is the rate at which visitors are converted into buyers. It is calculated as follows: **number of transaction divided by customer traffic multiplied by 100**. There is less or no literature on the impact of street vending to formally established retailers' sales conversion rates. This study therefore assumes that the rate to convert visitors into buyers may be affected by street vending. A customer might visit the formal retailer but may change his or her mind and purchase the goods outside of the shop, where street vendors have cheaper products. This usually happens where customers are very price sensitive and switch to other sellers easily thus the study wants to find out whether there is an impact or not basing on practical evidence.

2.2.2 Shopper marketing as a method of increasing conversion rates

(Silveira et al 2014; Shanker et al 2010; Haris 2010 and Flint et al 2012) all agree that shopper marketing is a recent approach to marketing which is gaining attention sustainably. The say shopper marketing is likely to lead to evolution in the marketing field. (McKenzie 2014) is quoted saying it is *"most important marketing investment you could make, as it looks at the world from the shopper's vintage".*

Table 2.3: Shopper Marketing Definitions

Authors	Definitions
GMA Delloitte (2007)	The employment of any marketing stimuli. Developed based on a deep understanding of behavior, designed to build brand equity, engage the shopper and lead him or her to make a purchase.
Instore Marketing Institute (2009)	The use of strategic insights into the shopper mindset to drive effective marketing and merchandising activity in a specific store environment
Retail commission on shopper marketing (2010)	The use of insight driven marketing and merchandising initiatives to satisfy the needs of targeted shoppers, enhance the shopping experience and improve business results and brand equity for retailers and manufacturers
Shankar (2011)	The planning and execution of all marketing activities that influence a shopper along and beyond the entire path-to-purchase, from the point at which the motivation to shop first emerges through to purchase, consumption, repurchase and recommendation.

Source: Silveira 2014

There is yet another definition which is in agreement with the above given definitions. Shopper marketing is referred to all activities that are done to convert shoppers into buyers. "…*orchestration of all activities that turn shoppers into buyers*" (McKenzie 2014). After several decades of operating using the traditional retail approach, it has come to marketers attention that they had to tailor make their strategy such that it demands more customer attention. There are various reasons that have shifted customer attention from formal retailers to the members of the informal sector

specifically street vendors. Originating from the United States, the phenomenon of shopper marketing through exposure to an open global world seems to be a great deal in retaining and attracting more customers to a retail outlet. Relationship marketing gurus such as Gummerson argue that it is difficult and expensive to attract new customers than to retain new customers. With shopper marketing one can safely dismiss the solely importance of relationship marketing since they equally yoked degree of importance and work hand in hand.

2.3 The impact of Street Vending on Item per Purchase (Size of an Average Shopping Cart)

It is the size of a shopping cart or the quantity of goods put in the shopping cart by the customer. A small shopping cart may indicate that buyers have less money to spend, goods are expensive or customers prefer to purchase their products from the informal economy Williams (2007). However a bigger shopping cart may indicate that street vending is not affecting ability to purchase in the formal retailer and it may also indicate that customers are making purchases in bulk because of cheap price. Heima (2015).

There are factors that determine the size of an average shopping cart that a customer is ready to make. From the study carried out by (Bell et al 2013) with regards to buying behavior of consumers. Supermarket industry has become competitive. In their research paper they advanced the idea that shopping behavior is an important determinant of the store choice decisions when stores offer different price formats. With the current state of affairs in Zimbabwe where people are experiencing money problems after the nation's serious liquidity crunch, buyers or customers have become very price sensitive which has an effect on the size of an average shopping cart that they can make. According to (Bell et al 2013) store

decision is dependent upon pricing formats. Suppliers of goods and services in this era vary from informal Illegal Street vending to formal small stores to bigger hyper markets. According to the Wall Street Journal article which summarized Bruno's management switching the chain from EDLP to HILO illustrates the importance of the issue saying *"The Company's price conscious customers, used to shopping for a fixed basket of goods, stayed away in droves".* Most customers won't buy in stores whose prices are very high although there are exceptions. This is in contrary to relationship marketing perspective by Gummerson (2002) who argues that relationship marketing creates loyal customers regardless of price fluctuations

2.1.2 Average Purchase Value (Average Value)

This refers to how many dollars, pounds your average customer spends in check out? The business ascertains how this value has changed over time. It is calculated as follows: Total sales divided by number of transaction. Hiiemaa (2015). Informal sector affects businesses in that customers tend to compare prices and purchases cheaper and convenient products from the street vendors and other informal dealers and then tend to purchase goods they don't find on the street in formal shops. Hudson et al (2012)

2.3.1 Measures governments have used to deal with Street vending to enhance formal retailers' average shopping cart

Cross (2000) cited in Kayuni and Tambulasi (2009) did a 10 year research on street vending in Malawi and concluded "street vending should by all logical criteria eventually disappear". Cross (2000) added by saying *"…street vending in spite of some problems and frequent attacks is a thriving and growing phenomenon"*. Jimu

(2006) agrees with Cross (2000)'s conclusion and this is witnessed when he asks this question "*can the resilience of street vendors to urban authority and the governments drive to relocate them from streets be a reflection of their power or powerlessness against marginalization and underdevelopment of their livelihood strategy ?"*Kayuni and Tambulasi (2009) however disagree with Jimu (2006) in that during the course of the year 2009 when they reported their research, there was nothing like resilience of a street vendor that existed in Malawi basing on the fact that by 29 April 2006 Street vendors were successfully removed from their business sites and relocated to their newly built flea markets. This study noted that both Jimu (2006) and Cross (2000)'s arguments apply to the Zimbabwean scenario at present since the Gweru city council is facing resilience from street vendors in pavements. The City council is indeed failing to "effectively" remove street vendors selling clothes, footwear and all other sorts of merchandise on the pavements. Chivivi et al (2014) argues that there was a recent development by the Gweru city council in 2013 which saw the construction of the Global Village Flea Market which was a success. It has therefore come to the attention of the researcher that despite the city council's trial to dismiss street vendors to designated sites, they are failing because of bribes as put across by Bhowmik (2010)

2.4 Summary

Street vending as a segment of the informal sector is engulfed in the theoretical framework of the informal sector. There are two firm schools of thought that help categorise street vending and these are the reformist school and the Marxist school. The reformist school appreciates the availability of street vending in an economy as contributing to employment and bringing benefits to the nation at large. The Marxist forwards the notion that the importance of the informal sector is insignificant. It of

course saves the marginalised segments there by its core existence is to compliment the provision of goods and services. Customer traffic has a direct effect to sales. Sales Conversion depends upon the availability of traffic After reviewing the above given literature, the researcher found it feasible to find methods in which data would be collected to come up with results as to whether street vending has an effect on operations of formal retailers. This leads the research to the third chapter which is the methodology of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter of the dissertation mainly concentrates on the instruments used in data collection, rationale for the use of selected instruments, data types used, data presentation methods, analysis procedures and their justification for use. The chapter is going to follow the following subheadings, research design, target population, sampling methods and sampling techniques, sampling frame, sample procedure, sample size, data sources, research instruments, data collection procedure and administration, model specification data analysis and presentation tools. The chapter will sum up with a summary.

3.1 Research design

According to (Wyk 2013), research design expresses or articulates the methods which are used in the collection and analysis of data as well as answering the research questions. Person (2002) cited in Mugova (2015) says that research design refers to a comprehensive framework or outline that is used to control the carrying out of a research study. Research design is the point where questions raised in theoretical or policy debates are converted into feasible research projects and research programmes that provide answers to the questions. Bryman (2008) posits that research design refers to a plan used for collection and analysis of data. All the techniques and measures that are used in research design act as solutions to questions and hypothesis raised in chapter one. Bush (1980) cited in Chakwesha (2015) pronounce or define research design by actually referring to it as a collection

resolutions that make up a master plan and hence pinpoint specific methods and procedures that directs the gathering and scrutiny of data.

3.1.1 Explanatory research

According to Sounders (2009), explanatory study embraces the use of interviews and questionnaires such that the researcher will be able to deduce causal associations concerning variables. Proctor (2003) says that explanatory research is so much helpful or appropriate when wanting to make a causal interference, for instance in this circumstance on how street vending affects financial performance of formal clothing retailers. This makes this form of study suitable to the investigator's field of study. Explanatory study works well when one variable elucidates another that is independent variable explains dependent variable.

In the context of this study, street vending will affect financial performance of formal retailers. According to Sounders (2009), semi structured interviews can be used in explanatory research so as to comprehend the relationship between variables. This therefore makes this type of study suitable because the aim of this study is to establish the relationship between street vending on financial performance of formal clothing retailers in Gweru.

The researcher used an explanatory research survey to gather information from the formally established clothing retail shops. The researcher also carried out a research survey at street vendors on pavements, First Street and open market "Kotamai Boutique" using descriptive design. Hox and Boeije (2005) denoted that a survey is basically carried out by the researcher in order to obtain data in regards his/her respondents' observations, attitude and experience and their opinions. The researcher used quantitative research design and a little of some qualitative design

to compliment and overcome the limitations of quantitative working in isolation. Questionnaires and interviews were used to come up with conclusions on the entire population where the study was conducted.

3.1.2 Quantitative Research

Creswell (2003) suggest that quantitative study comprises data collection which requires quantification of and subjected to statistical treatment such that it can be used to support or reject certain information or data assertions. It also involves descriptive research which focuses on identifying characteristics of a meticulous phenomenon based on observational basis, or the study of correlation between two or more phenomenon. Earlier on Smith (1988) cited in Mugova (2015) postulated that quantitative research involves counting and measurement of events and analysing numerical data. Matveev (2002) cited in Mugova (2015) says the basic assumption in quantitative research is that there is an objective truth that exists in the world which can be measured and explained scientifically. Quantitative research is all about formulating a hypothesis and verifying the hypothesis on a set of data. However data collected is made of variables which mean data is not stable.

3.1.2.1Strength of Quantitative Research

Quantitative research has some benefits which the researcher chose over qualitative research which include a clearly stated research problem (Mugova 2015).In this research, the problem statement is clearly stated as lack of a clear relationship between street vending and formal clothing is retailing. Quantitative Research follows decisively research objectives, tests the hypothesis and determines causative factors. Quantitative research achieves higher levels of reliability due to observations made and measurement tools. This type of reduces subjectivity of judgement. It also draws together description, explanation and forecast of data.

3.1.2.2 Justification of using Quantitative Research Methods

The research favoured the advantages of using a quantitative research method because of consistency and reliability. Some researchers in business have used this type of research method in their researches. Ahmad (2012), Wakkee et al (2012), Almajali et al (2012)Hudson et al (2012), Ongore and Kusa (2013) Mwangi (2015), Mugova (2015) among others. These researchers favoured used quantitative research methods because some of them were conducting a longitudinal research which is compatible to quantitative research, some used this method due to the fact that they had large sample sizes. Another reason is that quantitative research cuts costs and time .Researchers preferred to use it because it assess the current situation without any bias from the researcher unlike qualitative methods that may produce bias because when conducting research, the researcher gets close to the data in the natural setting through participant observation.

3.2 Target Population

Gray, (2011) said target population refer to the entirety of people, organizations, objectives or incidences from which a sample is drawn .The population sample is referred to by Chakwesha (2015) as a representation of the entire group of study elements selected for study, observation and analysis hence it is a small portion drawn out to represent the large population. In this study the population consist of all formal clothing retail outlets in Gweru, 750 clothing street vendors and customers. The research has a target population of 34 clothing retail shops in Gweru, 750 street vendors selling clothes in Gweru either on weekends of daily, and customers who have an undefined number though in this study consists of citizens of Gweru that purchase from shops in Gweru. According to mygweru.com the population of Gweru in 2012 was 146473. This is the population that the study used for customers.

3.3 Sampling Methods

Sampling refers to the method of choosing a smaller portion of the entire population with the view that the selected fraction will represent the whole population. In other words sampling involves collecting of information from a small accurately selected model which has the representation of the total population Kumar (2005). This study drew conclusions about the impact of street vending on retailers of Gweru by studying a small sample. Taking a sample follows a procedure which is therefore known as the sampling procedure. De Valk (2015) is of the view that a sampling procedure is coming up with a sample size through the process of selecting a representative segment.

In order to determine the sample sizes of the three populations, the study employed an integrated approach which uses ideas from various schools of thought. According to Saunders (2009), there is no problem using the whole population as a sample and that is what is referred to as census. In this study census was used on formal retailers.

3.4 Sample size

Sampling refers to the practice of selecting individuals /people that are to participate in the research study. Shiu et al (2009) defines sample size as the determined total number of sampling units needed to be representative of the defined total population.

Gordon (2004) argues that in general a researcher should have a sample size of at least 30% of the targeted population. Due to that argument this study determined the sample size for the vendors.

According to Farrokhi and Hamidabad (2012), they put forward the notion that there is a sampling determination technique that is subject to the researcher's judgement

and this is called convenience sampling. This study used it to determine the sample size for customers. The researcher used this method because the numbers of customers for the study were so many. Also due to the reason that the researcher had limited time to carry the researcher convenience sampling was favourable. The table below gives a breakdown of population and sample size for the study.

Table 3.1   **Population and Sample Size**

Description	Population	Sample Size	Percentage
Vendors	50	40	20.618557
Customers	150	120	61.85567
Retail shops	34	34	17.525773
Total	**234**	**194**	**100%**

Source: Primary data

3.5 Sampling techniques

The researcher employed both non probability and probability sampling procedures.

3.5.1 Probability sampling technique

Sampling methods are generally classified into two groups that is, probability sampling and non-probability sampling methods. Probability sampling methods are a universe from which the sample is drawn, of which the universe must be known by the researcher. Under this sampling design every component of the universe has an equal chance of being included in the sample. For example the lottery methods or selecting one church member from the complete brethren's names in a box with

blind or folded eyes is the best example of random sampling; it is the best technique and unbiased method. Muzammil (2011).

3.5.1.1 Stratified Random sampling technique

This type of technique falls under the probability method. Muchengetwa (2006) proclaims that stratified random sampling is dividing the sample into specified sets called strata such that sets within each stratum have homogenous attributes but members between strata have dissimilar attributes. The technique therefore stratifies according to the recognised features and the sample is drawn in a random method from each population according to its proportion. Thus population is sub-divided that each element belongs to strata according to their resemblances and at the end of the day every item has a chance of inclusion, sample and data.

All the respondents in this research were grouped according to the stratified random sampling. The researcher then managed to come up with different stratum amongst which include Council staff, councillors, different ministries and the business community. The Oxford dictionary define a strata as a level or class to which people are assigned according to their social status, education, or income hence in this context it can be defined as a group of components with homogeneous characteristics. These groups were grouped in stratum according to their characteristics for example, the population of this study was grouped into customers, street vendors and retail employees and these make up the representation of the whole target population. This helps to reduce time and the cost of survey.

For customers, stratified random sampling was also used from a sample of 100 customers as they were subdivided into men and women.

3.5.1.2 Simple random sampling (employed to select members from street vendors' strata)

Simple random sampling ensures that the selected population has an equal prospect to be chosen or selected. From the whole target population, each specific component is exposed equally to the chance of being chosen O'Leary (2004). The researcher used the hat method whereby all respondents had a chance to be selected on their sites

The main reason why random sampling was done to the street vendors in the strata of vendors is that the researcher wanted to discover facts from different people so that the methodological triangulation could be done and bias of facts based on relationship would be eliminated.

3.5.2 Non probability sampling

It is also another type of sampling whereby components for the sample were deliberately selected by the researcher other than using the techniques of random sampling. This is because there were other instances where information needed could only be extracted from the manager and there was no reason for probabilistic sampling techniques. It is also known as purposive or judgment sampling as according to Muzammil (2011). Additionally, in probability sampling, each member of the population has a known none zero chance of being included and the sample members are drawn using a random selection (Muzammil 2011). According to Wretman (2008) any sampling technique where the final sample is not obtained by means of "real life probability sampling" will be categorized here as a non-probability sampling method. Usually, there are no known inclusion probabilities, and sometimes there is not even an exactly demarcated population. Examples of non-

probability selection techniques are namely: Convenience, purposive Volunteer, Judgment samples.

3.5.2.1 Purposive sampling technique

This type of sampling is also known as judgemental sampling technique and a non-probability method whereby the researcher selects the sample in his\her own judgement feasibly considering that which is important for the study, valid as well as representative of the entire population. Purposive sampling is a technique in which particular settings, persons and events are deliberately selected for the significant information they have the potential to provide that can also be found as well from other choices. The researcher employed purposive sampling technique on middle and senior employees who know better the company.

3.6 Sources of data `

Both primary and secondary sources of data collection were used by the researcher in carrying out this research. This was because Both primary data and secondary data have their pros and cons. Primary data offers customized information but tends to be relatively expensive to conduct and takes a long time to process. Secondary data is usually less expensive to get and can be analysed in pretty much less time that primary data. However, because it was gathered for other purposes, you may need to tease out the information to find what you're looking for.

3.6.1 Secondary data

According to Saunders et al (2009)secondary data is data that have already been collected for some other purposes and such information is usually found in journals, text books, seminar papers, archives and to mention a few. Henceforth secondary data is the already existing information. Secondary data gives a comparison with the

data in primary sources. Secondary data saves time (Ghauri, 2005). The researcher can acquire information from journals and textbooks through the internet hence the issue becomes more of simplified. It is now accessible regardless of location. That is even when travelling, unlike in the past when it was confined within the libraries. The internet has now brought the library to the mobile cell phone. It is way much less expensive than other forms of data collection method, it saves on travelling costs, accessibility costs are relatively cheaper and are available in large quantities. (Ghauri 2005)

3.6.2 Primary sources

The researcher is also going to use primary sources in gathering information. Degu and Yigzow (2006) defines primary sources as the type of data collected for the first time and this data is usually collected through interviews, field observations and use of questionnaires. Primary sources of data provide the researcher with first-hand information which is reliable. Thus the researcher intends to obtain current information concerning the vendors' customer traffic, sales per day and the number of transactions made per day. Also the vendor intends to know what triggers customers to buy from street vendors and from established shops. The data obtained through primary sources is basic and unbiased since it is first-hand information from the source. The data obtained through primary sources is original information collected from the site. It is obtained directly from the market and the target population.

3.7 Research instruments

Data collection tools that are were used to gather information include questionnaires, interviews and financial statements of listed companies from the internet. These

primary tools of collecting data enabled the researcher to answer the research objectives of this research.

3.7.1 Questionnaires

According to Phoofolo (2008) a questionnaire is used as a quantitative data collection instrument and its main concern is to gather useful information. The main themes in literature review should be reflected and captured in a questionnaire. Questionnaires enabled the researcher to be consistent in questioning and data yielded is much easier to analyse. Respondents of the research will be interviewed directly to avoid misinterpretation and to provide clarity if necessity be. There researcher accurately and carefully phrased each question to avoid ambiguity which may lead to biased responses based on misunderstanding. Both open and closed questionnaires are going to be made use of so that both qualitative and quantitative data can be obtained.

There may be instances when, at some point the respondents might need further explanation especially residents, the researcher will shade more light although he might not able to attend to each respondent since they will be many. The questionnaires were administered to the managers and customers. Administering questionnaires were beneficial to the research in that questionnaires cover a wide range of matters and inquiries in a very simplified way at a low cost for each respondent.

Questionnaires promoted confidentiality to respondents since they are not required to disclose their names but rather, views concerning the study only. The use of questionnaires was beneficial to the research in that many people usually feel free to write down confidentially and not good at a face to face conversation. Questionnaires

are a good and effective way of reaching those who often travel (Research Consultation guide, 2004). The only two challenges were that, at times respondents could not understand the correct perspective of the questions an ended up providing the researcher with biased data. The researcher simplified questions such that they were easy to understand. Also the researcher gave further explanations and interpretations since he administer the questionnaires in person. Respondents also delayed in answering and some could not even try hence leaving room to try using interviews. To deal with this, the researcher will wait for the respondents to finish and then collect the questionnaires

3.7.2 Interviews

One of the most effective ways of learning in depth information from a person that is an interviewee is through interviews. The use of interviews is based on the assumption that the participant's perceptions are meaningful and can be interpreted by the researcher. The researcher will be able to have a face to face interview dialogue with the employees at the four selected clothing retail outlets, vendors and customers. There are two types of interviews structured interviews and in-depth interviews. Mikai (2012) pointed out that, personal non-structured interviews helps the researcher to obtain more information from non- verbal language expressed by the respondents for example through the use of hands and facial expression, emotional expressions and so forth. The researcher will be careful in carrying out interviews since one has to manage verbal exchange, (Newton, 2010). Thus listening skills play a pivotal role when conducting interviews in the bid to accumulate as accurate and correct information from the respondents as possible.

The researcher chose interpersonal interviews as the pre-eminent data collection instrument because among respondents some were not that literate to read, comprehend and write accurate responds. Through interviews, more respondents will be in a position to share their views especially vendors and customers who preferred verbal exchange to questionnaires. Interviews in this research aided in giving more explanation particularly to those respondents who failed to understand hence accurate information was provided. Data collected through interviews was found to be more reliable and accurate that is free from biases and vital. Interviews were more flexible since more people preferred dialogue to putting down on paper their responses. It was also easy to deduce whether the respondent is lying or telling the truth by observing their emotions and feelings. However, the researcher's presence for an interview influenced the manner in which the questions were answered giving a biased data at the end of the day. Some of the respondents could feel nervous to speak truthfully and ended up giving biased information. The researcher had to hide his identity and engage in casual dialogues. The researcher also made use of jokes in order to put the interviewee at easy and get read of nervousness. The researcher also asked fellow students on work related learning about further information since they understand better, the researcher's need of information.

3.8 Data collection procedures

The researcher carried out the research for academic purposes and obtained permission to access organisational information. The researcher submitted the permission application letter attached with institution letter which provided proof and confirmation that the researcher was a registered student of Midlands State University. This also confirmed that the research was carrying out the research for

academic purpose and such information would be kept confidential. The research might have been condemned and regarded illegitimate in the absence of the approval letter. The researcher have notified the Human Resources Department about the beginning date of the research interview and explained how it was going to be carried. Recording of response from the interviewee has been executed.

3.9 Model specification

The central objective of this study is to find the impact of street vending on financial performance of formal clothing retailers in Gweru using the panel data approach on the population of ten (10) retail shops for three years. To achieve this central objective, this study adopted linear regression model by Hudson et al (2012) who conducted a study on the impact of informal economy on businesses in East Europe.

$FP = \beta_0 + \beta_1 OVC + \beta_3 SIZE + \beta_4 SV + \varepsilon$

Where:

FP represents financial performance,

B is the simple for beta,

OVC is overhead cost,

SIZE is the size of the firm,

SV is street vending,

ε represents error term.

3.9.1 Variable Justification

Overhead costs were included in the model since there is normally an inverse relationship between costs and financial performance. Size of the firm is argued to

have a relationship with financial performance since the there is a general assumption that the bigger the firm the more it performs.

3.9.2 Diagnostic tests

It is customary to perform a heteroscedasticity and multicolinearity tests since this helps the study to avoid running a nonsensical, dubious or a spurious regression.

3.9.2.1 Heteroscedasticity test

This is a problem when the variance of the error term is non constant over years or across sections. The study employed the Breusch-Pagan / Cook-Weisberg test for heteroscedasticity. The null hypothesis (*Ho)* of the Breusch-Pagan / Cook-Weisberg test is that there is homoscedasticity or there is constant variance. This *Ho*is rejected when probability **(p)** value is less than 10%. If it is less than 10% we reject the *Ho*and conclude that there is heteroscedasticity. If the f-statistic of the test is greater than 0.05 which means there is no heteroscedasticity rather there is homoscedasticity therefore there is no reason to reject the model. To test for heteroscedasticity, the researcher used that is why it is written above.

3.9.2.2 Multicolinearity

It is a term by Ragna Frisk which is used to define the degree of association between two explanatory variables or two independent variables. To check the relationship a test needs to be carried out and the results will indicate on a correlation matrix. If the correlation coefficient is 0.8 or above, we suggest that there is auto correlation. If it is zero or 0.1 – 0.79 it's near multicolinearity. *Ho* for multicolinearity states that there is no multicolinearity. *Ho* is rejected if and only **P** value is less than 10% and we conclude that there is multicolinearity. If it occurs it is advisable to drop the variable.

However if it is not persistent or severe in the model, it is advisable to employ the "ignore and do nothing" approach by Gujarati (2004).

3.10 Validity and reliability

3.10.1 Reliability

Reliability recounts to the exactness and accuracy of the instrument. The instrument should yield similar results if used on a similar group of respondents in a similar context. Accurate and careful phrasing of each question was-67ee taken into consideration to avoid ambiguity and leading respondents to a particular answer in order to ensured reliability of the tool. The respondents were therefore informed of the objective of the interview and of the necessity to respond truthfully. According to McLeod (2013), reliability is the consistency of a research study or measuring test. For example, if a person weighs themselves during the course of a day they would expect to see a similar reading at the end of the day. Scales which bring about different measurements of weight each time they are used would be of little use.

Content validity further ensures consistency in administering the questionnaires to the respondents. All questionnaires were administered to subjects by the researcher in person. The researcher tried his level best to formulate questionnaires in simple language for easy comprehension and effective understanding. The researcher helped those who were illiterate in completing their questionnaires.

3.10.2 Validity

According to Samkange (2005) validity can be defined as the quantity to which the instrument is expected to measures. The instrument should uncover that which it is supposed to be measuring. The researcher must focus on content validity, which refers to the accuracy with which an instrument measures the factors under study.

Therefore content validity is concerned with how accurately the researcher asks questions and how they extract and obtain valid and useful information. The research instruments have been tested for content validity by giving the questionnaire to managers, the In Charges and customers. Interview guide were designed for the street vendors only.

3.11 Data analysis and presentation

The data that was gathered was presented mostly through direct quotes or paraphrased to illustrate themes (Densombe, 2007). Numerical data was presented through diagrammatical illustration that is the use of graphs, tables and pie charts to best illustrate the information since it best helps to critically analyse data. This was done to make the findings easy to comprehend to the researcher and to those who will find the information useful.

3.11.1 Secondary Information

The researcher obtained documentary data from company files, financial reports and documentation including sales reports, statement of comprehensive incomes, annual reports and the administrative files and other related records. Data from documentary search complements the data and information generated through interviews, observations and questionnaires. Books and journals were used to shape the direction of the research.

3.11.2 Pretesting

Pre testing refers to a small sketch or description of the entire study or experiment done by the investigator before the complete research is carried out. Authors like Presser et al (2004) cited in Chakwesha (2015) posits that pre-test can be referred to as feasibility study. The researcher engaged himself in a feasibility study and the

benefits. The main benefit of pre testing was that, it allowed the researcher to observe the errors that was made so that they could be fixed before the main study was carried out. This is further supported by Rajaseker et al (2006).

- Pre-test strengthened objectives and hypothesis.

- Provided sample size and estimates.

- Informed experimental design and direction of methodological issues.

- Provided insight into limitations and potential pitfalls, identifying logistical problems which might occur during implementation of proposed methods.

- It helped in collecting preliminary data.

- Pre-test enabled the examination of validity and effectiveness of the sample frame and determined sample size calculation.

Wallinan (2009)'s opinion in as far as pretesting is concerned is that the population that is targeted for the study should not be included in the pre testing because the broadness of the research on its own may require new participants. Due to this reason the researcher did a pilot study in Mutare and found it feasible.

3.12 Data analysis and interpretation

Qualitative data due to its narrative nature calls for evidence from raw data which can be presented as direct quotes, or paraphrased, to support and illustrate themes Densombe (2007). However in the same vain quantitative data needs support from empirical studies. Exploration and presentation of experimental error is an essential part of data analysis when dealing with detailed measurements made in the field. Taylor (2007) argues that collecting data is not an end on itself. It must be analysed to see what information it can provide. Numerical data is often best presented in form of graphs. It helps display relationships and shows many of the statistical parameters visually

3.13 Summary

The researcher employed qualitative and quantitative research methods so as to come up with highly informed information. The targeted respondents consisted of in-charges/ managers from ten clothing retail shops in Gweru. It also consists of street vendors in on the pavements and Main Street during weekends as the customers. This chapter also came up with a population of and a sample size of 160 respondents who were sampled through the use of stratified random sampling, purposive sampling and convenience sampling techniques. The main aim of methodology was to achieve the objectives highlighted in chapter 1. Data was collected from the respondents through questionnaires and semi structured interviews. Secondary sources were also used to gather useful data. Data was analysed using Likert scaling and Stata and presented in different ways in the following chapter. The next chapter will therefore look at the presentation of data collected from the field as well as the response rate of the respondents.

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND INTERPRETATION

4.0 Introduction

The chapter concentrates on the findings of the research study with the aim of determining the impact of street vending on financial performance of formal clothing retailers in Gweru. This chapter is also responsible for the presentation of data, analysing the data and interpretation. The chapter is divided into two parts that are section A which represents demographic presentation of the instruments' response rates and section B which has to do with presentation of data, analysis and interpretation.

4.1 Section A: Demographic Presentation

Response Rate

This study used two types of primary instruments to collect data and these included questionnaires and interviews. However it made use of some secondary data sources also to capture required information for the study. The primary sources were shown on a diagrammatical representation in form of a pie chart below.
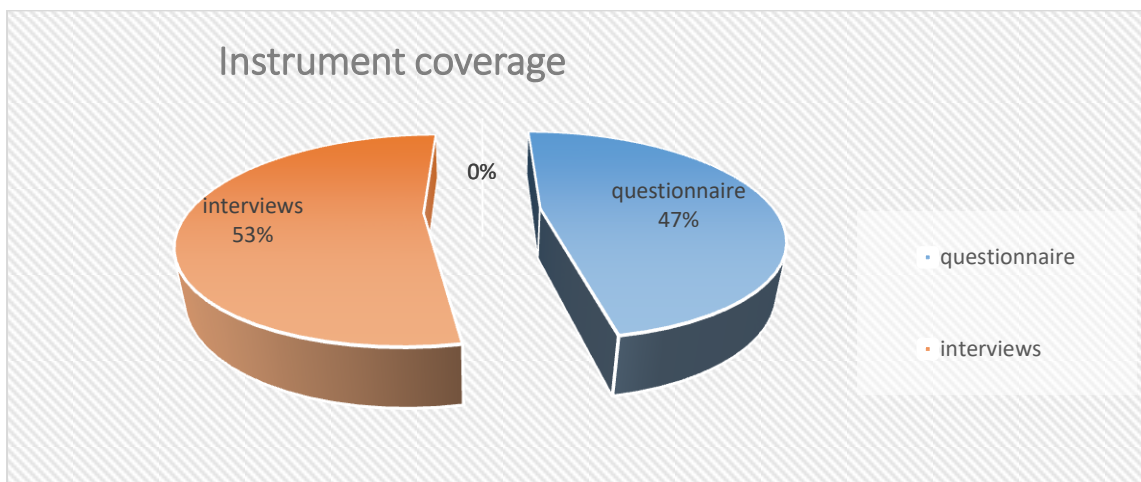
Fig 4.1 Pie Instrument Coverage _Source:_ _Author's Primary Data_

The questionnaire used to obtain data for this study. A total of 110 questionnaires were distributed to the targeted respondents and out of the 110, 103 were returned. The response rate was 93.6364 % which is good enough to bring unbiased results. Table 4.1 below summarises it all.

Table 4.1 Questionnaire Response Rate

Description	Distributed questionnaires	Returned questionnaires	Response rate
Clothing retail shops	10	10	100%
Customers	100	93	93%
Total	**110**	**103**	**93.63%**

Source: Author's Primary Data

Semi structured interviews constituted 53% of the data captured and the most used instrument in the extraction of data for this study. The table below shows the response rate of the interviews.

Table 4.2 Interview Response Rate

Respondent	Targeted interviews	Interviews conducted	Response rate
Street vendors	40	40	100%
customers	50	50	100%
Retail shops	24	20	83.33%

Total	114	110	96.49%

Source: Author's primary data

Section B: Presentation of data on objectives

4.1 The impact of Street vending on customer count of formal retailers.

The study used questionnaires to extract information from the managers and the customers. Semi-structured interviews were also used to gather data from street vendors. This data gathered was in response to the effect street vending has on customer count of formal retailers.

Table 4.3: **Responses of Retailers on Customers that visited the Shop in the Following Years**

Year	0-50	51-100	101-150	150+
2013	2	4	2	2
	20%	40%	20%	20%
2014	6	2	2	0
	40%	20%	20%	0
2015	4	2	2	2
	40%	20%	20%	20%

Source: primary data

The researcher used a four point Likert scale to grade responses of managers on how many customers visited their shop in 2013 and 2015. The grades were coded from left to right. 0-50 range of customers is represented by 1, 51-100 = 2, 101-150 =

3, 150+ =4. In 2015 the customer count of firms reduced generally by 20 %. In 2013 when street vending was not severe as pointed to by managers in their responses where 80% of the retailers had a customer count of more than fifty people per day to save, customers had a limited choice of where to buy. This was indicated by majority of customers that said they had no option other than to buy from the shops now that there is plenty of suppliers they can choose. The other reason for the decrease in the number of customers that visit a shop per day from the 50-100 range to 0-50 is also increased awareness of online shopping with the flooding of online Chinese retailers like Alie Express and Sammy dress as one interviewee put it across, "…*now it is possible to purchase from China using my EconetMastercard. Instead of me buying at premium prices I can order quality goods for myself from websites such as Alie Express and Sammy Dress…*"
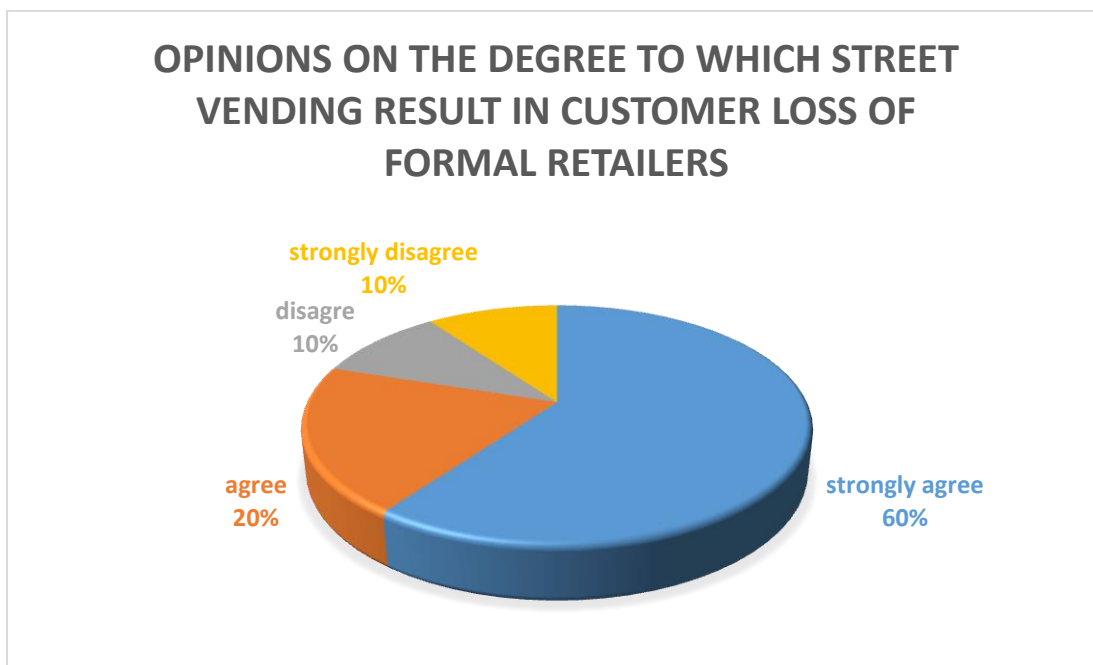
Fig 4.2:Retailer'sopinion on the impact of street vending on customer count

Source: Primary Data

Majority of retailers believe that street vending has a direct negative impact on their customer count. This is indicated by the illustrations table 4.4 and fig 4.3 where 80% of the retailers agree that reduction in their customer count is because of the coming of vendors in 2014. This is mainly because the merchandise that street vendors sell and those of formal retailers are homogeneous but street vendors are selling right in front of retail shops selling similar merchandise. This is supported by Gumbo (2015) who was quoted by the herald saying retailers fail to perform well because of street vendors selling their wares at nominal prices.

Interviews conducted with mangers indicate that the other 20% of the retailers that disagree argue that they have established and segmented their market and through offering loyalty programs they have loyalty account holders. This therefore means they don't suffer much from the problem of street vending.*"…we capture attention of premium customers that means we do not by any means compete with street vendors. **Edgars Gweru**"* This therefore moves in line with Hudson et al (2012)'s study which says smaller businesses are impacted the most.

In light of this, the 20% attribute the decline of customer count to other factors like state of the economy marked by high unemployment and competition from other firms of the same size. The researcher quoted an interviewee saying:

*"…I can't say our operations as of 2015 and at present can be compared to those of 2013 and two years prior to 2013. Business was far much better then and now there is a notable decrease which cannot be attributed to street vending, no nono!! State of the economy is the major culprit alongside competition from same size business…**Topics Gweru**"*

Table 4.4: Where Customers Purchase Their Clothes

	Shop	Street vendor	Online	All the 3
percentage	(35.7615%)	(45.0331%)	(13.9073%)	(5.298%)

Source: primary data
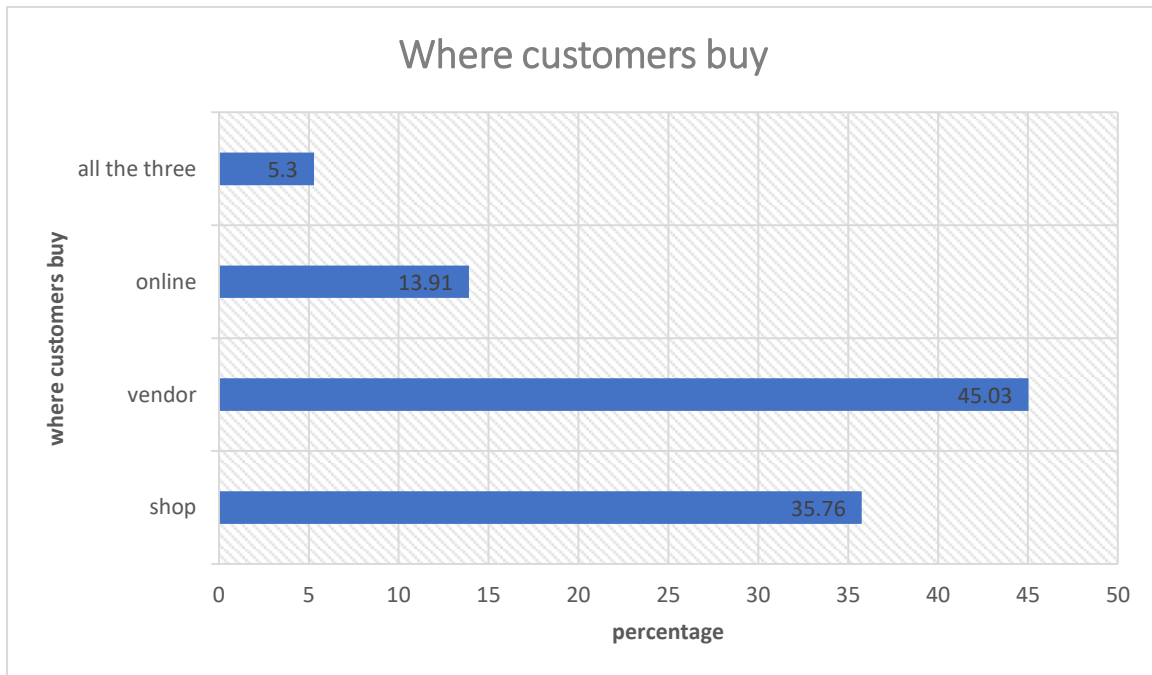
Fig 4.3: **Where Customers Purchase their Clothes** *Source: Primary Data*

Table 4.5: **Reasons behind Customer Preference**

Reason for purchase	Percentage
Price	21.8543%
Status	9.9338%
Quality	52.3179%
Other	0.6623%

Source: Primary Data

Data presented above was collected through both questionnaires and interviews. The data indicates that customers prefer to buy most from street vendors. One customer in an interview said,

"…the power of an African is in negotiation. Street vendors by virtue of giving us a platform to negotiate we always tend to favour them the most"

This moves in line with (Chivivi et al 2014) who identified various strategies street vendors use to make sales among which include shouting, fliers, viral marketing among other things.

4.2 The relationship between street vending and conversion rates of formal clothing retailers

The researcher used Stata v13 to regress the relationship between street vending and financial performance of formal clothing retailers in Gweru. Before coming up with results, the researcher carried out some diagnostic tests which include test for Heteroscedasticity and Multicolinearity and the results were as follows:

4.2.1 Diagnostic Test Results

4.2.1.1 Heteroscedasticity

Table 4.6: **Showing Heteroscedasticity Test Results**

| chi2(1) | 0.15 |
| Prob> chi2 | 0.7023 |

The f-statistic of the test is greater than 0.05 which means there is no heteroscedasticity rather there is homoscedasticity therefore there is no reason to

reject the model. To test for heteroscedasticity, the researcher used Breusch-Pagan / Cook-Weisberg test for heteroscedasticity that is why it is written above.

4.2.2.1 Multicolinearity

Table 4.7 Correlation Matrix

	CR	SIZE	OC	SV
CR	1.0000			
SIZE	-0.0671	1.0000		
OC	-0.2211	0.8866	1.0000	
SV	0.5790	-0.0820	-0.1043	1.0000

Source: primary data

There was only one incident where the researcher encountered correlation. Only correlation of 0.8 and above indicates the presence of multicolinearity. In this model multicolinearity is not persistent or severe therefore the researcher employed the "ignore and do nothing" approach by Gujarati (2004).

*Table 4.8*Regression Results for Impact of Street Vending on RETAIL conversion Rate of Formal Clothing Retailers in Gweru

CR	Coef. Err.	Std. Err.	T	P>t	[95% conf.	Interval]
Size	6.73e-07	3.74e-07	1.80	0.083	-9.54e-08	1.44e-06
OVC	-.0000578	.0000275	-2.10	0.045	-.0001144	-1.28e-06
SV	2.113458	.5650069	3.74	0.001	.9520698	3.274846

CONSTANT	4.078705	1.093301	3.73	0.001	1.831393	6.326017

Source: author's primary data

4.2.2 Analysis and interpretation

Table 4.3 represents results obtained by the researcher upon carrying the research using Stata 13 statistical package. As indicated a constant value of 4.078705 is an indication that holding all other things constant, financial performance as measured in terms of retail conversion rate will improve by the same amount. Upon carrying out the research this researcher found that two of the three explanatory variables are significant. The study also found out that there is a positive relationship between street vending and financial performance. In other words, one percent change in street vending will automatically lead to a rise in financial performance of formal clothing retailers by 2.121804%. This is so because competition forces the clothing retailers to improve on their strategies of operation to convert more traffic into sales and therefore resulting in an increased financial performance.

On the other hand the study established that there is an inverse association between overhead costs and financial performance. In simple terms this suggests that altering overhead costs by a single percent will be accompanied by 0.0000578% decrease in financial performance. This means that an increase in the overhead costs of the retail shop such as electricity, water charges rentals and the like will result in the retailer transferring the cost to the customer. By so doing customers often end up preferring to buy from street vendors whose costs are not that high since they often evade taxes, rentals and related costs.

(Beardshaw et al 2001) postulates that there is an animal called perfect competition within the context of market structures. This occurs when there are so many buyers

and sellers in the market which is dominated by sellers providing homogenous products. In this case this study takes street vendors as competition to the formal retailers. In a bid to survive some of the retailers are beginning to engage into shopper marketing and this has helped increase the conversion rate.

Size of the firm has however an insignificant impact or is insignificant as indicated by a **P** value greater than the required 0.05.

4.3 The effect of street vending on average shopping carts of formal clothing retailers

Table 4.9: **Average shopping cart in dollar value for 2013 and 2015**

	Frequency 2013	percentage	Frequency 2015	Percentage
Us$0-50	5	50%	7	70%
Us$51-100	2	20%	2	20%
Us$101-150	2	20%	1	10%
Us$151+	1	10%	0	0

Source: primary data

Results show that an increase in street vending activity reduces average shopping cart of formal retailers. The results indicate that in 2013 50% of the retailers had an average shopping cart of between Us$0-50 and by 2015 the percentage of retailers that say that their average shopping cart is between Us$0-50 in 2015 have increased to 70%. Those shops with an average shopping cart of $100 and above reduced by 20% in 2015.

After conducting interviews on the remaining 24 clothing retail shops, the study found out that street vending has a strong negative impact on average of formal retailers.

This is indeed supported by Beardshow et al (2001) who stipulate that in a perfect competition environment customers have a variety to chose from and reduction in price from one competetor simply means more customers to his or her business. In light of this customers prefer cheaper clothes from the informal sector.

The pie chart below shows how the retailers responded.
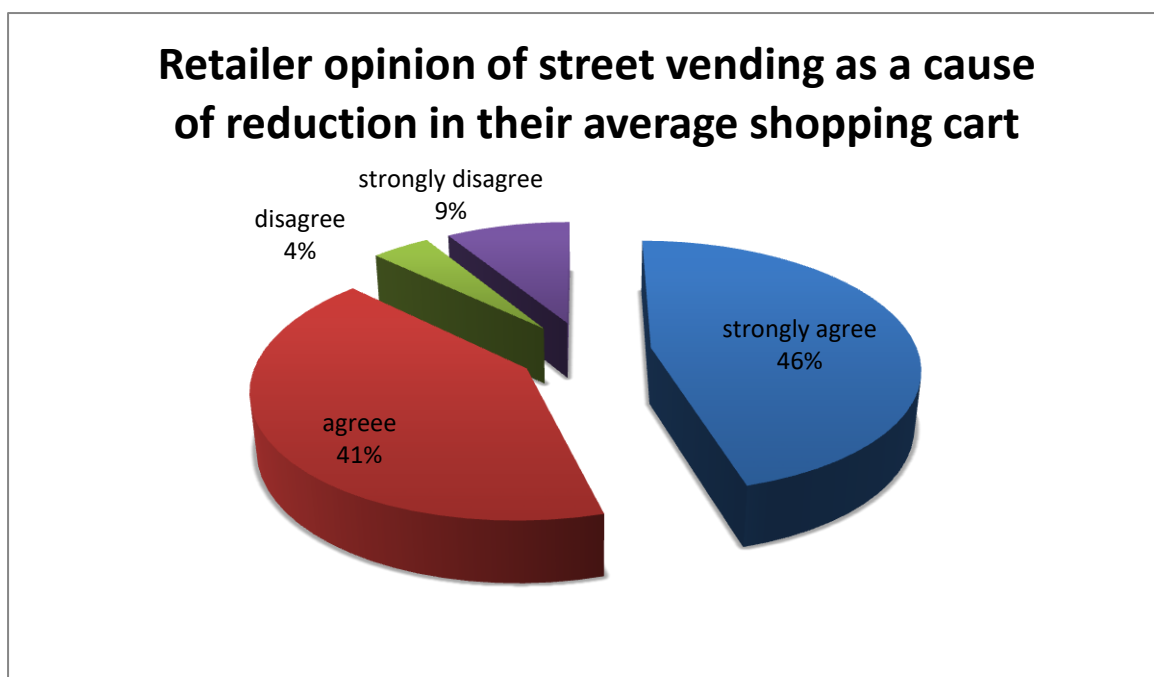
Fig 4.4: Retailer Opinions of Street Vending As a Cause of Reduction in Their Average Shopping Cart. *Source: Primary Data*

Customer responses show that 68% of the "respondents" buy from the street vendors as shown on **table 4.6**. One of the reasons was captured in an interview with one of the customers

*"The clothes offered and those offered by some small and medium retailers like boutiques are merely the same and by virtue of street vendors being outdoors they have greater proximity to the customers...**Jason Mkoba**."*

Not only are they close to customers but they sell at nominal prices whilst at the veranda of the shop selling similar merchandise as pointed by Gumbo (2015).

Chivivi et al (2014) in their research study on the tactics and advertising strategies used by the flea market traders drives the notion that entrepreneurship comes with innovation, creativity and imagination. They posit that informal traders have devised strategies and schemes to get people's courtesy as well as manipulating their purchasing decisions. This therefore means that customers who used to buy from clothing retailers may now buy some of their clothes in streets. In light of Chivivi et al (2014)'s research, it therefore means the average shopping cart of the retailers is compromised. This however suggests a strong inverse relationship between street vending and average shopping cart of formal clothing retailers in Gweru.

4.4 Summary

The study used questionnaires and interviews to collect data from the formal clothing retailers, customers and street vendors in First Street. The response rate was high enough to bring accurate results. Customer count reduced by 20% from 2014to 2015. Reasons behind the decline are directly linked to the coming of street vendors. From the questionnaires distributed, it showed that 80% of the retailers agree that street vending led to the decrease in customer count. The research also found out that street vending affects conversion rate of formal retailers. A percentage change in street vending results in increased conversion rate. Other hypothesised variables include retail shop size and overhead costs. Overhead costs have an inverse

relationship with conversion rate of formal clothing retailers. A percentage increase in costs results in a decrease in conversion rate. Retail shop size is insignificant. Street vending was also found to have a negative impact on average shopping cart of formal clothing retailers. Average shopping cart of formal retailers has decreased by 20% and 80% of the formal retailers agree that street vending has led to the decline in their average shopping cart. For the summary of findings, conclusions, recommendations and suggestions for further study, the next chapter shall execute all.

CHAPTER FIVE

RESULTS SUMARY, CONLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The study sought to establish the relationship between street vending and financial performance of formal clothing retailers in Gweru. Through the use of tables and graphs the data was presented and the findings were established which are to be summarised here as per objective.

5.1.1 The Impact of Street Vending on Customer Count of Formal Retailers.

From the research conducted, street vending was found to be a cause in the decrease in customer count of formal clothing retailers between 2013 and 2015. Customer count decreased by an average of 20% with the coming of street vendors. The growing number of street vendors in the streets of Gweru as pointed to by respondents, makes it difficult for formal retailers to boost their customer count given the status quo. Vendors selling similar clothes as to those of formal clothing retail shops are outside on the pavements and they have developed the skills to lure customers as according to Chivivi et al (2014). The market did not increase since the coming of these vendors but rather, it was divided as the shops began to share with it street vendors as majority of retailers responses suggest.

5.1.2 The Relationship between Street Vending and Conversion Rates of Formal Clothing Retailers

When it comes to conversion rate the study found out that there is a relationship between street vending and conversion rates of formal clothing retailers. Two variables namely street vending and overhead costs were found to be significant and with the assumption that the data given was correct, a percentage increase in street

vending will result in an increased conversion rate by 2.121804% though its arguably not very healthy for the retailers. Overhead costs have a negative impact on conversion rate. Altering overhead costs by a single percent is accompanied by 0.0000578% decrease in financial performance.Costs are transferred to the customers who in turn see "good Samaritan behaviour" in street vendor tactics of negotiating for nominal prices as one manager put it across.

5.1.3 The Effect of Street Vending on Average Shopping Carts of Formal Clothing Retailers

The study also went on to find out there is an inverse relationship between street vending and average shopping cart of formal clothing retailers. Street entrepreneurs are taking some of the customers as supported by Nyamwanza (2014) and Chivivi et al (2014). Customers now seek information and do price comparisons. In light of this, customers are therefore buying some of the clothes in the street and by so doing reducing the value of their shopping baskets by 20% in formal retail shops.

5.2 Conclusions

In general, the study's major conclusion is that there is relationship between street vending and financial performance of formal clothing retailers that is the study rejected the Ho. From the theoretical framework of informal economy, street vending in Zimbabwe cannot be taken from the Marxist school of thought. It is not complementing the formal sector neither can it be categorised as a marginal pole offering marginalised services as the school suggest. Street vending of clothing is merely creating employment and citizens can make a living out of it. In light of this street vending of clothes in Gweru can be categorised under the reformist perspective.

5.2.1 The Impact of Street Vending on Customer Count of Formal Retailers.

Street vending has a negative impact on customer count of formal clothing retailers of Gweru. This was indicated by a 20% decrease in customer count of formal retailers since the inception of street vending. Pedikaki et al (2009) argue that it is very important to have a higher customer count and convert it into sales. Heima (2015) says street vending affects customer count as a metric of retail financial performance.

5.2.2 The relationship between street vending and conversion rates of formal clothing retailers

There is a positive relationship between street vending and conversion rates of formal clothing retailers in Gweru. There is an inverse relationship between street vending and overhead costs of the retail shops. Size of the firm was found to be an insignificant variable in the model showing it has no relationship with conversion rate of formal clothing retailers.

5.2.3 The effect of street vending on average shopping carts of formal clothing retailers

Street vending has a negative impact on average shopping cart of formal clothing retailers. This is evidenced by 80% of retailers who agreed that decrease in average shopping cart is attributed to vendor activity. (Bell et al 2013) supports this finding as they posit that price formats affect purchasing behaviour. Through price comparison done by customers, they tend to reduce quantity they buy from shops and look for nominal prices from street vendors. The data shows that 21.85% of the customers buy because of prices.

5.3 Recommendations

5.3.1 The impact of Street vending on customer count of formal retailers.

Construction of organised Flea markets

The government through the city council should organise construction of one or two more flea markets like the Global village flea market so as to accommodate the populace of the street vendors that are illegally operating causing problems to formal retailers. Considering the current state of affairs people seek to earn a living, the government should make sure it provides facilities and then employ BinguWamutharika's approach Kayuni and Tambulasi (2009). In Malawi in 2004 President BinguWamutharika mobilised police and army to dismiss the street vendors. The operation (*Dongosolo*) which simply translates to order restoration, was quite a successful operation leaving Malawian cities clean. It is better off to compete with a vendor in a flea market not on your veranda.

5.2.3 The relationship between street vending and conversion rates of formal clothing retailers.

Shopper Marketing

Clothing retail shops should engage in recently evolving practices in the retail industry such as shopper marketing. Shopper marketing refers to any activity done to convert shoppers into buyers. The more the retailer increases affectivity the more their financial muscles grow. Shopper marketing being a process starts from outside the shop walls. Retailers in Gweru should try employing this western way of doing business. They should pay special attention to what is happening in the aisles and capture every opportunity. According to McKenzie (2014) shopper marketing has proved to be a useful strategy to retailers in the United States. McKenzie (2014) is

quoted saying this strategy "*is the most important marketing investment you could make, as it looks at the world from the shopper's vintage*".

5.3.3 The effect of street vending on average shopping carts of formal clothing retailers.

Continuous Research and Development

In order to make sure that as a retailer you keep abreast of your competition, it is advisable to perform a continuous research and development programme. Street vendors may feel the heat of intense competition by actually creating a conducive atmosphere for the customer. Always know what the customers want, provide wide and deep assortment, provide service that make the customer feel they are kings and queens, let them feel the experience of being in your premises, let there be mass media communications, visual merchandising and in store communications. If Wal-Mart is succeeding out of such strategies, why not Jet, Edgars, Topics, Meikles, Vintage, Fashion Discovery? Research more into what customers need and create that which they desire.

Relationship Marketing

To those organisations that are experiencing serious decline in their average shopping cart and customer count, it is advisable to try relationship marketing. This strategy is one of the best investments a retailer can ever make to enhance better customer count and financial performance in general. It is argued that it is very costly to lose one customer since acquiring one is like finding a hidden treasure. Maintain a long term relationship and keep your customers as prisoners such that they become loyal to you and ignore competition.

5.4 Suggestions for further study

The situation in Zimbabwe may be by far different from that in other regions of the world. Due to that reason, the researcher calls for other studies in other areas to assess the impact in other regions. (Hudson et al 2012) ended their research by acknowledging that the impact differs from one place to another. In fact let there be another research that assess the impact of street vending on retailers in general and several towns of Zimbabwe just like what (Hudson et al 2012) did. This will help us have a clear and more unbiased relationship.

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APPENDICES

Appendix 1:

Questionnaire for mangers

Dear Respondent.

My name is Denny Muzhangiri. I am a student at Midlands State University. I am currently studying a Bachelor of Commerce Honors Degree in Retail and Logistics Management. I am carrying out a research study on the topic: **The impact of street vending on financial performance of formal clothing retailers in Gweru.** This research aims at testing claims that avail which say street vendors have an effect on formal retailers. The data will be used to analyze and come up with solutions as to what retailers can do to out compete street vendors. On the other hand, if the outcome shows that street vendors do not affect formal clothing retailers then this research will help improving street vending and jus ensure fair retail practice. I will be truly indebted if you spare a moment and complete this questionnaire for me.

Please note that I will keep your responses confidential and the information collected will be used for academic purposes only.

1. **How many customers visited your shop per day before 2013?**

(Tick where appropriate)

0-50 ☐   51-100 ☐   101-150 ☐   151+ ☐

2. **How many customers visit your shop per day currently?**

(Tick where appropriate)

0-50 ☐   51-100 ☐   101-150 ☐   151+ ☐

3. The number of customers have significantly decreased due to the setting up of vendor sites since 2013.

Strongly Agree	Agree	Disagree	Strongly Disagree

4. How many customers purchase out of the total customers that visit your shop per day?

0-50 ☐   51-10 ☐   101-150 ☐   151 ☐

5. **The number of customers that purchase has decreased due to setting up o vendor sites on pavements.**

Strongly Agree	Agree	Disagree	Strongly Disagree

6. What was the average shopping cart in dollar value in 2013? (*sales divided by number of transactions)*

$0-50 ☐ $51-100 ☐   101-150 ☐ $151+ ☐

7. What is the current average shopping cart in dollar value? (*sales divided by number of transactions)*

$0-50 ☐ $51-100 ☐   101-150 ☐ $151+ ☐

8. Average shopping cart for clothing retailers has decreased due to setting up of vendor sites on pavements and streets.

Strongly Agree	Agree	Disagree	Strongly Disagree

9. How big is your enterprise in terms of asserts?

...

Appendix 2

Questionnaire for the customers

Dear Respondent.

My name is Denny Muzhangiri. I am a student at Midlands State University. I am currently studying a Bachelor of Commerce Honors Degree in Retail and Logistics Management. I am carrying out a research study on the topic: **The impact of street vending on financial performance of formal clothing retailers in Gweru.** This research aims at testing claims that avail which say street vendors have an effect on formal retailers. I will be truly indebted if you spare a moment and complete this questionnaire for me.

SECTION B; QUESTIONS FOR CUSTOMERS

1. **Where do you buy your clothes?**

Shop

Street vendor

Online

All the 3 above

2. **Why do you prefer buying where you buy?**

Price

Status

Quality

Other factors

(Other   factors   specify)

………………………………………………………………………………………………

……………………………………………………………………………………

Appendix 3

INTERVIEW GUIDES

VENDORS

1. How many customers do you save per hour?

2. Suppose it's a busy working day how much sales do you usually make?

3. How much sales do you make when the business is usually low?

4. How many transactions or people do you save per day?

5. How much can someone spend at most on your wares?

6. How much can a customer spend at least on your wares?

7. Do you think people prefer buying from you more than they do in the shops?

FORMAL RETAILERS

1. When did you started operations?

2. What was your customer count per day in 2013 before inception of street vending?

3. What can you say about your customer count in 2014 and 2015 with vendors in the streets?

4. Do you think reduction in customer count is attributed to the emergence of street vendors or other factors?

5. What was your conversion rate in 2013?

6. Has your conversion rate changed with the coming of street vendors?

7. Did street vending affected the average shopping cart of your store?

CUSTOMERS

1. Where do you prefer buying your clothes?

2. What are the factors you consider when buying?

3. Do you think street vendors have an advantage over formal retailers?

Appendix 4

P.I.D	year	cr	size	oc	Sv
1	2013	2.142857143	240000	33521	0
1	2014	5	144275	26398	1
1	2015	5	192000	26400	1
2	2013	2.14	216000	35400	0
2	2014	5	145326	34861	1
2	2015	5	156000	35998	1
3	2013	2.14	252000	32125	0
3	2014	5	228000	25965	1
3	2015	5	180000	26895	1
4	2013	2.4	336000	32165	0
4	2014	2.4	300000	28345	1
4	2015	2.4	288000	28600	1
5	2013	0.43	2750000	80125	0
5	2014	0.43	2520000	77999	1
5	2015	0.43	3061440	78000	1
6	2013	2.14	4200000	76450	0
6	2014	5	3210264	73354	1
6	2015	5	3905952	73750	1
7	2013	5	4563744	64900	0
7	2014	5	2536944	65258	1
7	2015	5	2918352	66238	1

8	2013	3.57	1200000	67000	0
8	2014	5	1454784	59321	1
8	2015	5	1585476	60000	1
9	2013	0.43	3600000	76200	0
9	2014	5	2460000	68457	1
9	2015	5	2500000	71000	1
10	2013	0.43	3000000	84256	0
10	2014	5	4750000	72354	1
10	2015	5	2850000	72800	1

Appendix 4

Regression results, Heteroscedasticity test and Multicolinearity

```
. reg cr size oc srtv
```

Source	SS	df	MS
Model	41.6147848	3	13.8715949
Residual	54.7199998	26	2.10461538
Total	96.3347846	29	3.32188912

```
Number of obs =      30
F(  3,    26) =    6.59
Prob > F      =  0.0018
R-squared     =  0.4320
Adj R-squared =  0.3664
Root MSE      =  1.4507
```

cr	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
size	6.73e-07	3.74e-07	1.80	0.084	-9.61e-08	1.44e-06
oc	-.0000579	.0000276	-2.10	0.046	-.0001145	-1.23e-06
srtv	2.11483	.5650505	3.74	0.001	.9533521	3.276308
_cons	4.081328	1.09523	3.73	0.001	1.830051	6.332605

```
. *(4 variables, 30 observations pasted into data editor)

. reg cr size oc srtv
```

Source	SS	df	MS
Model	41.6313785	3	13.8771262
Residual	54.7034061	26	2.10397716
Total	96.3347846	29	3.32188912

```
Number of obs =      30
F(  3,    26) =    6.60
Prob > F      =  0.0018
R-squared     =  0.4322
Adj R-squared =  0.3666
Root MSE      =  1.4505
```

cr	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
size	6.73e-07	3.74e-07	1.80	0.083	-9.54e-08	1.44e-06
oc	-.0000578	.0000275	-2.10	0.045	-.0001144	-1.28e-06
srtv	2.113458	.5650069	3.74	0.001	.9520698	3.274846
_cons	4.078705	1.093301	3.73	0.001	1.831393	6.326017

```
. hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of cr

         chi2(1)      =      0.15
         Prob > chi2  =    0.7023

. corr
(obs=30)
```

	cr	size	oc	srtv
cr	1.0000			
size	-0.0671	1.0000		
oc	-0.2211	0.8866	1.0000	
srtv	0.5790	-0.0820	-0.1043	1.0000

.