

TRADING WITH THE INNER CITIES

by

Mike McLeod

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INTRODUCTION

Since the first wave of West Indian migration following the end of the Second World War, West Indian businesses have arisen in many of the main areas of settlement. These businesses have, to a large extent, been dependent on West Indian customers, who have retained a taste and preference for goods originating in the Caribbean. One would therefore expect to find trade links between these businesses and the Caribbean to be quite strong.

Given the current level of interest in inner 'city regeneration' via small business growth, the prospect of West Indian businesses exploiting international trade opportunities is an appealing one. The aim of the study is to determine whether this is a feasible scenario with respect to UK/Caribbean trade.

The study was initiated by the West India Committee and The Centre For Research in Ethnic Relations undertook the research from April 1989 to February 1990. Sponsorship was jointly provided by National Westminster Bank and the Department of Trade and Industry.

Purpose

The purpose of the study to determine the key issues affecting black business involvement in UK/Caribbean trade and to recommend ways in which trade links could be facilitated to generate social and economic benefits in the inner cities. The main objectives were:

- i) To identify individuals, groups and companies of Caribbean origin currently trading (directly or indirectly) with the Caribbean.
- ii) To determine the nature of the products or services traded, the markets served and the intermediaries through which trade is conducted.
- iii) To examine the main constraints to trade and the ways in which these might be overcome through the assistance of business-support agencies.

Preliminary research indicated that the focus of the report should reflect circumstances not recognised in the original study design.

- 1) Many of the goods exported to the Caribbean (e.g. car parts, 'white' goods, electronic goods) bypassed customs and foreign-exchange regimes of the countries concerned. As Caribbean governments were taking steps

to discourage such exports it would have been unwise to pursue research aimed at increasing their volume. The focus was therefore restricted to goods imported from the Caribbean (annex 1).

2) Although initially confined to three 'task force' areas, the study was widened to encompass the full geographical range of the distribution systems. This allowed for a better understanding of the context of 'ethnic trade' and the role played by West Indian businesses in the importation and distribution of Caribbean foods.

Theoretical Framework

The growing body of literature on minority business growth can be divided into those studies which emphasise cultural factors and those which are more structurally grounded. Bonacich, a leading exponent of the former position claims that certain minorities tend to take on the role of 'middleman' as a consequence of cultural influences related to migrant status, the use of labour and access to finance. Exploitation of cultural advantage allows ethnic entrepreneurs not only to compete successfully in mainstream economies, but at the same time to cater to the special demands of co-ethnics.

In 1890 in California, the majority of Japanese were labourers, sprinkled with a few small traders of 'oriental' goods and a few who ran cheap restaurants and shoe repair establishments. In addition, some who dealt in Japanese provisions or ran boarding houses catered to members of the immigrant community. (Bonacich, 1980)

Ethnic demand thus forms one of the platforms for migrant businesses growth.

Unlike American blacks, foreign born peoples had special consumer demands which outside tradesmen were unable to satisfy . . . The special demands of ethnic consumers (for example, lasagna noodles, kosher pickles, won ton soup) created protected markets for ethnic tradesmen who knew about the things their countrymen wanted. (Light, 1980)

Structural models of ethnic enterprise are more likely to emphasise the discriminatory barriers which hinder minority participation in mainstream

employment. The role of 'ethnic enclaves' in laying a foundation for business, however, has been stressed by Aldrich, among others (Jenkins 1986). Aldrich believes that residential succession in inner cities leads to minority dominance in particular areas. This residential concentration allows for 'ethnic niching' and the growth of minority owned businesses – particularly if out migration of non-minority businesses releases premises.

A complementary line of approach, with respect to international trade, is provided by the concept of 'cultural distance' (Reid 1986). An entrepreneur's knowledge of the culture of a foreign market reduces the cost of determining market potential, selecting customers and sources, and of conducting buyer/seller transactions. Entrepreneurs will therefore find it less costly to deal with the countries that are most culturally similar to their own.

If cultural knowledge confers an advantage in international trade then migrant entrepreneurs, who are culturally close to their fellows both in the host country and in the country of origin, should find it easier to access migrant markets and to source in the country of origin.

Migrant groups tend to settle in geographically bounded territories. It is their high degree of spatial concentration that is significant. This spatial concentration encourages transmission of customs, traditions, language and identification with groups, as well as the development of markets with culturally idiosyncratic consumption habits and communication styles. Migrants in such markets establish formal and informal communication networks and facilities which conduct information exclusively for their groups and to which knowledge and access is difficult for outsiders. These communications networks include social and voluntary associations, fraternal groups, religious houses, newspapers and TV stations. It is knowledge of and privileged access to these specialised markets that offers market opportunities for firms searching for customers or supply sources. (Reid, 1986)

The extent to which this advantage is actualised will be determined by factors such as the size, location and demographic composition of the migrant group and the extent to which it maintains a distinct preference for goods from the country of origin.

It is proposed that West Indians utilise their cultural knowledge to maximize business links with the Caribbean. The known dependence of West Indian businesses on West Indian custom (Ward, 1986) suggests that West Indian entrepreneurs in the UK will use their knowledge of Caribbean supply sources to reduce the cost of importing from the Caribbean.

Methodology

West Indian entrepreneurs use privileged knowledge of West Indian markets and Caribbean sources to expand their businesses. The necessary conditions include:

- i) A stable or growing West Indian 'ethnic market' for Caribbean produce.
- ii) A distribution and finance network to provide market access and links with supply sources.
- iii) Extensive Afro-Caribbean business involvement in such a network.

Constraints on trade expansion would be associated with bottlenecks affecting any of these conditions.

The methods used to test these assumptions were:

- a) Market analysis of West Indian demand, based upon: desk research, content analysis of the 'ethnic press', visits/observational tours of retail outlets and interviews with consumers and companies.
- b) Analysis of supply conditions in the Caribbean, based upon: a review of published materials and trade statistics, interviews with Caribbean High Commission staff, UK-based Caribbean firms, importers and trade sources in the relevant sectors.
- c) Field interviews with enterprise support agencies and West Indian businesses in selected inner city areas, supplemented by telephone and personal interviews and a review of published materials on West Indian business development.

Layout of the Report

The first three chapters of the report are concerned with the demand conditions associated with the West Indian 'ethnic market' and with closely related markets for Caribbean products.

The next section, chapters 4 to 6, deal with factors relevant to understanding the structure of importation and distribution of Caribbean goods in the UK - with particular reference to the ethnic market.

The remainder of the study, including the conclusions and recommendations, attempts to locate West Indian businesses within the overall ethnic market structure as outlined in previous chapters. This provides the best means of pinpointing the strengths and weaknesses of these businesses in the context of UK/Caribbean trade and determining their future prospects.

Note on Terminology

It is difficult to do justice to the complexity of national, social and political factors that determine how people view their ethnic identities.

Probably the most widespread current categorisation for that part of the British population which is both black and originates (including descent) in the Caribbean is 'Afro-Caribbean'. However, to distinguish between 'Afro-Caribbean' and 'Caribbean' populations and businesses (those firms and peoples actually based in the Caribbean) would be confusing in a study of this length. For this reason the term West Indian has been used to refer to black people of Caribbean origin residing in Britain.

Chapter One: THE UK WEST INDIAN MARKET

This chapter examines UK West Indian consumers as a potential migrant or 'ethnic' market. The distinct preferences and tastes of this market are presumed to create a demand for Caribbean imports (ethnic products) unavailable in mainstream markets. Consumption of such products is assumed to be closely related to social and cultural preferences and patterns prevailing in the Caribbean countries of origin.

The existence of such a migrant market gives rise to supply opportunities related to market structure. In particular the social characteristics, income levels and accessibility of this group determines the profitability of serving West Indian demand. This in turn advances or retards the rate at which ethnic products are made available.

Over time it is likely that West Indians and their offspring will adjust their consumption behaviours to fit more closely that of mainstream Britain, unless there are factors at work to help preserve a distinct cultural identity. In the latter case, consumption patterns may not necessarily be identical to that of the originating country but may instead reflect an image of 'home as remembered' (or imagined) or a hybrid form of consumption developed as a response to life in Britain. In either case, the extent to which ethnic products are readily available will play an important role in supporting or negating a unique West Indian consumer identity.

Market Demographics

The 1981 Population Census revealed that there were approximately 2.2 million people from all the New Commonwealth countries and Pakistan living in the United Kingdom. Estimates from the 1983-1985 Labour Force Survey (LFS) show an increase of around 100,000, bringing the total to 2.3 million. The composition of this population for 1983-85 is shown below. The West Indian/Guyanese component is estimated at around half a million, although this is probably an underestimation.

Comparison of the figure for West Indians with the populations of various Caribbean territories suggests that, for Caribbean firms situated in any one territory, particularly the smaller ones, UK West Indians could provide a sizeable extension of domestic markets. A Jamaican food company demonstrates the potential of such an approach.

Table 1.1: Ethnic Minority Population in Great Britain (1983 - 85 average)

Ethnic Group	Number (000s)	%	born	in	UK
Afro-Caribbean		530		50	
Indian		760		35	
Pakistani		380		40	
African		100		35	
Chinese		110		20	
Arab		60		10	
Mixed origin		210		75	
Others		100		25	
Total		2350		40	

Source: Population Trend-46, 1986

Table 1.2 Caribbean Community: Estimated Population (1980/86) (000s)

	1980	1986
Antigua/Barbuda	75	81
Bahamas	224	234
Barbados	247	253
Belize	148	169
Dominica	74	78
Grenada	91	102
Guyana	760	794
Jamaica	2133	2336
Montserrat	12	12
St.Kitts/Nevis	44	46
St.Lucia	115	137
St.Vincent	98	139
Trinidad/Tobago	1059	1199

Source: Caribbean Development Bank, Annual Report (1987)

EXAMPLE: Carlton Harris

Carlton, the largest and best known food company in Jamaica, has an estimated annual turnover of J\$.10M. and a history going back over 50 years. The group as a whole controls a number of subsidiaries both at home and abroad and is heavily involved in the travel and shipping business as well as with the growing, processing and marketing of a wide range of foodstuffs and related items.

10 per cent of Carlton business is in exports and 5 per cent goes to the UK. The company has been exporting since the early Eighties, mainly in response to excess capacity and government pressure with respect to foreign exchange earnings. The company has consistently pursued a strategy of targeting the ethnic market in the belief that it is prepared to pay a modest premium to obtain West Indian foods otherwise unavailable in the UK. The company is also able to sell such items as corned beef and mackerel (which it procures in the UK for sale in the Caribbean) because of its well known brand name. West Indians in the UK are treated, in effect as an extension of the Caricom market for Carlton products.

Attempts to maintain a high profile with all sections of the community have included sponsoring West Indian carnivals and fêtes. The company has, in the past, also conducted market research to identify changes in packaging and labelling that would be required to retain the interest of second-generation West Indian housewives.

However, Carlton feels that the market is shrinking as second-/third-generation consumers develop tastes more in conformity with mainstream British tastes. As a result the profitability of UK exports has fallen and the company is currently seeking ways to expand beyond the ethnic market into national supermarket chains. This has involved redesigning, repackaging and repositioning such items as hot pepper sauce to compete with leading import brands (Tabasco etc.) by appealing more to mainstream tastes.

Although the size and eventual acculturation of the West Indian population may place finite constraints upon business expansion within the

ethnic market, the example demonstrates that the very existence of an 'ethnic market' provides a potential export platform.

Location of the Population

Greater London and the West Midlands have a notably high proportion of Britain's minority populations. Concentration of the West Indian population is highest in inner London, where 36 per cent of the total West Indian population reside (i.e. 198,752 persons living in households where the head of the family is Caribbean-born). Concentration is particularly high in the boroughs of Hackney (15.1 per cent) and Lambeth (13.6 per cent).

In outer London the area in which West Indians are most strongly represented is Brent (12.2 per cent), while elsewhere in Britain the main centres of West Indian population are Birmingham (149,301 persons or 4.8 per cent of the city's population), followed by Manchester (3.0 per cent). These figures are taken from the census of 1981. More recent estimates suggest that the figures are higher, as shown in Table 1.3.

Of importance from a marketing perspective is the degree to which West Indians are concentrated regionally. This has implications for the types of distribution and marketing systems needed to access customers.

Table 1.3: Population resident in metropolitan counties by ethnic group, UK, Spring 1985 (000s)

Ethnic Group	Inner London	Outer London	Greater Man- chester	West Midlands	West Yorks	UK
White	1908	3735	2386	2220	1894	51222
All ethnic minorities	498	416	143	372	118	2376
W. Indian	210	93	25	82	17	547

Source: LFS

EXAMPLE: Drake & Dunsmoor

Drake and Dunsmoor is the leading British manufacturer and wholesaler of 'black' cosmetics. With a turnover in excess of £4m and a staff of 60, the company is probably the most successful example of Afro-Caribbean enterprise in the UK.

The company originally got off the ground by importing hair- and skin-care products from the USA, which it distributed throughout West Indian areas in the UK in order to tap an increasing demand for cosmetic products suitable for black people (completely ignored by white companies).

In the 1960s growing UK tariff barriers led the company to set up its own manufacturing operation in Tottenham, and over time the company refined its distribution system to include West Indian controlled retail outlets and agencies in several major cities.

The areas in which West Indians reside also have, in many cases, a high concentration of Asians, constituting a separate ethnic market served by Asian retail and wholesale businesses. Economies of scale in retailing, distribution and promotion, combined with a more diffuse pattern of settlement by West Indians, has created opportunities for these Asian entrepreneurs within the West Indian market. Robin Ward (1986) remarks:

Not only are Asian communities numerically stronger in most places, but they are more densely clustered in the inner areas of old terraced housing. While still unevenly distributed around the city, West Indians are to be found in roughly equal numbers both in the older working class areas of private housing and in council tenancies. Council housing allocation practices, together with the locational preferences of white and black families eligible for council tenancies, have resulted in West Indians being quite widely scattered over most central and inner council estates.

The implication of the argument is that West Indians as a dispersed consumer group are more likely to be served by white shopkeepers (who

can afford the higher rentals on purpose built, profitably located premises) in mixed council estates and by Asian shopkeepers in the older areas (where the higher residential concentration and distinct cultural tastes of the Asian community make 'ethnic-niching' viable). West Indian businesses must therefore develop strategies for dealing with such competition if they are to prosper.

EXAMPLE: Caribbean Supermart

This new venture arose from a group of Afro-Caribbean entrepreneurs in London with experience in various areas of enterprise (finance, radio, sports).

The group felt there was a market demand for various Caribbean foods, drinks and meats not readily available in the UK. However, building volume in the new business required the additional stocking of items that were available at low cost in Asian-owned retail outlets.

After conducting market research, the group decided to set up business in south London, where areas of high West Indian but low Asian concentration could be found. Such areas were found to offer less threat of competition from Asian trading concerns.

Age and Sex Composition

The majority of the minority population in the United Kingdom is young compared with the white population. The proportion of persons under the age of 30 is 62 per cent, compared with only 42 per cent of the white population. Those that are of pensionable age account for only 3 per cent, compared with 19 per cent of the white population.

Among the ethnic groups, 60 per cent of Afro-Caribbeans and Indians are under 30, as against 70 per cent of the Pakistani and Bangladeshi population, although the disparity between ethnic minorities and the white population is expected to lessen as the ethnic population ages. Table 1.4 gives a breakdown of the population by age and sex.

Table 1.4: Population Breakdown by Age and Sex
% in each age group

	<u>0-15</u>	<u>16-29</u>	<u>30-44</u>	<u>45-59</u>	<u>60+</u>	<u>Males per female</u>
White	20	22	20	17	21	0.95
W.Indian/ Guyanese	26	33	15	19	7	0.90
Indian	32	26	24	13	5	1.00
Pakistani	43	25	18	12	2	1.10
Bangladeshi	51	18	14	16	1	1.30
Chinese	27	25	30	13	5	1.10
African	28	28	36	6	2	1.30
Arab	17	48	21	10	3	2.70

Source: LFS, 1985, Office of Population Censuses and Surveys

It is important to recognise that the West Indian population is ageing and outward migration (returning home) is increasingly likely to occur. Although figures are not available, discussions with the community and with estate agents selling Caribbean properties reveal that a growing number of returnees (taking advantage of the 86/87 property boom) are going back to Jamaica, Barbados or Miami. The increase in Caribbean property advertisements in the West Indian press adds support to this view.

The market implication of an ageing and declining first generation population is a long-term decrease in demand. Some importers, for example, maintain that the ageing population will require less 'heavy' foods (starchy root crops) because of health and digestion concerns. Caribbean brand image may also be affected. Certain labels provide an assurance of

quality and authenticity to those born in the Caribbean but this will not necessarily be passed on to succeeding generations.

Another important characteristic of West Indian communities is the relatively high proportion of single-parent headed households and the fact that women outnumber men by a factor of eight to one in this group. A high percentage of such households consists of a lone parent with children under 16 (Brown, 1984):

Eighteen per cent of all West Indian households are of this type, while the figures for Asians and whites are four per cent and three per cent. Thirty-one per cent of all West Indian households with any children are headed by a lone parent . . .

As 56 per cent of West Indian female heads of household are in full time employment (ibid) the goods and services required by this group and the shopping behaviour they exhibit will reflect, among other things, their level of income, the need for convenience products, the hours worked and the degree of isolation from friends, family and other members of the community. Yet very little information is available on what is probably the most significant consumption segment of the ethnic market.

Social and Economic Status

West Indians are mainly found in socio-economic groups C1 and C2 (non-manual, skilled manual).

Table 1.5: Job Levels of West Indians: 1974-82 (%)

	<u>Men</u>		<u>Women</u>	
	<u>1974</u>	<u>1982</u>	<u>1974</u>	<u>1982</u>
Professional				
Employer, Manager	2	7	1	1
Other Non-Manual	6	9	42	53
Skilled Manual	59	48	8	3
Semi-Skilled	23	23	41	36
Unskilled	9	11	6	6

Source: Policy Studies Institute (PSI)

However, a trend towards greater representation in the professions and other non manual occupations is discernible, perhaps implying an increase in income (although the decrease in the skilled manual category should also be noted). It is likely that the changes over time are largely a result of the occupational achievements of the second generation. The type of employer (shown below) gives a further indication of typical occupations.

Table 1.6: Employer Type (%)

	Men	Women
Local/Health Authority	17	48
State Corporation	14	3
Civil Service	1	2
Private Firm	66	43
Police, Prison	1	*
Armed Forces		
Other	*	2

Source: PSI

West Indians are overrepresented (compared with other ethnic groups) in local and related authorities, including education, health and social services. The nursing profession has traditionally been a major source of employment for West Indian women, which partly explains the high proportions in this category.

Table 1.7: Ethnic Minorities Household Income (1987)

(£ billion)

	Total	F-T Emplmt	Self Emplmt
West Indian	1.68	1.63	0.46
Indian	2.24	2.04	0.21
Pakistan/Bdesh	0.73	0.65	0.78
African	0.29	0.22	0.77

Source: Minority Market Intelligence (Phillips-E, 1986)

Information relating to the economic status of West Indians is harder to come by, but an estimate of ethnic minority annual contribution to household income suggests that West Indian purchasing power may be in the region of £2 billion per annum.

Detailed figures on income and expenditure are not available, but the particular pattern of employment, combined with relatively high levels of unemployment (Newnham, 1986) suggests that aggregate disposable income is limited in some communities. This may be offset to some extent by the changing pattern of employment among younger, more educated, professionally oriented West Indians, who have higher incomes than their parents. Little data, however, is available on the extent to which private and public sector equal-opportunity policies have increased career mobility or incomes.

Population Trends

The UK West Indian population is increasing numerically – the figure in 1985 was 547,000 compared with 503,000 in 1983, an 8.7 per cent increase, compared with white population growth of less than 1 per cent over the same period.

At the same time, however, live births to mothers of Caribbean origin have, as a percentage of total births, been steadily falling over the period 1971–81, as shown in Table 1.8. The figures do not necessarily indicate a decline in fertility; over time, fewer West Indian mothers will be Caribbean born. Whereas in 1983, 49 per cent of West Indians were UK-born, this figure had risen to 53 per cent by 1985.

Table 1.8: Live Births by Country of Birth of Mother

Area of birth:	Live births (000s)				% of all live births			
	1971	1981	1983	1985	1971	1981	1983	1985
UK	773.3	617.3	611.3	638.6	88.9	87.7	88.1	88.3
Caribbean	12.6	6.3	5.3	4.9	1.4	0.9	0.8	0.7

Source: Office of Population Censuses and Surveys

This suggests the possibility that, in the absence of deliberate and effective effort on the part of West Indian parents to preserve traditional culture and customs, the West Indian population will eventually absorb mainstream British consumption patterns. Hallam (1988), for example, claims the following (note that he uses the term ethnic market to refer to the specialised trade in ethnic products rather than in reference to ethnic minority consumers):

While first generation immigrants try to defend their needs, this is less so for their children and grand children who adopt, at least partially, the consumption and shopping patterns of the indigenous population. A movement away from traditional foods is indicated most clearly by the decline in imports of starch roots. As increasingly all supermarkets stock exotic fruit and vegetables the ethnic community is just as likely to use these retail outlets as the indigenous population. In locations where there is a significant ethnic community, some supermarkets make a special attempt to cater for its needs by stocking particular fruits or varieties. For these reasons the 'ethnic' market . . . is likely to be static or declining

During the course of this study the question of acculturation was taken up in community discussions with two groups of West Indian women in London and Birmingham. Some believed the second generation to have assimilated to 'English' tastes, as evidenced by eating habits (preference for McDonalds, chips, snack foods etc.); but others disputed this, particularly where older children were concerned. As one woman put it, "Is not 'til dem 19 or 20 they get black consciousness" implying that these children make the choice of asserting their identity through consumption of 'our food'.

It was also pointed out that the second generation consists both of those born in the UK and those coming to the UK in their childhood or teens to be reunited with families. The latter process continued throughout the '60s, gradually tapering off towards the end of the decade. Such Caribbean-born children retained a stronger preference for West Indian foods.

It was confirmed that women make the main shopping decisions, but the role of mothers in passing on first-generation habits and preferences was

unclear: some mothers felt that children no longer listened to them, making their own food selections from school menus and take-aways. One mother had been successful in getting several Birmingham schools to experiment with Caribbean foods. Some items were popular both with West Indian and non-West Indian children (patties, ackee, dumplings, stew peas), others (callaloo, yam, plantain) were not acceptable to either.

Discussion also centred on changes in diet in the Caribbean itself, where the American concern with healthy foods has become accepted (at least by the middle classes). The emergence of new foods – such as 'jerk pork' and Rastafarian 'ital' (organic) food – was not widely appreciated by those who had not travelled 'home' recently. Perceptions in the UK of current Caribbean diet may thus be somewhat out of date.

A final point was that changes in eating habits arise not only through acculturation but also through price, quality or availability considerations. For example, some respondents preferred to buy Brazilian yam imports from Tesco's rather than Caribbean yams which do not come in standardised form. Others preferred to have the yam sliced to suit their personal requirements and therefore shopped at West Indian grocers.

Summary and Implications

Analysis of the demographic features of the West Indian population shows the potential for segmentation of the Caribbean goods market. This 'ethnic' segment is measurable, accessible and profitable, if the activities of Caribbean firms can be used as a measure. The market base is in excess of half a million persons, which is significant when compared with the domestic market size of most Caribbean countries.

Examples drawn from the marketing practices of Caribbean firms suggest that they already recognise this distinct West Indian market and treat it as an extension of their domestic markets. This creates import substitution opportunities for some UK West Indian enterprises.

The West Indian population is ageing, and migration declining. Acculturation of the second and third generation may also make inroads into the potential market base. These influences should, however, be contrasted with the prospect that West Indians will maintain a distinct identity in the face of racial discrimination.

Chapter Two: WEST INDIAN CONSUMPTION PATTERNS

If West Indians in Britain constitute a distinct 'ethnic market' they should show both a preference for goods originating in the Caribbean and the inclination to purchase such goods when available. This chapter examines the consumption and shopping behaviour of West Indians and the type of goods they purchase.

Ethnic Minority Consumers

Unlike the USA, where the black American or Hispanic markets have received much marketing attention (Reid, 1986), market researchers in the UK have shown little interest in ethnic minority consumers (Hodgson, 1977)

This is changing, with the growing recognition that Asian communities in Britain have largely retained a cultural distinctiveness, reflected not only in language and religion but also in eating, clothing, entertainment, leisure and travel patterns. 'English' food manufacturers, for example, are advertising more frequently in such publications as *Asian Business*, and *Kibazo*, in a recent article on ethnic marketing (FT, 1989), mentions companies such as Spillers, who market Elephant brand flour.

Although it is often claimed that West Indians in the UK have less diverse religious, cultural, dietary and clothing needs than UK Asians, and are thus closer to the native population, little market research has been undertaken to validate this claim.

Shopping Habits

The one detailed study of West Indian consumer behaviour is that contained in the National Consumer Council's study of Asian and West Indian shoppers in Bradford (NCC, 1982). The study makes a number of important points about West Indian Shoppers.

- 1) Shopping is predominantly local; most of the shops used are within ten minutes of home.
- 2) Wives and/or female heads of household are overwhelmingly the main shoppers (73 per cent).

- 3) West Indians buy food in both 'English' and ethnic shops and make more use of supermarkets and market stalls than do Asians.
- 4) West Indians show little ethnic loyalty in shopping for goods or services (with the exception of hairdressing, car repairs and, to some extent, travel).

Table 2.1 vividly illustrates the last two points.

Table 2.1: Type of Food – Shop Used by West Indians

Type of Food	Where Bought	Type
Spices	Supermarket	'English'
Rice	Supermarket	'English'*
Goat Meat	Corner Shop	Ethnic
Other Meat	Market Stall	'English'
Tinned Eng. Food	Supermarket	'English'
Eng. Fruit & Veg.	Market Stall	'English'*
W.I. Fruit & Veg.	Market Stall	Ethnic
Salt Fish	Market Stall	Ethnic
Bread	Supermarket	'English'
Dairy Products	Supermarket	'English'
Flour	Supermarket	'English'

* also ethnic corner shop/stall

Adapted From: Minorities in the Marketplace NCC, 1982

The table indicates a preference for market stalls over other types of outlet as a source of non-standard commodities, possibly due to a desire to 'handle the merchandise' and barter over prices.

The reasons for using particular types of store are also instructive in analysing shopping patterns.

Table 2.2: Main Reasons for Using Shop

	(% citing)
Location	47
Cheapness	37
General range	27
Ethnic range	17
Quality	12
Fresh food	15
Other (inc. Service & Credit)	15

Adapted From: Minorities in the Marketplace NCC 1982

Together, the tables suggest a pattern based on location and price considerations rather than ethnic loyalty. Ethnic stores are only preferred if they stock an ethnic product range unavailable elsewhere. Phillips-Eteng (1988) sums up this point as follows:

The Afro-Caribbean consumer displays the most liberal attitude of all ethnic groups in Britain, and unlike the Asian, is not bound rigidly by custom and religion.

The Bradford study demonstrates the importance of location in that shopping is mainly done locally. Further observations in Brent, Deptford and Birmingham suggest that West Indian shops tend to be situated near the main public transport ('bus) routes, indicating a relative lack of consumer mobility.

The shopping habits of West Indians are thus likely to be closely related to the types of retail outlet in the area and the degree to which these cater to their needs. Phillips-Eteng makes the following claim:

Shopping is done in two places – the supermarket and the speciality store . . . [because] European diet goes hand-in-hand with traditional dishes. The fact that few high-street chemists and supermarkets stock ethnic beauty products creates problems for shoppers who find the two-step shopping trips an inconvenience.

The conclusion to be drawn is that West Indians shop locally on a cost and convenience basis, but to the extent that 'ethnic products' are not available they patronise ethnic specialty stores.

It is also important to stress the role of the Asian corner shop in retailing to West Indians in the inner city. Many Caribbean products are sold in such outlets. Convenience, location and price considerations provide an explanation for this phenomenon.

Stores such as Tesco's and Sainsbury's have also started to feature West Indian food sections in their inner-city branches. Ethnic items are almost certainly 'loss leaders', displayed with the aim of providing a more complete service to inner-city shoppers and switching West Indian custom from market stalls and corner shops.

Demand for Ethnic Products

In referring to the export potential of migrant markets, Reid (1986) points out the sectors in which migrant communities are most likely to show a preference for goods sourced from the country of origin.

Goods and services which are related to food, entertainment, fashion, or leisure time activities . . . may be in the form of foods and services or cultural artefacts in discrete forms such as records, movies and folk art. Cuisine and cooking implements, clothing, literature, cosmetics, financial and personal services, nonproprietary standard medicines, drinks, housing and sport artefacts will fall into these categories.

Research on the main categories of West Indian business (7) confirms that many are engaged in activities related to the ethnic market, as illustrated by Table 2.3.

Those in the top half of the table are the likely candidates for trading in Caribbean goods, and site visits to such business in the West Indian sections of Birmingham (Lozells) and London (Ridley Road, Brixton, Portabello Road) resulted in observation of the following Caribbean-sourced products.

Table 2.3: Main Types of West Indian Business

Retail	Service	
Food/Grocer	Restnt, Cafe, Pub	Photography
CTN & Off-Licence	Night Club	Music Publisher
Records/Household	Travel/Shipping	Printer
Clothing	Hairdressing	Insurance
Books/Stationery	Tailoring	
Optician	Taxi	Driving School
DIY/Blding Supplies	Motor Repair	Electrical Repair
Electrical Goods	Haulage Contractor	Construction

Source: Adapted from various studies.

Fruit, vegetables and roots

Mango, Soursop, Guinep, Banana, Citrus, Yam, Breadfruit, Dasheen, Ceressee, Pumpkin, Ginger, Simmonds Pear, Scotch Bonnet, Ochra, Sugar Cane, Jack Fruit, Nutmeg, Christophene (Cho-Cho), Ohtahiti Apple, June Plum, Paw Paw, Guava, Plantain, Tamarind, Pimento, Naseberry.

Processed foods, drinks

Ackee, Callaloo, Gungo Peas, Fruit Nectars, Syrups, Coconut Cream, Jerk Seasoning, Hot Pepper Sauce, Roots Wine, Bammy, Pigtail, Sorrell, Crackers, Guava Jelly, White Rum, Red Rum, Beer.

Fish

Red Snapper, Parrot Fish, Flying Fish, King Fish.

Clothing/accessories/body care

T-Shirts, Batik Dresses, Tie-Dye, Track Suits, Sportswear, Crotchet, Shoulder Bags, Belts, Tams, Leather Caps, Head Wraps, Necklaces, Medallions, Jewellery, Hair-Care Products, Perfumes, Make-Up, Oils.

Crafts/culture

Carvings, Paintings, Posters, Books, Games, Greeting Cards, Records/Tapes (Reggae, Calypso, Soca, Gospel), Videos, Ornaments, Badges, Ceramics, Wood Products, Wall-Hangings.

In addition, Caribbean related services were being provided in the areas of travel and freight forwarding, music and poetry concerts, art exhibitions and theatrical plays.

The following sections offer a brief guide to the likely factors influencing ethnic market demand for broad categories of product.

Food

In discussing the role of the ethnic specialty store, Phillips-Eteng points out that it 'is important because it stocks ethnic food products such as yam, gari, ginger roots, sweet potatoes, salt fish, dried fish and many others'. Okra, for example, has found its way into the mainstream vegetable trade only on a minor scale, yet annual imports into the UK are estimated to be in the order of 2,000 tons. The market is almost exclusively ethnic and 'caters to consumers of Asian, West Indian, Greek and Cypriot origin as well as to ethnic restaurants'(ITC:1987).

In the case of other fruits and vegetables, such as mangoes, the situation is more complicated due to the 'crossover' from ethnic markets into the 'exotic' segment of mainstream trade.

The Asian and West Indian immigrant populations consume vast quantities of this fruit, mainly the green varieties. However, increasing demand among the indigenous population is thought to be the main cause of the growth in this market segment . . . (ibid)

Migrant tastes will most easily be met by sourcing products in the country of origin.

The immigrant population, the main consumer group, tends to buy mangoes only from their countries of origin, i.e. Asia and the West Indies . . . Asians prefer Indian or Pakistani varieties, especially Alphonso from India and Choso, Langra and Sindri from Pakistan . . . (ibid)

But the tastes and quality requirements of mass markets may create alternative sourcing criteria.

The large supermarket chains, which cater mostly to the indigenous population, demand mangoes with excellent appearance and good eating quality. The American varieties such as Haden, Irwin, Keitt, Tommy Atkins . . . command a premium in this market.

It is possible, in other words, for home countries which originally supplied the ethnic market to lose import share as the market grows. In the case of the Caribbean, new competitors in the mainstream market include Venezuela, Brazil, Peru and Mexico, as shown in Table 2.4.

Table 2.4: UK Suppliers of Mangoes (1982-86)

	VALUE (£ 000)				
	1982	1983	1984	1985	1986
Venezuela	471	303	573	1484	2204
Pakistan	599	718	499	652	840
India	667	809	791	1102	989
Mali	96	95	255	185	434
Mexico	898	1180	1231	911	504
USA	221	78	95	152	503
Brazil	203	365	627	869	720
Peru	141	101	280	294	608
St. Lucia	82	188	149	254	232
Kenya	141	226	297	138	330
Israel	267	203	115	286	195
Jamaica	70	111	234	266	117
S. Africa	37	259	126	128	121
Italy	282	232	92	107	108
St. Vincent	30	127	49	125	41

Source: International Trade Centre

Caribbean countries such as Jamaica, St Lucia and St Vincent supply varieties of mango preferred by West Indian consumers and this has encouraged Caribbean companies to set up their own operations in Britain

to take advantage of this market while also building a springboard for entering the mainstream.

EXAMPLE: Sunbright Commodity Trading

Sunbright Commodity Trading, established in 1983, is a wholly-owned subsidiary of a Jamaican banana company (the managing director is himself Jamaican) and is primarily an importer of fresh produce such as mangoes, yams and dasheens which it sells to regional wholesalers throughout the country. The company is located in South Wales, which is the main port of call for Caribbean banana shipments. The company also handles a limited range of processed foods and spices but passes such products on to secondary wholesalers for distribution. In the case of jerk seasoning, a London-based company, Ocean Partners, is responsible for distribution and marketing, and is attempting to take the product out of the ethnic market and into multiples such as Tesco and gourmet outlets such as Fortnum and Mason, thereby reversing the present consumption breakdown of 75 per cent West Indian, 25 per cent white.

Travel

A glance at any newspaper serving the West Indian community, such as the *Gleaner* or *Caribbean Times*, reveals that the bulk of private sector advertisements are from shippers (freight forwarders) and travel agents.

West Indian travel from the UK to the Caribbean, always frequent, has been increasing over recent years. 1988/89 saw 55,923 West Indian return passengers visiting the Caribbean for an average stay of four to six days and the revenue generated by such travel in air fares alone is estimated by British Airways to be in the order of £17m. Much of this travel is connected with visiting relatives, but persons long resident (or born) in the UK do not necessarily want to be dependent on relatives they may not have seen for many years. There is therefore an increasing demand for vacation accommodation halfway between expensive hotels and family homes. Travel agents in West Indian districts also report a growth in 'alternative' travel (non sun & sand) by business persons, schools, sports or

church clubs and local authority officers (on fact-finding missions), some of which is publicly funded. Christmas and summer are the main periods for travel; seasonality is also affected by events in the Caribbean, including carnivals, religious conventions or major sporting events.

Traffic in tourism, education and business is complemented by the movement of people to settle back in their territories of origin. Real-estate agents and dealers selling properties in the Caribbean (particularly Jamaica and Barbados) are also very active in the 'ethnic' press. At least three Caribbean financial companies have set up offices in the UK to tap a market resulting both from the ageing of the UK West Indian population (reaching retirement age with a UK pension) and from the 1986-88 boom in UK housing prices which increased the purchasing power of home-owning would be returnees.

EXAMPLE: MBS

MBS, a leading Caribbean building society, is currently engaged in visiting West Indian communities in major cities throughout the UK. Several board members and/or senior executives have flown up from the Caribbean to take part in this exercise. The company is hoping to attract custom from those interested in acquiring retirement properties in Jamaica or elsewhere. It feels that its name and reputation will allow it to provide a reliable 'one-stop' service covering the whole process of house purchase. The company is also exploring the possibility of providing business loans for UK West Indians, although UK regulations governing deposit-accepting institutions create some difficulties. If the company discovers market demand to be sufficient it will set up a central office in London to manage agents in the various other regions.

The amount of movement between the UK and 'back home' in the Caribbean explains, in part, why so many freight-forwarding companies are found to be doing business with West Indian communities. Also related to this business is the fact that migrants to the UK, considered by relatives in the Caribbean to have 'made it' are under pressure to 'send a barrel' of luxury consumer goods not generally available back home.

Given that many imported items, such as electronic and white goods, foodstuffs, car parts and clothing, are restricted by Caribbean governments (particularly Guyana and Jamaica during the '70s) because of foreign exchange shortage, the level of personal shipment of these goods from the UK is quite high. Shipping companies (freight forwarders) have been able to capitalize on this market, particularly in cases where they are able to obtain easy customs access for the goods in the relevant Caribbean territories.

Fashion, Culture and Entertainment

West Indians in the UK have long been associated with stylish modes of dress; whether in the form of the street fashions associated with black music (Hebdige, 1979), African and Caribbean styles such as the bush-jac, kariba or kanga, or more conventional forms of clothing individually tailored by the abundant supply of dressmakers and fashion designers found in the community. Social activities and entertainments, such as weddings, parties, carnivals, and sports events, are an integral part of community life and provide the basis for a distinct cultural style. They also give rise to business opportunities ranging from catering and garment design through to music, photography, and public relations. It should be noted that some of the most successful black businesses in Britain – publishing companies such as Hansib or Nu Vox – established themselves largely through reporting such events to the community at large, as did the glossy magazines devoted to fashion and culture, such as *Root* or *Chic*.

A measure of the importance of fashion in West Indian life can also be gained from the number of beauty pageants held within the community – providing opportunities for modelling agencies, printing and photographic studios, hairdressers and fashion designers.

One social function which members of Britain's West Indian community have tended to specialise in to a degree unequalled by the other visible minorities is the beauty competition. Whilst the Indian community has held similar functions – most often under more demure titles such as 'Saree Queen Contest' – it is the Afro-Caribbean which has become the more regularly established and widely acknowledged. (Third World Impact:1982)

One such competition, the Miss Afro-West Indian Beauty Pageant, attracts sponsors that include - Dyke & Dryden, Sara Springs Cosmetics, Maxie's Hair Salon, Hollywood Curl, Air Jamaica, Caribbean Airways, Nigeria Airways, Everton Forbes Travel, Seagrams Distillers (Captain Morgan Rum) and Pepsico International. The first names on the list underscore the fact that fashion related hair- and skin-care products are one of the most successful areas of West Indian business growth, often at the expense of 'black' products from the USA.

The social life of the community has also created a demand for distinct forms of West Indian music, such as reggae, calypso and soca:

The presence in Britain of substantial numbers of Africans and Afro-West Indians has created a perpetual demand for 'culturally relevant' entertainment, and the entrepreneurs have been swift to respond. Most types of West Indian music, such as calypso, reggae, soca and steelband, plus African hi-life, are readily available either on record through retail shops (many of which are West Indian owned or run) or via live performances by 'ethnic' artistes at the many independence celebrations, beauty contests, weekend clubs and private functions which constitute the African and Afro-West Indian social calendar in Britain. Plays by Black writers, performed mainly by Black actors, are increasingly in demand. (ibid)

When it is remembered, reggae performers are known throughout the World and that Island Records (started by a white Jamaican in the 1960s) was recently acquired by PolyGram for some £70 million, the importance of ethnic demand in providing a platform for mainstream acceptance is underscored.

Music and cultural events can thus play a major role in generating business opportunities.

When we talk about the Afro-Caribbean community not having a business base and business experience, we are ignoring the organisation that goes into Carnival. When you go to Trinidad and you see the massive scale of organisation of the Carnival, you begin to see what Afro-Caribbean business is about . . . if you go to Notting Hill on bank holiday weekend you see the hundreds of

Caribbean food stalls set up to service the Carnival. There is a massive industry of making the costumes . . . actually getting people on to the streets . . . and publicising the event. (Black Business Development, 1984)

Closely related to the fashion and music scene is the cultural goods sector, a miscellaneous category covering books, crafts, films etc. Studies of West Indian businesses in Britain point to a number of enterprises devoted to the retailing of carvings, printed materials, paintings and jewellery. The sector operates on the most informal of bases and it is impossible to estimate the total volume of activity. However, given that the trade supports a multitude of small enterprises, it can be assumed that a sizeable demand for Caribbean imports is generated.

Summary and Implications

Examination of the shopping behaviour and consumption patterns of West Indians in the UK leads to the conclusion that a distinct West Indian 'ethnic market' exists for food, fashion, cultural goods and travel services.

West Indian shopping is largely done within a short distance of home, and inner-city markets and shops are likely to be the main beneficiaries. Similarly, travel and other services will mainly be purchased locally, which explains the proliferation of ethnic grocers, travel agents, and record shops, found within a short distance of each other in many West Indian areas.

West Indian shoppers show little evidence of 'ethnic loyalty' and will buy at the cheapest location provided the desired goods are available. They will, however, patronise those who provide specialist products or services.

Chapter Three: RELATED MARKETS

Chapters one and two demonstrate the existence of a West Indian 'ethnic market' which provides a foundation for Caribbean imports. The market is limited by the size and demographic structure of the West Indian population, and the degree of acculturation of second-generation members. In this chapter, two closely related markets are examined as a potential source of business opportunities for West Indians.

The first opportunity results from West Indians figuring prominently as staff members or clients of various institutions, including local authorities. The second is related to the fact that certain mainstream consumers may identify with West Indian tastes and life styles, or actively seek new and exotic products.

Institutional Market Potential

The Afro-Caribbean Food Manufacturers Association has identified institutional markets as an important source of potential market growth (Annual Report, 1988). Local authorities, hospitals, schools, libraries and homes for the elderly all provide service to the West Indian community. Increasingly these institutions are becoming sensitive to the specific cultural needs of their clients, particularly given grassroots criticism for failure to adequately meet such needs (London Food Commission, 1987).

There is a need for radical and structural changes to combat institutional racism within local authorities and health authorities when dealing with black and ethnic minority food businesses.

At least two London teaching hospitals (Guys and Kings) have included Caribbean cuisine in their menus and Brent Council has done the same. Similarly a Birmingham group, YAM, has persuaded the local education authorities to run a pilot scheme in the provision of Caribbean foods for schools. There is as yet, however, little evidence that the majority of institutions are adopting such innovations. In some cases it is evident that a lack of suppliers willing to serve this market is a major constraint.

A representative from Age Concern in Lambeth who had been involved in setting up ethnic minority food sales contacted many

importers of ethnic minority foods. He did not find them particularly helpful. Packaging was a problem as they were only prepared to sell in bulk packages and the elderly wanted to buy in small quantities. He also found ethnic minority food suppliers more expensive than white suppliers. (London Food Commission, 1987)

In Birmingham a recent study of ethnic minority food manufacturing concluded that the upgrading of suppliers and caterers, along with marketing coordination at the regional level, are the key requirements for developing this segment.

Given that at 1986 the Asian/Afro Caribbean and Chinese minorities in the West Midlands accounted for some 13 per cent of the population and that other consumer group demand for ethnic foods has been identified, an increase in the employment percentage for Birmingham seems possible in the Ethnic Food Industry. This will only be possible however if the industry can deliver to demanded standards and raise awareness of such capability. (CAG)

The report summarises the constraints on penetration as being due to the lack of market information and access to capital, and the *restricted supply of imported raw materials*. A similar conclusion has been reached by the Afro-Caribbean Food Manufacturers Association who, in reference to institutional markets, (annual conference, 1989) state: 'It is necessary to market and advertise the foods available from ethnic minority businesses in order to create new markets.'

In addition to food companies, a number of other West Indian businesses, including building contractors, have obtained contracts from local authorities or other institutions. A craft group in London, for example, mounts cultural exhibitions for local libraries; the West Indian owner of a private retirement home in Birmingham provides care to the elderly; and a catering firm supplies Caribbean dishes to nearby government offices. These examples all suggest that a well-managed marketing campaign could open up market opportunities both for Caribbean suppliers and UK West Indians.

Non-ethnic Demand for Ethnic Products

Ethnic trade can also provide a foundation for the eventual mainstream acceptance of 'ethnic products' and thus create extensions of the ethnic market.

'Crossover' is used in the fruit and vegetable trade to describe this process, by which produce originally imported to satisfy minority needs eventually leads to mainstream demand (Heal & Allsop, 1986). The process can be seen at work, for example, in the movement of mangoes – originally an ethnic product sold in corner shops – into the exotic fruits section of the mass market multiples.

In the recording and music industry, black music is also subject to 'crossover', which means that 'a song must move from its origin in a minority interest field into another category – the mainstream of popular taste – in order to be commercially successful' (URBED, 1987).

Black music forms, such as 'hip-hop' or 'rap', which originated in ethnic demand in the USA, now feature regularly on such mainstream TV shows as *Top of The Pops*. Similarly, Caribbean forms such as Reggae have built up a significant 'cult' following in the mainstream markets of North America, Europe and Japan, which in turn has created additional opportunities, selling crafts, tourism and fashion.

The clothing industry, too, recognises the crossover phenomenon: the 'ethnic look', which may be in or out of fashion at any particular time. In this case, movement into the mainstream comes about mainly through the efforts of designers, who pick up on 'street fashions' and adapt them to suit independent boutiques or fashion chains. Imported African fabrics, for example, can be found increasingly in London street markets such as Camden Lock and Brixton. The major buying chains have monitored this trend as a guide to the colours and patterns that will soon be in vogue (Davies, 1989).

Finally, the UK ethnic foods market provides yet another example of the crossover principle. National chains currently promote a vast array of chilled and frozen 'ethnic' foods. Indian and Chinese dishes have the greatest market share, with Greek, Mexican, Italian and Indonesian following behind. The table below illustrates the trends in this sector, which has the highest current growth rate in the UK food industry.

Table 3.1: Ethnic Foods Market (value), 1988

	£ m.	% Market
Indian	70	18
Chinese	52	13
Mexican	10	3
Italian	258	63
Greek	12	3
Other	1	–
Total	403	100

Source: LFRA estimates

The major reason for the growth of this trade has been the expansion of a catering base (Indian and Chinese restaurants) throughout the British Isles. Increasing foreign travel by British residents (see the growing popularity of Greek foods) and a greater consumer awareness of international lifestyles ('Tex-Mex' foods) have also strengthened the market base. Caribbean foods have yet to achieve recognition as a distinct cuisine, but the growth of Afro-Caribbean restaurants (*Time-Out*, 1989), coupled with the rise in UK-Caribbean tourism, has created the foundations for expansion.

The Caribbean food market is still very underdeveloped and there is plenty of room for expansion. The popularity of Caribbean food is likely to increase as a result of more people visiting the Caribbean on holiday. (LFRA Food Market Updates no.35, July 1989)

Regardless of the sector involved, the process of 'crossover' involves a similar pattern. Mainstream consumers gradually become aware of, and can recognise, products associated with ethnic minority cultures. As they grow more comfortable with their increasing knowledge, demand expands and the products come to be seen as exotic (new, exciting, different) rather than ethnic.

The extent to which this process depends on a movement from 'ethnic' through 'exotic' to 'standard' is illustrated by four customer segments identified by spice manufacturer Sharwood's, each with a varying level of confidence in eating and preparing Indian food.

1) 'The Condiment Users' (estimated 23 per cent of market) – use curry powder and mildly spicy sauces as they would use, say, pepper, to spice up their cooking and meals from time to time.

2) 'The English Curry Makers' (47 per cent) – will strive for the Indian flavour in their cooking, are happy to make use of convenient canned and sachet sauces, but also serve traditional accompaniments to Indian meals such as chutneys, poppadums and pilau rice. They have mainly become aware of Indian food through restaurants or perhaps cookery programmes on TV, and wish to replicate these dishes at home.

3) 'The Indian Curry Makers', (10 per cent) – although white, know their Indian dishes well, are more discriminating, and spend considerable time browsing in the speciality foods section of their supermarket or in ethnic corner shops. They will make impulse purchases if the product promises something different.

4) 'The Indian Food Makers' (20 per cent) – almost exclusively Asian, Indian food is their staple diet, and they will settle for nothing less than genuine authenticity. They know the regionality and roots of the food and buy original spices and ingredients to make their own blends of masalas.

The classification is based on considerations of taste, authenticity and degree of familiarity with dishes and ingredients. The same considerations influence the crossover process in other product sectors.

Although some of the products mentioned above are international in the sense that mainstream consumers become aware of them through travel or the media, others have obviously become known through familiarity with ethnic minority cultures in the UK. This may take the form of geographical or occupational proximity (living in inner-city areas or working in schools or hospitals with significant minority populations) or identification with ethnic minority culture for reasons of 'cult' image. The marketing of Red Stripe beer in the UK offers an example of this latter process.

EXAMPLE: Red Stripe Beer

Red Stripe Beer provides an example of a product built up a core market amongst West Indians and was then targeted towards a 'cult' market of young, white males. Positioning of the beer as a 'crossover' product came about as a result of a joint venture between the Caribbean producers (who licensed Charles Wells to brew in England) and Bulmers cider company. Promotion of the product included sponsorship of carnivals, sports events and reggae concerts and was thus directed both at the core West Indian market and white attendees. Involvement in Carnival has led to an undetermined level of black business spin-off in terms of promotion, PR, catering and sponsored entertainment.

In summary, it appears quite feasible that the market in Caribbean ethnic products can be extended to include a segment of mainstream consumers with a knowledge of Caribbean culture (gained through travel, residence, work etc.). In addition, the closely related cult market purchases on the basis of image. Together, these two groups are the potential bridge for promoting crossover from 'ethnic' to 'exotic'.

Summary and Implications

Closely related to the 'ethnic' market is the institutional market dealing with West Indian clients and a crossover market consisting of mainstream consumers who are familiar with Caribbean products through workmates and neighbours, travel or the media.

Institutional markets offer an immediate prospect for the increased consumption provided captive clients prefer (if asked) Caribbean products to the current alternatives. UK West Indian business could particularly stand to gain from the development of this market due to equal opportunities considerations in institutional purchasing decisions. Goods and services would also have the potential of reaching a wider, non-ethnic audience.

'Crossover' demand could probably be increased by promotional targeting of sections of the media most concerned with style and image (e.g. I/D,

Blitz). The sectors with most appeal (street fashions, exotic foods, music, ethnic crafts) are precisely those in which West Indians businesses are likely to have a competitive advantage.

Chapter Four: THE ETHNIC MARKET AND INNER-CITY DISTRIBUTION

Chapters one to three suggest that the ethnic market is an inner-city phenomenon by virtue of the residential concentration of the West Indian population. The composition, special preferences and shopping habits of this population favour the independent retail sector as a means of servicing their needs. The nature of the inner-city retail and distribution system is therefore of key importance to understanding the manner in which Caribbean products reach end-users.

This section chapter examines the trends in UK retailing over the last two decades and attempts to establish whether the inner-city independent retail system serving West Indians can be considered part of an 'Asian distribution network'.

Trends in Retailing

Trends in post-war British retailing have shown a consistent tendency towards the growth of multiple chains at the expense of independents. By 1986 multiples had increased their share of the UK grocery market to 71.4 per cent, while co-ops had fallen to 11.2 per cent and independents to 17.4 per cent. The multiples have made gains of over 10 per cent in market share since the start of the 1980s, and the top five account for over 52 per cent of the total market: the main operators being Sainsbury (12.3 per cent), Tesco (12.0 per cent), Dee (8.0 per cent), Asda (7.2 per cent), Argyll (5.9 per cent) and Safeway (3.5 per cent).

The decline of the independent sector has been evident since the initial conversion by multiple grocers to self-service supermarkets in the early 1950s. However, the absolute fall in numbers has started to level off and in percentage terms it is only 36.1 per cent. This is because when an independent outlet closes down there is generally another eager to take its place. In contrast, the multiples find it difficult to lease out supermarkets that do not pay.

Table 4.1: Number of Food Outlets by Size of Retail Organisation 1976-84

	1976	1978	1980	1982	1984	%
Single Outlet	94,815	80,484	76,438	73,890	69,471	-26.7
Small Multiple	23,484	18,988	24,319	22,253	19,985	-14.9
Large Multiple	24,249	20,723	22,094	18,632	17,387	-28.3
Total	142,548	120,195	122,852	114,775	106,843	-25.0

Many of the independent retail outlets serve inner-city areas where problems with parking, security and recruitment make multiple retailing difficult. Convenience stores, operating extended opening hours, and street markets provide an alternative means of shopping for small quantities of frequently used items. The nature of inner-city populations (more elderly, more minorities, more unemployed) also tends to limit profit opportunities for the high overhead multiples because the special needs of this population precludes the retailing of standardized products (Waldinger, 1985). Ethnic minorities, in particular, often have needs distinctly unsimilar to that of the 'mass market'.

Aldrich (1984) and others have pointed to the manner in which inner-city retailing often passes into the hands of ethnic minorities as the ethnic composition of residential areas changes and business opportunities become available. An increase in the level of Asian retail ownership in inner-city areas tends to support this view of residential succession as a spur to entrepreneurship, and underscores the 'local convenience' nature of such businesses. The point is summed up by Hallam (1988):

The 'ethnic' market cannot easily be defined in terms of that part of the retail trade controlled by shopkeepers from the ethnic community. Such 'ethnic' shops are now an established part of local retail trade. A very significant proportion of those outlets classed as 'independent grocers' are owned by Asians, for example. Moreover, not all customers of 'ethnic shops' are members of the 'ethnic' communities. Rather they are members of the local community whatever their ethnic origins.

Table 4.2: Number of Grocery Retail Outlets 1977-1986

Year	Multiples (1)	Co-ops	Inde- pendents (2)	Total No. Outlets	Decrease % Prev. Yr.
1977	7,000	6,000	62,000	75,000	
1978	6,440	5,760	59,000	71,200	5.1
1979	6,000	5,550	56,000	67,550	5.1
1980	5,700	5,250	53,000	63,950	5.3
1981	5,600	5,050	51,000	61,650	3.6
1982	5,430	4,630	48,000	58,060	5.8
1983	4,760	4,490	43,000	52,250	10.0
1984	4,380	4,230	40,850	49,460	5.3
1985	4,290	4,120	40,100	48,510	1.9
1986	4,270	3,910	39,620	47,800	1.3
Change 77-86	-39.0	-34.9		-36.1	-36.2

(1) Multiples: 10 or more shops

(2) Independents: 1 - 9 shops

Source: IGD Research Services

The Institute of Grocery Distribution maintains that the rise of Asian-owned outlets has helped to halt the rate of decline (only 1.2 per cent in 1985-86) of the independent retail sector by encouraging a more professional and energetic perspective. This conversion to convenience trading by independents has largely proved successful and a number of sources (e.g. Parekh, 1989) estimate that close to 50 per cent of the independent grocery retail sector is now in the hands of Asian owners.

Bearing in mind the shopping habits and residential concentration of West Indians in the inner cities, it is understandable that Asian 'corner shops' and supermarkets are heavily involved in the retailing of imported goods both to West Indians and to other inner-city residents. In fruit and vegetable retailing, for example, Asian owners have often provided the only means by which the demand for ethnic produce can be met.

Independent grocers are estimated to have around 9 per cent of the retail fruit and vegetable market. A large proportion of these outlets are in fact owned by Asian shopkeepers . . . in the past these shops were almost the only source of exotics. (ODNRI, 1988)

It is also clear that Asian-owned corner shops are now more often in competition with the inner-city branches of certain multiples who, having recognised the ethnic composition of such areas, have actively engaged in selling the more popular ethnic brands. Tesco's, for instance, have 'West Indian' sections in some outlets. The fact that only the most popular and fast moving 'ethnic' lines are carried suggests that they are attempting to attract custom away from the 'corner shops', rather than adding ethnic products to their national operations.

The standards required by large supermarkets as related to quality, appearance and size are different from those prevailing in the independent sector.

[In the independent sector] the emphasis is often on vegetables rather than fruit . . . Quality is variable: produce brought in is sometimes of low standard, albeit correspondingly cheap, and its handling and presentation can be poor. Nevertheless, selling prices can be relatively high. (Ibid)

It is quite possible that the supermarkets will eventually create West Indian and non West Indian demand for standardised versions of yam, mango etc, stocked in conformity with their shape, size and appearance requirements. Countries such as Brazil and Colombia are already beginning to market large volumes of such products to supermarkets in the UK, which has profound implications for the future of Caribbean imports.

Interviews with Caribbean product buyers at two leading multiples confirmed the general trend towards a growth in the purchase of exotic fruits and vegetables, but supermarkets were unwilling to release information concerning their inner-city marketing strategies. It was, however, evident from observations in some supermarkets that Encona, a leading distributor of Caribbean foods, dominates the West Indian sections, with products ranging from cornflour, beans and rice, through to

tinned fruits and hot pepper sauce (which, interestingly, is receiving nationwide distribution from Tesco's).

Regional Wholesaling

Statistics dealing with food retailers by number of outlets also give an indication of another trend in grocery retailing.

The lowest rate of retail outlet decline is for small multiple retailers, who experienced only a 14.9 per cent decline over the nine year period. These businesses are mainly small, regional operators who can gear themselves up to satisfying local needs effectively, while exploiting some economies of scale. In addition to co-ops, cash-and-carry outlets and regional wholesalers form a significant part of this group and trade sources estimate that the main categories of cash-and-carry customers are as follows:

Grocers	52 %
Caterers	36 %
Other	12 %

Recognition of the importance of Asian retailers as customers has prompted many such companies to extend their range of ethnic products and a number of wholesalers now specialise in supplying the needs of cash-and-carries themselves: for example, T. Choitram & Sons (importers of Indian products), T. R. Suterwalla & Sons, Manley Ratcliffe (Indian and Chinese items) etc.

EXAMPLE: Linfood

Linfood estimate that around 40 per cent of their customers are Asian retailers, who buy all the usual cash-and-carry items from Linfood but go elsewhere for ethnic products. In response they introduced an ethnic food section in 15 branches in 1986, concentrating initially on areas of ethnic minority populations. They now stock a range of over 700 specialist ethnic food lines.

Interviews in cash-and-carry outlets revealed that, due to the low presence of West Indians in the retail trade and the small number of Caribbean restaurants, West Indians accounted for no more than 10 per cent of the market. Many were private individuals who had encountered difficulties in finding West Indian produce in the areas where they lived. (Asian retailers were oriented more towards the needs of Asian customers.)

Some Asian-owned firms were, however, focused on wholesaling Caribbean goods to both Asian and West Indian retailers.

EXAMPLE: BK Foods

BK Foods is a medium sized Asian family firm established 12 years ago. It imports products from all over the world, but due to the relatively small scale of operations is unable to provide the extensive financial and shipping services offered by other distributors.

The company has sole distribution rights for Richard's, a leading Caribbean manufacturer of tinned goods, including ackee and calaloo. BK also has a range of African and Chinese products, canned fruit juices and vegetables under its own label, and packs its own rice, flour and pulses. The company frequently carries out promotion on behalf of the foreign suppliers, consisting, for example, of placing advertisements in *The Gleaner* and *The Grocer* and attending exhibitions such as the International Food and Drink Exhibition in London.

BK distributes to all centres of ethnic minority population in the UK and has approximately 500 accounts including shops, cash-and-carries and, where demand does not justify an extensive distribution network, wholesalers with sole rights to an area. The company's Asian ownership provides an advantage in dealing with the Asian-owned retail system. Given supply fluctuations, demand is difficult to measure accurately, but BK has witnessed a rising demand for ethnic products in recent years, accompanied by a change in the customer profile. The owner claims that

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demand among minority consumers is still strong and does not seem to have suffered from acculturation, 'possibly because they find British food bland and the West Indians in particular have healthy appetites'. The real growth, however, has been in the mass market. The company believes that the way to reach the new health conscious, adventurous customer is through the multiples, and is currently negotiating a major contract with Tesco's.

EXAMPLE: PPS. Ltd

PPS Ltd is a Jewish family firm established in the early 1960s as poultry slaughterers supplying restaurants. Demand from restaurateurs for rice and curry powder led to PPS buying from Indian wholesalers and importing spices. PPS is now the largest distributor of ethnic products in the UK: turnover has risen from £4m to £12m in the last four years, and is expected to grow to £20m within the next three. The firm has been able to protect itself from competition from other distributors by diversifying into milling, bottling, packing, bean polishing and health foods.

The company handles more than 1,000 products, which it sources worldwide from 300-400 suppliers. Whereas it initially sought out products with likely UK sales potential, the company's reputation means that foreign suppliers now make the approach. The company manufactures and bottles its own hot pepper sauce, sells 300 tonnes of product per week, and is introducing similar own-label products on an *ad hoc* basis.

PPS distributes to approximately 2,000 outlets nationwide and also runs a cash-and-carry operation on the premises. It sells mainly to independents, health food stores and cash-and-carries in ethnic minority centres, but no longer direct to restaurants. PPS has more than 400 accounts in central London alone, accounting for one third of the firm's

continued

business. Very little business is done with multiples since they are felt to lack expertise in marketing ethnic products and their buying power is too high; the independents are prepared to take lower margins. Tesco, for example, only stocks ethnic products in 25 outlets, and meeting their strict purchasing conditions does not justify the small sales volume involved. (In fact, PPS closed Tesco's account for these reasons.) PPS believes that the only way for multiples to compete successfully in the ethnic produce sector would be for them to acquire an outfit like PPS with expertise in purchasing and selling in the ethnic sector.

White, sometimes Jewish, firms have also participated in the growth of regional wholesale operations supplying ethnic products to the inner-city independent retail system. Some of these companies have witnessed a shift in their operations over the years as they have moved into the area of direct importing.

The 'Asian Distribution Network'

The growth of Asian wholesaling is closely connected with an ability to secure sources of imports of items demanded by the Asian community (foodstuffs, garments and so forth). This is particularly evident in the case of ethnic fruits and vegetables, where a well developed distribution system has been established throughout the inner-city areas.

An UNCTAD publication dealing with developing country food exports to the UK has this to say about the degree to which a distinct 'Asian' distribution system can be said to exist:

The trade in produce for the Asian population has been in existence for only about 20 years. The trade channels for this produce are almost totally distinct from the channels for produce for the bulk of the population and for other minority ethnic groups, e.g. West Indians. Most, if not all, import/wholesale firms in this trade are owned and managed by Asians; this is probably also true of nearly all firms at the retail level. (ITC, 1987)

The following observations are made about import operations:

Produce arrives at Heathrow and Gatwick airports. It is generally cleared by clearing agents, rather than by the importer. Only rarely is delivery undertaken by the clearing agents. Importers collect the produce at the airports . . . the large firm may sell a small part of it immediately to smaller firms. The balance is transported in their own vehicles to their wholesale premises for sale to retailers, a few caterers and smaller importers/wholesalers.

The smaller importers, having collected produce imported on their own account at the airports, transport it in their own vehicles, together with any produce bought from the larger firms, direct to their customers in the retail/catering trade. (Ibid)

EXAMPLE: Tropical Foods

Tropical Foods began as a small Birmingham grocery shop in the 1960s selling standard and ethnic groceries to both Asian and European customers. The brothers running the business soon expanded by wholesaling to other Asian retailers and packaging/canning small quantities of ethnic foods (including peas, beans and rice) under their own label.

In the early '80s the company acquired a failing business which specialised in Caribbean imports. They soon began to turn the business around and made inroads into the West Indian market. One of the brothers has made several trips to the Caribbean to identify new products or reliable suppliers of established items. The company also worked closely with several UK West Indians to produce import substitutes, such as flavoured syrups and snack foods. The main problem with these items was that the manufacturers found it difficult to supply in consistent volume and quality. Packaging and labelling also presented difficulties. The company maintains that it is still willing to invest in such products provided they have good distribution potential

Large firms, who account for 70-75 per cent of imports for the Asian market, buy from many sources and have wholesale premises near (rather

than in) established wholesale markets. The more numerous smaller firms, who have a transitory involvement in the business and are without premises, generally buy from one supplier and engage in wholesale deliveries.

Once these entrepreneurs become familiar with the methods and pitfalls of importing, and provided they have some idea of West Indian demand in the areas they serve, they can exploit sourcing opportunities available in the Caribbean. Four Asian-owned firms (one Afro-Caribbean/Asian) sourcing directly from the Caribbean were interviewed during the course of the study. They became involved in Caribbean trade as an extension of retailing to West Indians and all had previous experience with importing Asian goods. The owners had visited the Caribbean to identify supply sources and in three cases this resulted in the firm becoming sole distributors for particular products.

Summary and Implications

In conclusion it can be said that a distinct distribution system exists in the inner cities to service both ethnic minority and white native residents. Residential concentration in these areas leads to the West Indian ethnic market being serviced mainly by this independent network of 'convenience' and 'corner' shops, 'ethnic supermarkets' and market stalls. Caribbean goods are highly visible in such outlets and have even reached the shelves of multiples vying for West Indian trade.

Asian involvement in wholesaling and importing lends an Asian flavour, but the system is not exclusively supplied by Asian entrepreneurs. A glance at advertisements in *Asian Business* and similar publications is enough to demonstrate that white manufacturing firms are eager to supply Asian retailers. They are also involved in importing directly from the Caribbean, an issue which will be explored in the next chapter.

Chapter Five: IMPORTERS OF CARIBBEAN PRODUCTS

In this chapter the role of importers supplying the inner-city retail system is analysed and their marketing strategies examined. This allows for a deeper understanding of the way in which Caribbean products reach the West Indian ethnic market and lays the foundation for locating the position of West Indian retailers in this wider context.

Food and Beverages

a) Fresh Foods

Caribbean non-traditional fresh foods exports include both exotic soft fruits (e.g. mangoes, papaya) and ground provisions (yam, coco etc) destined mainly for the ethnic market. Estimates of the size of the market vary but one source claims that is worth over £270 million.

Caribbean cooking utilises exotic fruit and vegetables and over the last two years sales of these have increased by 20 per cent to be worth £271m (including the catering market). (LFRA:1989)

The following table shows the market share of Jamaica, the main Caribbean fresh produce supplier, for selected exports to the UK as compared with other Third World competitors.

The share of Latin American and African countries is sizeable and growing and they supply tropical products similar to those originating in the Caribbean. Caribbean producers are likely to face increasingly stiff competition from these countries in years to come. The Caribbean suffers from unreliable delivery, poor quality, high comparative prices and a tendency to supply the less popular varieties of particular products. Importers interviewed during the study also mentioned problems with packaging and labelling. They are increasingly looking to competitor country sources in Africa and South America.

Table 5.1: 1986 Developing Country Share of European Markets (selected products)

	<u>Mangoes</u>	<u>Melons</u>	<u>Capsicums</u>
%			
Jamaica	0.6	1.2	0.2
Kenya	2.9		
Brazil	12.1	2.6	
Chile			1.4
Senegal		0.2	0.6
Turkey		1.8	2.2
Mali		8.8	
Mexico		9.2	
Burkina Faso		6.5	
Côte d'Ivoire		3.5	
Venezuela		23.9	

Source: ITC (1987)

The mainstream market for exotics is growing quite rapidly and outlets include major multiples as well as independents and market traders. Companies such as Geest are major importers of Caribbean produce (mainly bananas and citrus) but checks with these companies indicate that they are not directly involved in ethnic marketing.

The ethnic market is, instead, serviced by importer/wholesalers operating from established markets such as Covent Garden. From here the produce is either distributed through an elaborate chain of 'middlemen' to street markets in West Indian districts of London (e.g. Ridley Road) or sold directly to retailers who collect for themselves. A network of regional wholesalers ensures distribution to market stalls and small retailers in the rest of the country. Many established wholesalers are 'English' and have been in the business for many years.

EXAMPLE: Freshtop Ltd

Freshtop was started by a white Englishman who spent a number of years working as an accountant in the Caribbean and was familiar with the operations of Caribbean exporters. Upon return to England Mr P attempted to enter the fruit and vegetable wholesale business but found it very hard to get in because of the dominance of long-established marketing families in the main London markets. Eventually, with the assistance of a friend in the trade he was able to set up an office very near to Spitalfields from which he supplies retail outlets and market stalls in London and regional wholesalers elsewhere.

Mr P travels regularly to the Caribbean where he has built long-term relationships with reliable suppliers. He claims that the business is very risky due to the perishable nature of the produce; highly efficient management and tight cash flow control are called for. He considers that this management aspect, along with the difficulties of entering the trade and the level of start-up capital initially required, make it most unlikely that West Indian businesses (some of which he supplies) would be able to compete successfully.

Recently Asian suppliers have made an appearance, particularly as regional wholesalers in Birmingham, Manchester etc. Trade sources estimate that a third of the London wholesalers are Asian, a handful of which import directly from the Caribbean.

The ethnic market is thought by some importers to be in decline due to an ageing population with a declining preference for starchy root crops (yam, coco etc). Young West Indians supposedly purchase less of these items. In spite of this belief, there is evidence (e.g. increase in imports of Brazilian yam) that the declining sales of some Caribbean produce may be due as much to import displacement as to falling demand. It should be emphasised that a significant minority of importers do not agree with this view and project instead a stable future for the ethnic market. Overall, the market for Caribbean exotic fruits and vegetables appears to be growing in value if not volume.

EXAMPLE: Regional Wholesale Inc

Regional Wholesale is an Asian-run subsidiary of a Covent Garden fresh food import company. The company is located in Birmingham's central fresh produce market and has a turnover of approximately £1.5m.

Regional is a major supplier of ethnic fruit and vegetables in Birmingham and sees no signs of a decline in the market in totality (i.e. all minority consumers). The owner does agree, however, that the preferences of the first generation of West Indians is different from that of succeeding age groups. He has therefore been concentrating less on starches and roots and more on the wider market for soft exotic fruit.

The owner has twice visited the Caribbean in search of suppliers but feels that co-ordination of production and marketing is lacking. He therefore deals increasingly with supplies from elsewhere. In response to the question of how Caribbean countries could export more to the UK he replied: 'The best thing that could be done for the Caribbean is to assist them with management.'

b) Processed Foods

In the case of sauces, jams and jellies, gourmet outlets such as Harrods, Selfridges, Fortnum & Masons and Patridges have occasionally sold Caribbean brands. This affords an opportunity for low-volume premium sales, provided product quality is high.

Processed foods, however, are predominantly sold through the ethnic market (corner shops, market stalls, Asian supermarkets) and comprise mainly: seasonings (jerk seasoning, pepper sauces); tinned fruits and vegetables (ackee, callallo, guava, mango, red peas, canned fruit juices (orange, pineapple, mango, tamarind); and jams, jellies, preserves (marmalade, guava jelly). Hot pepper sauces and seasonings have experienced rapid growth and the last two years have seen a proliferation of Caribbean brands in the ethnic market. Multiples are increasingly carrying the more popular brands both in West Indian and non-West Indian residential areas.

Brand dominance in the ethnic market appears to be switching from Caribbean companies, such as Grace Kennedy, to distributors (Enco, SPL)

who do not necessarily source raw materials in the Caribbean. There is some evidence (commissioned private research) to suggest that Caribbean branding is an important guide to quality and authenticity for consumers actually born in the Caribbean but that second generation British-born 'housewives' are less responsive to the outdated packaging and labelling methods (e.g. tins rather than tetrapak for fruit juices) used by many Caribbean firms.

EXAMPLE: Cohen Products Ltd

Cohen Products Ltd was founded as a family firm in the 1930s, initially to import fresh produce from the West Indies. The business only really began to grow in the late 1940s, with the post-war influx of West Indians, when the owners stepped up importing operations to meet demand. An importing business started by a female West Indian entrepreneur (the first of its kind) was acquired for this purpose. It is estimated that Cohen now has two-thirds of the trade in importing Caribbean processed foods, and, judging from comments by shopkeepers, is the best known distributor among retailers.

The company carries about 200 products in two main business streams: one is the import of bulk cereals and pulses from various sources, which are packed under the Cohen name on the premises; the other is processed foods. Unlike other distributors, Cohen specialises in West Indian products but has also developed a range of own-label products on the basis of reputation and name. Brand awareness is very high among the West Indian community and, due to a breadth of range encompassing canned peas and beans, spices, creamed coconut and hair-care products, the company has also had an impact in the crossover market.

Cohen is strongest in London but also sends one container-load a week to the Birmingham area. The company supplies ethnic wholesalers, cash-and-carries and retail outlets direct. It also supplies a range of items to multiples such as Tesco and Asda, and hot pepper sauce to Sainsbury's

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after it was spotted by a Sainsbury buyer at the International Food and Drink Exhibition four years ago. Cohen estimates that only about 20 of the products it handles are consumed exclusively by West Indians and that mass market demand is growing rapidly. The strategy for tapping this crossover potential is to target the multiples, although it concedes that large chain buying power makes this less profitable in the short term than selling through ethnic corner stores. Cohen is in a better position than most distributors to adopt this approach because it carries a wider range of West Indian products. (The multiples are more willing to deal with one contact person for all their West Indian food requirements than with several distributors or with many small manufacturers.)

Cohen does not, however, intend to sacrifice the ethnic market. Although it is easier for the company to make one large delivery to a multiple rather than many deliveries to a vast number of small shops, sales among West Indian consumers are still strong and have not suffered from second-generation acculturation. Targeting both the ethnic and crossover markets can, however, cause problems; West Indian consumers tend to be very traditional and resist attempts to alter labelling to suit white shoppers.

c) Beverages

Many Caribbean white and brown rums, generally unavailable in UK mainstream markets (e.g. Cockspur, Appleton, Wray and Nephew) are popular with West Indians and have over the years been imported (as personal travel items) into the UK. West Indian-owned off-licences, pubs and cash-and-carries provided a ready market for small-volume sales of these imports. Mainstream companies who spotted this trend now promote their own imports directly into the ethnic market by providing sponsorship for West Indian social and cultural activities

Other beverages exported from the Caribbean to the UK include beer, and Red Stripe has already been mentioned earlier in this study. Beer from Barbados appears to be following the Red Stripe lead. The Caribbean also produces liqueurs, the most famous of which is undoubtedly Tia Maria. Although originating in the Caribbean in the early part of the century, this product and name were acquired and developed for the international market by Booker. The ethnic market was

thus never a target for sales. However, at least one Caribbean liqueur producer, who has recently appointed a Scottish distributor, is currently exploring the possibility of promoting into both ethnic and mainstream markets.

Soft drinks provide another potential area for trade expansion. One of the most successful West Indian entrepreneurs in Britain built his fortune on soft drinks during the sixties with the Top Pops range (the business is no longer in operation). At least one black British firm currently produces soft drinks and Trinidadian firms export significant quantities to the UK. Popular Jamaican grapefruit drinks and ginger beers are also marketed in the UK. Detailed methods of distribution were not identifiable within the time available, but this is clearly an area for possible trade expansion.

EXAMPLE: United Rum

United Rum, a subsidiary of Booker McConnell, noticed several years ago that West Indian males were large consumers of Caribbean 'red rum', which is distinctive from the Bacardi-type white rum and the darker ones such as Lambs which were more familiar in the British market. The market was supplied by numerous small-scale importers who would travel to the Caribbean and return with a few cases of the locally purchased product which would then be sold to West Indian-owned retail outlets.

The company took the decision to import the most popular brands and promote them by sponsoring domino tournaments and other such West Indian community events. A national domino league is now in the process of being formed as a result of such sponsorship.

Apart from selling through West Indian-owned retail outlets, the company undertakes no other form of support for West Indian business.

Tourism, Travel and Shipping

a) Tourism

The sizeable market for European tourism to the Caribbean has provided many European airlines, tour companies and travel agents with a

substantial contribution to their businesses. Companies involved in catering, advertising, travel promotion, ground transportation and so forth have also benefited from the trade. Visitors from the UK comprise a sizeable proportion of Caribbean arrivals, as Table 5-2 shows.

What is not recognisable from the figures is the extent to which the UK West Indian population provides a market for travel agents, airlines and other firms involved in Caribbean tourism.

1988/89 saw 55,923 West Indian return passengers visiting the Caribbean for an average stay of four to six days: the revenue generated by such travel in air fares alone is estimated by British Airways to be in the order of £17m.

Table 5.2: Caribbean Tourism from Europe/UK 1986-87
Visitors (000's)

	1986		1987	
	Europe	of which UK	Europe	of which UK
Bahamas	46.5	19.0	67.9	27.6
Barbados	66.3	47.6	102.2	79.2
Belize	17.2	8.5	17.3	9.0
Dominica	5.1	2.3	6.7	2.8
Grenada	6.8	3.7	9.6	5.2
Jamaica	42.2	30.0	58.1	35.2
Kitts/Nevis	4.4	3.5	5.1	4.2
St. Lucia	34.6	21.1	42.3	25.8
Trinidad/Tobago	22.1	16.0	29.5	20.2
St. Vincent	5.9	3.7	10.6	5.6

Source: Adapted from:
Yearbook of Tourism Statistics, vol. 2 1988

Airline companies have recognised and exploited this market for ethnic travel, although Caribbean tourism boards do not believe this to be a profitable segmentation strategy (an exception is the Bahamas, which actively cultivates the black American market).

EXAMPLE: British Airways

British Airways recognises the 'ethnic' component of travel both to the Caribbean and to the Indian subcontinent and has increasingly catered to this segment by, for example, providing in-flight entertainment with a distinct ethnic flavour. As the business has become quite substantial it has assisted Asian- and West Indian-owned travel agents in developing the ethnic travel market.

The company provides training and marketing support for eight selected West Indian travel agents who service the ethnic market. The company also provides assistance to Asian-owned companies, some of whom also sell to West Indians. The company does not see much prospect for a growth in Caribbean travel in the 'near-saturated' West Indian market, but does anticipate increased West Indian travel to Europe (where Carnivals are beginning to emerge), North America and Africa.

b) Shipping

EXAMPLE: Mike Jones Shipping

Mike Jones, a white Englishman, began his early career working for a freight-forwarding company dealing with South America and the Caribbean. During the early '70s he became aware of a growing number of requests for small shipments of unaccompanied goods to certain Caribbean islands. On investigating more carefully, he realised that there was a growing market for this type of shipment, mainly due to West Indians sending British-made goods to their Caribbean relatives. Upon setting up his own shipping business for Latin America he actively pursued the West Indian market by advertising in the West Indian press and distributing leaflets and notices in the various high commissions. He now finds that a significant part of his business comes from the ethnic market.

Another major aspect of the ethnic travel business is the shipping of personal effects to the Caribbean. In actual fact, a good part of the trade involves consumer durables and other consumption items ranging from and baby-wear through to car parts and electronic equipment. These are sent to relatives 'back home' who suffer from high duties on imported goods and a shortage of the foreign exchange required to import for themselves. The trade has provided a profitable business opportunity for freight-forwarding companies, particularly those who are able to facilitate easy customs clearance at the point of arrival.

Fashion and Culture

a) Garments

A number of Caribbean countries have taken advantage of the Caribbean Basin Initiative to expand free zone garment exports to the USA (807 operations). In many cases the bulk of these exports provided by Asian companies who have located in the Caribbean to take advantage of US quota facilities. However, this growth has also spurred on local companies operating on a CMT (cut, make, trim) basis, many of whom consider themselves to be in the fashion business, designing swimwear, T-shirts, knitwear and accessories rather than getting into volume subcontracting to foreign specifications.

In the case of the European market there is little evidence of significant levels of Caribbean imports. In part, this is due to complex regulations under the Lome Convention and the Multi-Fibre Agreement. On the other hand, the apparel business has been mainly oriented to the USA since the inception of the Caribbean Basin Initiative. This situation may change as a result of the relative weakness of the dollar, the growth of protectionist sentiment and the impending arrival of a single European market.

In addition to knitwear, leisure and resort wear are the most likely products for expansion into European markets. The UK does not necessarily offer the most attractive markets but Caribbean companies find it an easier point of contact than other European countries. Several firms have attended trade shows in London and a recent edition of the BBC's *Clothes Show*, which featured the 1988 Caribbean Fashion Carnival

resulted in approaches from a wide variety of buyers (including Dorothy Perkins and Miss Selfridges).

Swimwear was a particularly popular item, but buyers at the larger stores claim that Caribbean companies are generally not able to supply the volumes required and are not well prepared for serious exporting. Some buyers also mentioned delays in communications as a reason for not proceeding with orders.

However, as a result of the interest generated by the *Clothes Show*, it was possible to identify four independent agents importing from the Caribbean. Three had previously worked as buyers for the fashion chains and the fourth, who was of Caribbean origin, had close links with such stores.

EXAMPLE: Mercy Magdalene

Mercy Magdalene, a white Englishwoman, spent a number of years as a lecturer in the University of the West Indies in the late '40s. She has 10 godchildren in Jamaica and friends at all levels of the society. Business contacts in the island encouraged her to consider acting as a UK import agent for Jamaican firms. She, along with her husband and son, now acts as an agent for several firms, mainly garment producers. In addition to importing knitwear on behalf of two large Dutch companies, she deals in swimwear, T-shirts and accessories which she routes through up-market chain stores. Recently she has extended the business to include Caribbean processed food products for gourmet outlets and the export of items such as barbed wire to Belize and Cayman.

Small volume, up-market design works as opposed to high volume, low-margin 'sweat-shop' operations has always presented talented designers with an opportunity to establish fashion businesses that require little start-up capital. Clothing design figures strongly in Caribbean garment production and UK export opportunities have been taken up where possible.

EXAMPLE: Chris Goldstein

Having spend eight years as a buyer for Marks and Spencers, Chris Goldstein decided to use his contacts in the business to set up an agency importing unique leisure-wear. A major opportunity presented itself when the BBC *Clothes Show* programme featured Caribbean designers, as he was confident that the distinct 'exotic' look of these designs would be sought after by up-market stores in both England and Europe.

A visit to the Caribbean put him in touch with a number of swimwear producers who agreed to his being their agent and UK orders have already been received. Rather than attempting to market to London-based chains with considerable buying power, Chris is targeting smaller, regional chains which are willing to pay a premium for exciting new products.

The strong presence of Afro-Caribbeans in the ranks of clothing designers in the UK suggests that they have also spotted the opportunities. The policies of chains such as John Lewis in allowing young designers to exhibit their work in store has furthered this potential for the expansion of black businesses.

b) Culture Goods

A walk through the West Indian districts of London or other large cities results in the observation of many stores devoted to books, paintings posters, cards, clothing, accessories and so forth - all with black, African or Rastafarian themes. The market in culture goods is clearly thriving, although it is impossible to estimate the actual volume of sales.

The importance of cultural identification with things African or with 'roots' clearly has implications for the question of second-generation acculturation and the prospects of Caribbean exports. The importance of 'ital food' (organically grown) to black (and some white) youth, for example, is reminiscent of the sixties 'soul food' boom in the USA. Similarly, the approach to cosmetics and skin oils of an 'irie African dawta' is somewhat different from the 'church sisters' who use chemical preparations and bleaching agents. Whether or not 'conscious' consumers constitute a profitable market for Caribbean firms is debatable. What is

not is the evidence that many West Indian businesses in Britain survive by exploiting the black consciousness market.

The supply situation in this sector is the most fragmented of all the sectors so far considered and petty imports flourish. Retailers buy mainly from itinerant vendors who travel to Africa, North America or the Caribbean and return with small volumes of paintings, sculptures and crafts. Alternatively, visitors from these regions arrive with products to sell. Retailers themselves also travel to foreign parts and bring back items they believe will sell. In some cases arrangements for further deliveries will be made if trust can be established between buyer and producer.

However there are signs that this situation is changing. Surprisingly perhaps, it is again an Asian-owned company that provides an example of the new approach.

EXAMPLE: New Wave Novelties Ltd.

New Wave Novelties specialises in the importation of unusual gifts and novelties which it sells to street market vendors, souvenir and giftware stores throughout London. The company has well established links with a sister company in New York which provides items that sell well in North American markets.

The New York firm noticed several years ago the growth in the sales of 'rasta-type' novelties in several US and Canadian cities and began procuring such items as posters of reggae stars (e.g. Bob Marley) and black heroes (e.g. Martin Luther King) from Jamaica and elsewhere. Eventually the company had its own posters made and also began to sell other novelty items with a similar flavour, such as wall hangings, car stickers, key rings and 'red, green and gold' belts etc. One of the best selling items has been a car ornament in the form of a miniature Jamaican flag, produced by a company in Uruguay.

Summary and Implications

An investigation of the main ethnic product importers shows that, in addition to the large mainstream companies (such as United Rum and

British Airways) who have penetrated the ethnic market, independent importers are mainly 'English' and Jewish companies with long-established wholesale positions in the food, clothing or entertainment trades. These firms may also supply the multiples and chain stores. White intermediaries with market contacts or Caribbean links and Asian traders with secure access to inner-city retail outlets also play an important role, but there is little evidence of UK West Indian involvement in high-volume importing.

Suppliers are divided on the prospects for continued ethnic market growth. Some increasingly target multiples while others maintain a focus on independent retailers. The constraints on Caribbean supply, as reported by importers, are due mainly to: poor information flow, lack of management and marketing expertise, use of outdated technology, and unrealistic pricing policies. There is a likelihood of increasing competition from other tropical producers as some importers diversify their sourcing.

Chapter Six: SUPPLY FROM THE CARIBBEAN

Caribbean exporters attempting to enter UK markets are almost invariably thrown back upon the ethnic market as the main platform for export growth. Because of the difficulties that these firms face in their international marketing operations, established importer/distributors serving the ethnic market figure largely in the entry strategies of Caribbean producers. Direct contact with West Indians in the UK does not therefore usually feature in these strategies. This chapter examines in detail why this should be the case.

Background to Caribbean Supply

Table 6.1: Major British Companies in the Caribbean

Name	No. of Subsidiaries	Business
BAT Industries	6	Tobacco
Barclays	88	Banking
Berger, Jenson & Nicholson	4	Paint
BICC	3	Communications
Booker McConnell	17	Agriculture
Cable & Wireless	13	Communications
Geest Industries	6	Agriculture
Grand Metropolitan	7	Travel
Kier International	4	Construction
Lloyds		Banking
Rowntree Mackintosh	3	Food
Tate & Lyle	9	Agriculture
Taylor Woodrow	5	Financial
Trust House Forte	11	Travel

Source: *The Other Side of Paradise*, 1984

Caribbean countries have traditionally relied on the export of primary agricultural and mineral commodities to earn the foreign exchange

required for consumer imports, capital goods, and raw materials. Sugar, rum, bananas, coffee, spices, bauxite and petroleum products have, along with tourism, provided the foundations for Caribbean economies. Many of these commodities have been marketed by multinational companies operating in the region, often since colonial days. Table 6.1 for example, shows major British corporations active in the Caribbean and the sectors in which they are dominant.

Caribbean Non-traditional Exports

During the last two decades World markets for traditional Caribbean commodities have proved insufficient for meeting the economic needs of the region. Decline in the sugar, banana and mineral sectors, together with the related reduction in foreign exchange earnings, have provided a stimulus for export diversification. Efforts to bring this about have often been made on the assumption that an increase in the export of either manufactured goods or non-traditional agricultural produce will lay a solid basis for economic development.

Since the early Sixties most Caribbean countries have developed import-substitution industries using imported low-tech assembly methods. These include chemical and plastic goods, garments and footwear, foodstuffs, packaging, furniture, car parts and 'white' goods. Attempts to increase export potential – by means of '807' electronics, garment or furniture sub-contracts with US companies, for example – have formed a major part of diversification strategies in the region.

Caribbean Community countries attach considerable importance to the growth of manufactured export commodities. Thus far, exports are highly concentrated both geographically and in terms of commodity composition. (UNIDO: 1987)

However, these industries, established largely within protected domestic markets, have rarely developed strong backward linkages and remain highly dependent on imported inputs and technologies. The extra-regional export performance of firms within the category is thus adversely affected by a general protectionist bias towards domestic and regional (Caricom) sales. Other constraints on manufactured export performance include the weak price competitiveness of Caribbean production – a result

of high unit labour costs and the substantial import content and capital intensity of the sector.

Offshore assembly operations (e.g. sportswear, electronics, toys, data-processing, furniture) established by North American, European and Far Eastern investors represent an alternative approach to Caribbean development: via foreign investment promotion. However, many of these companies – set up to take advantage of the Caribbean Basin Initiative – are essentially 'footloose' and not well integrated with local economies. This is particularly true of the companies located in the numerous free zones scattered throughout the Caribbean.

As a result of the somewhat mixed export performance of the manufacturing sector, the Caribbean also places heavy reliance on the export of non-traditional agricultural produce, in which value-added processing can further contribute to economic development.

Some countries have begun to foster export of fruit, cut flowers and foliage, and vegetables and root crops to take advantage of seemingly high income elasticities of demand and the existence of sizeable Caribbean, Asian and African ethnic communities in industrial countries. There is also fairly rapid growth of world demand for fish and fish products, timber and forestry products, agricultural based natural food additives and fibres. (Commonwealth Secretariat, 1989)

Constraints on Export Development

The export of Caribbean non-traditional agricultural products is beset with a number of problems, not least of which is the lack of private-sector experience and skills in the management of international marketing operations. A combination of multinational and public-sector domination in traditional exports to developing countries leaves Caricom the only major export market base for small private-sector firms. This lack of skills and experience in international marketing is highlighted in a UNDP review of Caribbean export performance.

The external marketing capacity of Caricom countries seems extraordinarily weak. Part of the problem is the inadequate availability of appropriately trained, knowledgeable and experienced

personnel. Another is the relative neglect of marketing functions, including establishment of business contact, demand analysis, quality standard assessment and documentation and appraisal of bureaucratic requirements and procedures.

Export Orientation to the UK Market

A brief review of the export-development efforts of selected Caribbean territories with respect to the UK demonstrates both the diversity of Caribbean economies and the similarity of export efforts.

Trinidad & Tobago

Trinidad and Tobago has, in many ways, the largest and most sophisticated economy of all the island states, built on the exploitation of petroleum resources. A number of energy-based heavy industries using natural gas resources have been established in the last 15 years, producing ammonia, methanol, urea and iron/steel.

Agriculture has been relatively neglected during these years, while manufacturing has until recently consisted largely of break bulk, packing and bottling operations, with some subsidized assembly of imported consumer-durables kits. Assembly of imported parts, food processing, and mixing and bottling operations account for about two-thirds of the value added in light manufacturing.

Table 6.2: Trinidad & Tobago Exports to UK (Jan-Aug 1989)

	(£ 000)
Food	12,228
Beverages	10,347
Crude Materials	833
Chemical Products	1,473
Manufactured Goods	173
Machinery/Transport	391
Misc. Manufactures	102

Source: Trinidad & Tobago Export Development Corporation

Exports to the United Kingdom include oil-related products, but foodstuffs and beverages are more significant from the point of view of export value.

A more detailed breakdown of the food figures shows that – when sugar, coffee, cocoa and spices are excluded – fruit, vegetables and fish offer the greatest potential for non-traditional agricultural expansion.

Table 6.3: Trinidad & Tobago Food Exports to UK (Jan-Aug 1989)

	(£ 000)
Fish	33
Cereal & Cereal Preparations	9
Vegetables & Fruit	86
Sugar, Sugar Preparations & Honey	11964
Coffee, Tea, Cocoa, Spices	136
Misc. Edible Products	2

Source: T/T High Commission

Further analysis by SITC code, from customs return figures, pinpoints the specific products falling within the food and beverages category:

Aquarium Fish	Manioc	Ginger
Snapper/Shark	Sweet Pots.	Rice
Frozen Fish	Bananas	Sugar products
Shrimps	Plantains	Sorrel
Cut Flowers	Avocados	Cocoa
Peas & Beans	Mangoes	Biscuits
Okra	Water Melon	Juices
Pumpkins	Other Fruit	Aerated Bevs.
Other Veg.	Pepper	Beer
Dasheen/Edoes	Nutmeg	Rum

The similarity between this list and the list of items found in UK West Indian markets is quite apparent. It is reasonable to assume that a significant amount of Trinidadian produce enters the UK ethnic market. Discussions with High Commission staff and with Trinidadian firms

operating in Britain confirm this to be the case. Wooden craft items, mahogany furniture, garments, records and cut flowers were also suggested as areas of potential ethnic market growth.

Belize, Guyana and Jamaica

Guyana and Jamaica have probably the broadest Caribbean economic bases, with significant mineral resources and agricultural potential, and larger domestic markets than average. The Guyanese economy is primarily dependent on the production of sugar, rice, bauxite and alumina, which account for over 80 per cent of export earnings. Agriculture is mainly located on the coastal plains, with relatively little exploitation of the timber and mineral resources of the interior due to the lack of infrastructure. The processing of cane, rice, timber, coconuts, gold, manganese and diamonds accounts for around 75 per cent of manufacturing output. As a co-operative republic the public-sector plays an important role in the areas of processed foods, alcoholic beverages, forest products, detergents, fishing, construction and distribution. Around a third of private-sector firms are involved in the wood and furniture industry and another sixth in footwear and garments.

Manufacturing in Jamaica includes a wide range of industries, including footwear, garments, electronics, plastics, furniture, building products, packaging and agro-industry. Multinational firms operate within the tourism, data-processing, telecommunications and food sectors. A notable feature of the economy is the rapid growth of the offshore garment industry over the last few years. This has been mainly due to the success in attracting Far-Eastern firms hoping for duty-free access to the US market under the CBI quota system. Jamaican non-traditional exports to the UK are shown below.

Food products clearly form the bulk of exports. A more detailed breakdown shows that fresh produce (fruit and vegetables) and processed foods (preserves, tinned fruits and vegetables), together with spices, coffee and cocoa and are the main items traded, as shown in Table 6.5.

Table 6.4: Jamaica: Non Traditional Exports to UK 1984-1986 (US\$ 000's)

	1984	1985	1986
Food	12,622	14,027	14,139
Beverages	3,042	4,087	3,570
Crude Materials	48	72	81
Chemicals	254	136	197
Manufactured Goods	1	10	7
Machinery/Transport	0	0	0.3
Misc. Manufactures	65	105	196

Source: Jamaica National Export Corporation

Table 6.5: Jamaica: Food-Sector Exports (excluding sugar) 1981-84 (US\$ 000s)

	1981	1982	1983	1984
Live Animals	98	77	74	60
Processed Foods	14,761	14,793	12,902	13,829
Fresh Foods	8,139	8,769	10,098	11,830
Coffee	5,642	7,536	7,252	8,873
Cocoa	7,655	6,644	6,065	7,192
Spices	4,892	5,105	6,480	7,092
Molasses	4	179	785	n/a
Other Foods	6	671	267	39
Total	41,197	43,774	43,923	48,915

Source: External Trade Statistics

The items found in the processed and fresh-food sectors are again those associated with West-Indian consumption in the UK.

Belize is similar to Guyana and Jamaica in range and type of resource endowment, the development of which has a strong agricultural bias; but

the economy, lacking essential infrastructure and a skilled labour force, has not reached the stage of development of the other two countries'. Tourism is becoming a growth sector and the country is making efforts to attract external capital and skills for the development of export-oriented production and processing. The manufacturing sector is small, producing mainly molasses, cigarettes, beer, batteries, fertilizer, furniture and garments.

Bahamas and Barbados

The economy of the Bahamas is tourism oriented and very dependent on the leisure sector of North American economies. Development efforts have been focused on deriving maximum benefit through backward linkages and import substitution.

Large-scale enterprises are mainly of the foreign-owned enclave type, but indigenous steel, cement, rum and salt plants are also to be found. In the small-scale sector processing and canning of fruits, vegetables and hot sauces predominates along with fishing, handicrafts, jewelry and leather goods. The marketing efforts of firms from the Bahamas in the fish and processed foods areas are, however, directed mainly at the ethnic market but include attempts to penetrate British supermarkets. The High Commission reports that the Bahamian population in the UK is very small, consisting mainly of a few hundred students.

Barbados, which along with Trinidad ranks as a high *per capita* income country by Caribbean standards, is also tourism oriented but has been more successful in diversifying the structure of its economy and attracting export oriented assembly industries. Even here, however, domestic manufacturing, as distinct from offshore manufacturing, has not greatly developed beyond the break-bulk, refining, and packaging industries required primarily to service the tourism sector. Nevertheless, local entrepreneurs have been successful in producing food, furniture, garments and engineered products for the Caribbean regional market. Multinational firms operating in Barbados are concentrated in the electronic, data-processing, garment and engineering sectors, and produce mainly for the North American markets under CBI provisions. Multinational exports of office machinery to Europe also occur.

Although British tourism has made a substantial impact on the Bajan economy, exports to the EEC (mainly UK) in recent years have consisted mainly of sugar and sugar-related products, and the hoped-for increase in non-traditional products has largely failed to materialise.

Table 6.6: Barbados: Domestic Exports to EEC (B\$.M)

	<u>1987</u>	<u>1988</u>
Sugar	50.2	56.4
Garments	2.0	6.0
Furniture		0.0
Rum	1.7	3.2
Electrl Compts	1.4	2.1

Source: Barbados High Commission

As pointed out in a government trade report (Analytical Note on Barbados Trade 1983 - 1987):

One of the major reasons for this limited success has been the continued existence of a relatively narrow range of domestic manufactured goods for export to that market. In addition to this, manufacturers continue to experience difficulties in meeting the rigid eligibility conditions for duty-free access to the EEC market. Moreover, because of the proximity of the North American market, manufacturers seem disinclined to develop any serious interest in the market. As a result, the composition of Barbados' domestic exports to the EEC continue to consist primarily of rum and sugar. Occasionally, however, there have been some exports of a few manufactured goods including garments and some electronic components.

Eastern Caribbean

The OECS member states vary in resource endowment and economic structure. Dominica, Grenada, St. Kitts, St. Lucia and St. Vincent all have considerable agricultural potential and have been successful to varying

degrees in diversifying away from overdependence on the export of primary commodities such as bananas, sugar and spices. Some islands, such as St. Lucia and Dominica, have sought with some success to attract overseas investors to establish offshore industries. All have encouraged the growth of local entrepreneurship in the form of small-scale processing of agricultural products such as jams or sauces, or low-tech import substitution industries such as furniture or building products. Toys, electronic components and sportswear are also produced for export as a result of recent investments. Grenada, for example, is encouraging the growth of businesses involved in coconut processing, canning of jams, jellies, nectars and hot sauce, fish, coffee, garments, furniture, soft drinks and beer.

Marketing of Caribbean Products in the UK

Analysis of the non-traditional goods exported to the UK suggests that, with the exception of items connected with foreign investment (e.g. office machines from Barbados which are branch imports of a European company), a significant proportion is destined for the ethnic market. Of products that were mentioned by all high commissions as targets for growth (fruit and vegetables, fish, garments, crafts, wood products and jewellery) it was acknowledged that West Indians in the UK were the main consumers and that much of the produce eventually found its way into market stalls and corner shops.

In fact, several high commission staff believed expansion beyond the ethnic market should be the main aim rationale of trade development efforts: volume would only increase if goods were moved into mainstream outlets. To this end a number of Caribbean companies were assisted in approaching the multiples in order to achieve nationwide distribution. The discounts required by these chains coupled with their volume and delivery requirements made it difficult for Caribbean firms to compete, however, and little real success was achieved.

The following example, drawn from an interview with a Caribbean clothing manufacturer, illustrates the dilemma which small firms face in attempting to enter mainstream markets.

EXAMPLE: MK Fashions

This small garment firm, employing 20 people, is based in St. Vincent. Following an upsurge of UK interest in Caribbean fashions, the owner decided to participate in a leading London trade show with a range of T-shirts designed for the Caribbean tourism market

In spite of a lack of assistance from government or private-sector agencies in the Caribbean (the owner spent months of her own time mastering the complexities of raising a grant from a Brussels-based aid agency), the company participated in the show and the owner was approached by three or four fellow West Indians offering to act as agents in selling to 'ethnic boutiques'. The owner was not, however, impressed by their lack of a track record in the garment trade and, instead, opened negotiations with a well-known Dutch firm. It soon became apparent that the firm wanted its own designs reproduced in volume in the Caribbean and MK is now faced with the dilemma of whether or not to go into low-cost, low-margin subcontracting - a strategy that would put severe pressure on current production capacity.

Some companies have achieved modest success in getting stores such as Tesco's and Sainsbury's to carry their products in the inner-city branches serving West Indian customers. The fact that multiples provide 'West Indian' sections in some supermarkets creates a possible access route for firms which meet the required standards. The other option for firms unable to deal directly with the multiples (i.e. the vast majority) is to find a distributor that already has such access. Such distributors are often specialist departments of larger companies which can easily handle the volume, price and quality standards of the large chains.

The following case study concerning one such distributor illustrates many of the supply-side problems facing Caribbean exporters.

EXAMPLE: Plantation Grapefruit

Beanead Fine Foods, a division of ST Foods, is a major importer and distributor of canned and bottled foods from around the world, and has an annual turnover of £70m. In-house services handle functions from shipping and finance to compliance with food legislation, sales and marketing. Beanead offers suppliers a complete support package, and frequently draws on ST Financial Services to provide supplier insurance, currency hedging and loans at rates below those prevailing in their home countries.

The company currently handles one Caribbean product, Plantation Grapefruit, which has been on the UK market for over 30 years. Beanead has been agent for the last six.

From the time of its UK market launch Plantation has targeted the mass market – a strategy backed up initially by heavy advertising. Beanead has a nationwide distribution system supplying multiples such as Gateway and Argyll, and Plantation grapefruit is stocked by about half of the outlets. In addition to the multiples, Plantation is also sold to Nurdin & Peacock, a chain of cash-and-carries supplying 'ethnic' corner shops, and to the Danish Bacon Company, which serves the catering market. Sales of Plantation to small outlets are disproportionately high. This is not due to a deliberate attempt to target ethnic-minority customers or to brand-name recognition by West Indians. Rather, it is due to the fact that the product carries a price premium and hence does comparatively less well among high volume, budget conscious supermarket shoppers.

Although the product's quality is high, it faces severe competition from Israel and, more recently, from Swaziland, which in 1987 overtook the Caribbean as the second major source of grapefruit segments. Supply constraints, rather than price or quality factors, lie behind the upsurge in imports of grapefruit from Swaziland. The underlying reasons are applicable to a broad range of Caribbean exports.

The first contributory factor is an unwillingness to invest in the future (grapefruit trees take five years to grow), especially where quick returns

continued

can be made elsewhere. For example, if the price of orange concentrate rises sharply citrus farmers shift their attention to production of concentrate. Secondly, there is a general reluctance to adopt modern packing methods such as shrink wrapping and palletization, which Israel and Swaziland have readily undertaken. Frequent labour disputes are also a source of concern. Furthermore, insufficient government support is available – when the Citrus Company of Jamaica got into financial difficulties and was unable to pay the farmers in advance, Beanead had to provide assistance.

Beanead estimates that it could sell three to four times the present amount of Plantation produce if supplies were forthcoming. The situation is exacerbated by the fact that once importers have switched sources to another country such as Swaziland, then even if supply constraints are overcome the exporters may find market re-entry impossible.

Based on Beanead's extensive experience of selling through multiples, the company believes it extremely difficult for Caribbean exporters to adopt an entry strategy based on supermarket selling. It believes that the only way to boost sales of Caribbean food products in the UK is through a massive Caribbean-government financed promotion campaign focused on in-store promotions. Otherwise, the future for these products will not extend beyond small volume sales in corner shops or, in the case of high quality items, in stores such as Fortnum & Mason's or Harrod's.

Summary and Implications

A marked feature of non-traditional production in the Caribbean has been the concentration on a limited range of industries, mainly agro-industries, garments, footwear, furniture and assembly operations. In addition, the growth of tourism has promoted the development of craft- and entertainment-related industries. Most of these industries have developed within protected domestic or regional markets and they are not well equipped, by virtue both of cost and management factors, to deal with extra-regional markets.

In industries with low entry barriers a proliferation of firms has given rise to the small-scale production of similar items throughout the region. For

example, the preserving and processing of agricultural products (tinned vegetables, fruit juices, jams and spice-based sauces), which has expanded to serve the needs of the domestic market, has generated business growth and small-scale exports within the Caricom region.

In spite of (or perhaps because of) the similarity in the goods produced for UK export, the High Commissioner of Trinidad and Tobago commented during an interview that 'no joint promotion of Caribbean products, in the generic sense, is carried out by the respective governments'. Given that the region shares similar marketing problems and possesses limited resources, the joint promotion of Caribbean products may well be a suitable area for Caricom attention.

The problems of small volumes, limited management capacity and concentration on a protected regional market tend to encourage a relatively passive attitude towards developed-country markets where competition is tougher. Even when firms have a marketable product, they are rarely prepared for producing at the volumes and prices demanded by mainstream buyers. Distributors and agents have recognised this and generally focus on the ethnic rather than mainstream market. This, however, is not necessarily known to the Caribbean producers, who may have little direct contact with the UK.

Chapter Seven: WEST INDIAN BUSINESS IN BRITAIN

The Bolton Report – the last major report on small firms in Britain – offered an extremely pessimistic view on the future of small-business growth. However, since the early Seventies, when the report was published, self-employment actually rose from 1.9 million (7.7 per cent of the workforce) in 1979 to 3.2 million (12 per cent) in 1988. A recent study by the Institute for Employment Research (1989) found four main factors behind the renewed growth of smaller businesses. These included the growth in demand for services to business and an expansion in the number of internal business functions sub-contracted to smaller firms or the self-employed. There has also been an increase in privatisation-related subcontracting by public sector institutions in such areas as cleaning and catering. Service provision to both private and public sectors has thus laid the foundation for the expansion of small businesses during the last decade.

West Indian Business Growth

No specific information is available on the extent to which West Indian-owned businesses have been able to take advantage of such growth opportunities. On the contrary, the available evidence suggests that West Indian business growth has lagged behind that of other ethnic groups. With certain exceptions, they are not in a good position to take advantage of subcontracting opportunities.

Table 7.1 gives an indication of self-employment levels of the main ethnic groups comprising the workforce. West Indians are clearly underrepresented in the overall figures, whilst overrepresented in government training schemes.

Within the self-employment category itself, a wide variety of income-earning opportunities can be found: builders, entertainers, homeworkers, taxi drivers and nursing professionals, for example. The category is therefore not synonymous with small business as commonly understood, as can be seen from Table 7.2.

Table 7.1: Economic Status of People in Employment By Ethnic Origin; average:1984-86

Economically	White	W. Indian	Indian	Pak/Bdeest
Active (000s)	21.9	0.23	0.29	0.09
Of Which (%)				
Employees	87	91	80	76
Self-Employed	11	5	19	23
Govt. schemes	2	4	1	1

Source: *Employment Gazette*, March 1988

Table 7.2: Heads of Households: Self Employment in Specified Socio-Economic Group (% of all household heads)

	Employ- ers in Large Firm	Self- Employed Small Firm	Own Account	Profess- ional
White	0.3	3.8	1.0	4.9
W. Indian	-	1.0	-	2.6
Indian	-	4.6	1.6	5.5
Pakistan	-	2.4	0.4	5.1
Other (non-white)	0.8	5.7	0.5	6.0

Source: Reeves & Ward (1984)

We find that the number of West Indians who are owners of large firms is negligible, while even as small-business owners West Indians rank well below other ethnic groups. The typical West Indian business is much more likely to be a 'micro-enterprise' with no more than one or two staff in addition to the owner. Such businesses typically utilise little capital, have a relatively low turnover and exist within specific ethnic market niches characterised by low entry barriers.

The Owners of West Indian Businesses

Following N. Smith (1967), a distinction can be made between small businesses founded by 'craftsmen' and those founded by 'opportunists'. The former, drawn from skilled working-class backgrounds, have a lower level of education and go into business in a modest way, using their own capital. The latter are more highly educated, often with enough managerial experience to set up in business on a larger scale.

The patterns of West Indian migration to the UK and the occupational niches within which the migrants established themselves largely resulted in channelling them into 'craftsman' businesses. Alan Brooks (1984), for example, has this to say about the way in which West Indians start up in business:

The typical progression is for an employee in a manual trade to become the owner of a business in that same trade: for example, a motor mechanic would set up nearby in his own car-repair business . . . Because Afro-Caribbeans tend to remain in activities in which they were initially trained, they in fact have the highest incidence of technical qualifications specific to their business activity: 79 per cent claim qualifications of some kind in their trade (hairdressing, tailoring, car maintenance and so on).

The type of industry in which West Indians have established themselves as employees are thus a major determinant of the type of small business that they later establish. This is demonstrated by Tables 7.3 and 7.4 which show the comparative concentration of West Indians by industry and by small business activity.

The tables show high levels of West Indian (Afro-Caribbean) involvement in construction and engineering and there is evidence that the

small businesses are mainly involved in sub-contract work for former local employers (proceedings of HES conference on inner-city development, 1989).

The 'other services' category will be examined in more detail below, but for now the low representation in distributive and allied trades should be noted. West Indians are less likely than all other groups to be involved in these trades. In the case of wholesaling or higher-order distribution Ward estimates a figure of only 2 per cent. West Indians therefore play no significant role in wholesale distribution, which generally requires higher levels of capital, risk and management skills.

Table 7.3: Industry by Country of Birth (% Male)

	West Indian	All Origins
Agriculture/Mining	0.6	6.0
Metal Manufacturing	5.9	3.2
Engineering	25.5	18.8
Textiles	1.8	2.1
Clothing/Footwear	1.3	0.8
Other Manufacturing	16.7	13.1
Construction	9.2	10.5
Public Utilities	0.7	2.0
Transport/Communications	16.8	8.6
Distributive Trades	3.8	9.7
Finance/Professional/Admin	8.8	17.5
Other Services	4.9	7.1
Inadequately Described	3.9	0.5

Source: Reeves & Ward (1984)

However, discussions with four 'business clubs' in Birmingham and London suggest that a new breed of West Indian entrepreneur may be on the way. This comprises second-generation descendants with higher educational qualifications (including MBAs) and management training in mainstream companies and/or the professions. Judging from the

comments made, this group aspires towards achieving the business success that largely eluded their parents.

Table 7.4: Ethnic Enterprise and Economic Sector: GHS 1981-84

	'Eng- lish'	'Euro.'	Cyp- riot	Asian	AC
	%	%	%	%	%
Agriculture/Forestry	3.21	1.2	-	-	-
Engineering/ Manufacturing	7.9	7.5	11.4	10.9	21.4
Construction	27.2	15.0	2.9	1.8	35.7
Distributn/Hotel Catering/Repair	31.4	37.5	65.7	78.2	14.3
Transport/ Communications	6.2	-	2.9	3.6	7.1
Finance/ Insurance	8.0	12.5	-	3.6	14.3
Other Services	16.1	26.2	17.1	1.8	7.1

Source: Curran, Burrows: *Ethnicity & Enterprise* 1988

Bearing in mind that statistical information on West Indians in Great Britain increasingly reflects the attributes of the second generation, Table 7.5 gives some indication of the backgrounds upon which they can draw.

Male West Indians are underrepresented in the managerial and professional category but females are overrepresented. It is interesting to note, in this respect, that the 'business club' members with whom discussions took place were all male (although an Afro-Caribbean women-in-business club has recently been formed in London), Table 7.6.

The level of qualifications held by West Indians is also important in assessing the extent to which the second and third generation may enter different types of businesses from their parents.

Table 7.5: Employment By Occupation

	All origins (%)		West Indian (%)	
	Male	Female	Male	Female
Management/ Professional	34	25	19	27
Clerical	5	30	17	27
Other	6	10	4	4
Craft	26	4	18	3
Labourers	2	—	2	—
Other Manual	26	31	39	38

Source: *Employment Gazette* (March 1988)

Table 7.6: Highest Qualification Level: Average; 1984-86

		All Origins		West Indian	
		Male	Female	Male	Female
16-24 O/W (%)	Higher	5	5	—	—
	Other	68	70	65	73
	None	27	25	32	25
25-44	Higher	19	16	—	18
	Other	51	42	49	42
	None	25	40	38	37
45+	Higher	13	11	3	—
	Other	38	24	24	—
	None	48	64	68	73

Source: *Employment Gazette* (March, 88)

Again, West Indian women in the 25-44 age group stand out and during the study a number of West Indian businesses owned and run by women were encountered. In the hairdressing, garment and catering sectors they are predominant, and in cosmetics and groceries they also show a strong presence. Little data, however, is available on the role of West Indian women in business apart from scattered references, such as the following from the Brent Study.

There were 22 women owners of the firms, 12 Afro-Caribbean (20%) and 10 Asian (9%). The 1982 Survey revealed 14 Afro-Caribbean women entrepreneurs (23%) and only one Asian. Bearing in mind the small numbers, these findings indicate a greater higher-business participation rate for Afro-Caribbean women than for Asians.

Figures from the General Household Survey also suggest that West Indian women may participate in small-business ownership, but the statistics are again derived from a low base.

Table 7.7: Afro-Caribbean Employment By Gender (%) (GHS 1981-84)

	Male	Female
SBOs	—	0.5
SEWs	4.8	1.4
EMPs	95.2	98.0

Source: Curran, Burrows, 1988

The questions of second-generation and women-owned West Indian businesses are both areas in which information is lacking. It is difficult, therefore, to draw any precise conclusions as to how this might affect trade links with the Caribbean. The second generation, however, are likely to be less familiar with the Caribbean as many are UK-born and have resided here throughout their lives.

Of 'black British' entrepreneurs who had visited the Caribbean, several reported that they found the Caribbean style of business 'too casual', 'laid-

back' or 'disorganised' and appeared to share typical English attitudes towards Caribbean life.

Summary and Implications

As pointed out in earlier chapters, a number of well-established white owned businesses are already involved in the importation and distribution of Caribbean products for both mainstream and ethnic markets. Asian-owned firms supplying inner-city retail outlets are also turning increasingly to the importation of goods from the Caribbean and elsewhere.

West Indian businesses are more likely to be involved in 'craftsman' operations, where the skills of a single person can be used to secure business.

Afro-Caribbean business is commonly based on the use of a skill or scarce knowledge or experience by an entrepreneur with no business background to perform a service that is in sufficient demand to provide a viable basis for self-employment and the possibility of taking on a small number of staff. (Ward, 1988)

For this reason we should not expect to find West Indian businesses as a whole involved in high-volume trade with the Caribbean. The capital requirements and economies of scale associated with bulk shipping and distribution, the foreign-exchange risks and lengthy credit cycles associated with international trade, and the logistics of warehousing and distribution do not favour undercapitalised micro-businesses operating within restricted markets.

This does not preclude the possibility that small West Indian firms may import goods on behalf of larger client companies or vie with other small firms in niche markets. The 'higglering' tradition of Caribbean women coupled with their strong presence among the ranks of entrepreneurs (Fisher & Davies, 1978) suggests that they may play an important role in small-scale trading links with the Caribbean. Similarly, a managerially inclined second generation may be more oriented toward Caribbean opportunities.

Overall, however, it is more likely that the majority of West Indian businesses are only indirectly involved in the importation of Caribbean

products. In other words, West Indian businesses are more likely to be retailers and vendors of Caribbean goods obtained from UK-based suppliers than major importers of such products. This conclusion is explored more fully in the following chapters.

Chapter Eight: WEST INDIAN BUSINESS AND THE INNER CITY

The areas selected for conducting business interviews coincided with the DTI task force areas in Bristol, Birmingham and Notting Hill, London. The areas rank, on any scale, among the most disadvantaged inner-city locations in the country. Task force staff, enterprise agencies and voluntary organisations provided assistance in identifying West Indian businesses with potential Caribbean trade connections.

i) Bristol

The area falling under the Bristol task force, is located just to the east of the main city centre. Housing around 40,000 people, industry is concentrated to the south of the area and commerce on the western edge. Manufacturing jobs continue to decline but there are a number of local shopping centres of varying size and quality. Jobs are generally filled by people from outside the area.

Social characteristics include a large percentage of ethnic minority households, one-parent families, manual occupations and high unemployment – particularly evident in St. Paul's and Easton where over half the black population of Bristol resides. Unemployment there, according to the 1981 census, was 25.6 per cent and 19.6 per cent respectively and the Council House Condition Survey (1982) identifies the area as having a considerable amount of unfit housing and high levels of overcrowding.

The City of Bristol inner area programme submission (1987/8) states its broad strategy objective as 'improving employment prospects in the inner cities by increasing both job opportunities and the ability of those who are there to compete for them'. In addition to providing sheltered workshop accommodation and site-development services, a key objective includes assisting in the expansion and creation of new businesses and support for 'viable local-community based and cooperative employment schemes'.

Two enterprise agencies – one the Bristol Black Business Association, the other located in Easton – work closely with the council, the task force and private-sector companies in providing counselling and training to small enterprises. A co-operative development agency also maintains a presence in the area.

ii) Notting Hill

Kensington contains areas of extreme deprivation in the north of the borough, with Colborne ward regarded as the fourth most deprived in London. Housing is poor and unemployment high and North Kensington has been designated a task force area since 1986. Of the resident population 11 per cent (15,000) come from one of the ethnic minorities, including those from Spain, Portugal and Morocco, but this figure includes only households where the head was born abroad. The West Indian population of almost 4,000 forms the largest single group.

Of jobs in the borough 85 per cent are concentrated in the services sector. Public administration, retailing, finance and hotels/catering comprise the main employment opportunities. Many such jobs are located in the southern part of the borough which is well known for its restaurants, hotels and shopping centres. The majority (over 80 %) of businesses operating in the borough employ fewer than 10 people and there are fewer than 60 large firms employing 200 people or more.

Enterprise agencies which provided help in identifying West Indian businesses include: The Business Resource Centre, The Portobello Trust and The Westminster Enterprise Agency.

iii) Handsworth

The Handsworth area of Birmingham no longer hosts a task force but the area is far from prosperous: manufacturing jobs fell by 58 per cent in the period 1971–84 and unemployment in 1985 stood at 38%.

The centre of West Indian residence is actually in nearby Lozells, where a number of West Indian enterprises are located. In addition bakeries, take-aways and grocer shops are found along the Soho Road.

The agencies which provided help in identifying businesses include Birmingham Black Business, Handsworth Employment Scheme, Just for Starters, Roots Community Organisation, Community Resource Centre, Accafes and the Womens Development Agency. Assistance was also provided by the Birmingham EDU and the community business counsellor of National Westminster Bank.

Identification and Selection of Businesses

Selection of the businesses to be interviewed was completed with the help of the various agencies listed above. In many cases the agencies were dealing with businesses that had been going for one year or less. These businesses were, with one or two exceptions, typical of West Indian businesses in general. Child-care services, security system companies, double-glazing firms, data-processing services and recruitment agencies were mentioned along with the more usual food, catering, designing, printing and cultural enterprises. The majority of agencies had also provided counselling to persons wishing to import arts and crafts from Africa and/or the Caribbean.

Start-up businesses which intended to import generally had often not reached the stage of becoming fully established and were therefore not considered suitable for inclusion in the study. Only two such businesses were interviewed and both were faced with significant obstacles to achieving viability. One wished to import paintings and sculptures from the Caribbean but had little detailed idea of potential, apart from 'West Indians in general'. The other, a dress design company, was already importing small quantities of fabric from contacts in Ghana but was finding that the prices buyers were willing to pay for finished products left little margin for profit and expansion. It was concluded that unless such enterprises are already domestically established it is hard for them to organise international trading links on any scale.

The businesses selected for interviews tended, therefore, to be established local businesses mentioned by agency staff. They were known because at some time in the past they had used the services of the agency concerned. The majority had been established for at least two years. This list was supplemented by the names of other established firms known to be operating in the area and which were most likely to have Caribbean trade links.

Project Initiatives of Relevance to the Study

An assessment of local initiatives already underway in the selected areas resulted in three projects being identified, as relevant to the study.

i) Notting Hill Carnival:

The Notting Hill Carnival is, of course, well known as one of London's largest cultural and tourism events. A recent study by Coopers and Lybrand pointed to small business opportunities associated with such an event, from catering and music promotion through to souvenir and garment manufacturing.

Out of the Notting Hill Carnival has emerged a commercial venture, Carnival Industrial Projects Limited (CIP), which was formed initially as a voluntary training establishment . . . The CIP could play an important role in local economic development through the recirculation of earnings from Carnival-related products. The CIP has produced printed T-shirts, metal stands for steel drums, banners, buntings etc.

Several Caribbean firms provide sponsorship for carnival events, which provide an ideal opportunity for the manufacturing, sale and promotion of Caribbean-style products. The chairperson of the Carnival Committee pointed out during an interview that several sponsoring bodies are currently examining ways in which the economic development aspect can be more fully exploited and that the Committee hope to create a more international flavour to the event (Brazil participated for the first time this year).

Discussions with various mainstream and Caribbean-based companies indicate that the present image of the carnival (drugs and violence) is a serious deterrent to promotional sponsorship. However, attempts underway to project a more positive image may well result in opportunities for Caribbean export development and West Indian business growth.

ii) Ethnic Minorities Food Industry Project (Birmingham)

As noted elsewhere in this study the ethnic foods market is the fastest growing area in an otherwise mature UK food market. Birmingham City Council is presently considering actions that can be taken to secure a larger share of this market for ethnic-minority food manufacturers. Asian-owned companies such as Pataks have already been successful in getting products onto mainstream supermarket shelves and achieving widespread distribution of fruit juices, snacks, sweets and exotic ice-creams as a result of increased mainstream awareness of Indian cuisine.

The 'dish specific nature' of Caribbean foods presents problems. There is no distinct image that Caribbean cuisine conjures up in mainstream consumer minds in the way that Indian cooking might. This suggests the need to design an image around a creole or Cajun 'hot-and-spicy' concept. The possibility that Midlands hotel and catering colleges may be enlisted to provide training for minority-food businesses raises the prospect that Caribbean 'designer foods' may soon be on the way.

iii) The Avon Council in Bristol

The Avon Council in Bristol has before it a 'street market' proposal catering mainly to Afro-Caribbean stall-holders. The feasibility study claims that the proposed St Pauls site would attract residents from within a two-mile radius, particularly if it offered 'Third World' crafts and exotic foodstuffs.

Of particular interest, as was pointed out by the High Commissioner for the Eastern Caribbean, is that Caribbean banana shipments arrive at Avonmouth, creating the potential for non-traditional Caribbean products to be imported directly through Bristol, rather than London. Bristol could eventually become a major distribution centre for Caribbean produce.

Social and Economic Benefits of West Indian Business Growth

The main concern of business-support agencies in the selected areas is with employment, although a minority focus exclusively on self-employment. In some cases, this was seen as a means of raising local incomes, but in others as an aim in itself – as part of an equal-opportunities strategy. In yet others, community development and 'upliftment' of inner-city areas were seen as priorities.

Given that no agency actually collected data relevant to an assessment of changes in local income or expenditure, the *de facto* targets of most agencies included: numbers trained and/or placed in employment, and number of businesses assisted. In some cases even this was not monitored – usually on the grounds that this was mere 'head-counting' – and success was measured in terms of empowerment of the whole local community.

Because expectations concerning the social and economic benefits associated with small-enterprise growth varied so widely, it is difficult to

build a coherent picture of the impact an expansion of international trade opportunities might have.

The following summarises the key issues that arose in discussions with support agencies, businesses and community activists.

a) Given the nature of West Indian businesses and the fact that most employ only one or two full-time staff, it is unlikely that individual business growth will result in dramatic increases in employment.

b) In discussing start-up schemes and the possibility of expansion through an increase in the overall numbers of businesses, several established firms maintained that, far from increasing self-employment, such schemes merely increased the competition in already crowded markets.

c) In all the areas visited there were undercurrents of the 'black capitalism' argument i.e. whether black business growth merely changes the colour of those exploiting the community. Surprisingly, one of the clearest articulations of antagonism towards 'black' enterprise agencies came from a Bristol woman who was herself a small retailer. Such people, she said, were 'jus waising black people time wid some fool-fool idea bout how dem can mek it, an spendin up government money on demself'. On the other side, a community leader in Birmingham spoke of the pride and hope small enterprises bring to the community: 'It shows us that we can do just as much as other races.'

d) Management and professional development opportunities were also mentioned by some people. If West Indians are unable to get such opportunities in 'white companies', ran the argument, then black businesses provide an alternative means by which such experience can be gained. The rise in the number of ethnic-minority accounting and consultancy firms was claimed by one respondent to be dependent mainly on minority-business growth.

e) The ecology of community business is such that the growth of one business often gives rise to business opportunities for others. The opening of a night club, for example, results in increased business for caterers, record vendors, printers etc. A growth in Caribbean trade may therefore have a multiplier effect on interlinked businesses.

Overall, it is reasonable to conclude that the growth of small enterprise through increased Caribbean trade opportunities might bring about more in the way of social benefits to the community (increased feeling of empowerment) than increased employment. However, as pointed out

elsewhere in this study (see: Conclusions & Recommendations), it is possible that associated employment benefits would accrue to non-West Indian inner-city residents (e.g. wholesaler employees).

Description of the Businesses

Comparison of the types of sector entered by different ethnic groups shows a distinct West Indian tendency to concentrate on serving a local community.

While Afro-Caribbean businesses have gradually emerged, particularly in the service sector and construction, in existing areas of settlement, there has been a tendency for Asians to move from occupying specific niches in the labour market to taking over a substantial segment of particular areas of small business – clothing manufacturing and the wholesaling and retailing of groceries for example. (Ward, 1988)

Table 8.1: West Indian & Asian Retail Outlets In Selected Areas (%)

	Lambeth		Brent		Hackney		Manchester	
	WI	Asn	WI	Asn	WI	Asn	WI	Asn
Hair & Beauty	13	-	23	-	12	2	27	-
Clothing	9	2	8	10	42	56	18	17
Records	4	-	10	-	15	-	5	-
Bread	11	-	-	-	-	-	9	-
Grocer	6	-	2	3	12	-	5	6
Car Hire	7	2	6	2	-	-	-	-
Travel	4	-	8	-	-	-	5	6
Fancy Goods	-	-	3	4	-	9	-	-
Dry Cleaning	7	-	2	2	-	-	-	-

Source: *Lost Illusions*, 1988

In examining work carried out in Brent and elsewhere, Ward points out that whereas over 82 per cent of Asian firms were involved in retailing, West Indian businesses were concentrated in the service sector (60%, as compared with 13 per cent among Asian firms) with only one-third in retailing.

He lists the following Afro-Caribbean businesses as the type most frequently encountered:

Building and construction, property development, hairdressing, retail sales (especially food and off-licences), second-hand car sales, car repairs, taxi driving, travel agencies, clubs, record shops and insurance broking.

Analysis of advertisements in the West Indian press confirms a similar pattern of business types: hairdressing; travel and shipping; groups and bands; clubs, records and entertainment; help-lines and introductions; fashion, beauty and modelling; financial services, insurance and estate agencies; religion, healing and astrology; and driving lessons, car hire, removals and deliveries.

Identification of businesses as part of the present study revealed enterprises falling very much within the typical West Indian business pattern, as illustrated below.

Table 8.2: Businesses Interviewed: By Type

	B'HAM	ST. PAUL'S	NOT. HILL	OTHER
Food\drink				
Fruit Stall	2	1	2	0
Grocer	3	3	1	2
Bakery	2	0	0	0
Fishmonger	0	1	0	1
Off-Licence	1	0	1	0
Manufacturer	1	0	0	4
Restnt/Catering	1	1	3	3

	B'HAM	ST. PAUL'S	NOT. HILL	OTHER
Fashion & Culture				
Designer/Manf.	1	1	2	2
Clothes Store	0	0	2	1
Market Stall	0	0	0	1
Modelling Agency	0	0	0	1
Cosmetics Manuf.	0	0	0	1
Music Promoter	0	0	0	1
Nightclub Owner	1	0	0	0
Record Shop	2	1	2	1
Crafts Shop	1	1	3	0
Craft Producer	2	0	2	0
Bookstore/Publ.	2	1	1	1
Community Radio	1	0	0	1
Public Relations	0	0	1	1
Travel				
Travel Agent	2	0	2	3
Freight Fowarder	1	0	1	3
Tour Operator	0	0	0	1
Other				
Car Repair/Parts	1	0	0	4
Electrical Goods	1	0	1	1
Kitchenware	1	0	0	0
Building Supplies	0	0	0	2
Furniture	1	0	0	2
Florist	0	0	0	1
Sci. Instruments	0	0	0	1
Total	26	10	24	39

All of the businesses in the first three categories were dealing in Caribbean goods and services, were manufacturing import substitutes, or had some other type of Caribbean linkage. The grocers, for example, sold fresh and processed foods originating in the Caribbean and the clothing retailers handled Caribbean-style garments, imported or made in the UK. In the case of the night-club owner, modelling agency and community radio stations, Caribbean performers or music imports were involved.

The fourth section (other) consists of enterprises that were either exporting to the Caribbean (car parts, medical equipment, electrical goods) or had considered doing so.

Examples drawn from interviews give an idea of the typical operations in which these businesses are involved.

EXAMPLE: Denzill George, Butcher

In spite of the name this is in fact a grocery shop which has been operating in Handsworth for some 12 years. Although some meat is sold, the business deals mainly with small quantities of fresh produce, tinned and bottled foods, canned juices and packaged goods of both UK and Caribbean origins. These items are obtained from markets and cash-and-carries in Birmingham.

Inside, the shop is similar in appearance to many of the small, sparsely stocked corner shops found tucked away among more prosperous-looking competitors. The business draws almost exclusively on long-established West Indian customers who deal with Denzill because they know he is an 'expert' on the handling and preparation of Caribbean produce, which cannot be said for some of his nearby rivals. He always keeps a stock of goods that are in short supply for his 'regulars', is willing to barter on prices and allows customers to inspect the produce sold.

Denzill runs the business with his wife and two part-time shop assistants, as required. The business is small with a turnover of less than £70k per annum. Although Denzill would like to import directly from the Caribbean and set up as a wholesaler in his own right - he mentioned the convenience of both the Birmingham freeport and the international airport - he is not sure how to go about it.

Denzill is fairly typical of the grocers and market-stall vendors interviewed during the course of the study, although it should be said that several owners were women. These entrepreneurs are generally in their forties or fifties and have been in business for a while. The smaller number of younger owners can be considered a replacement force for their older fellows. All faced strong competition from a multitude of surrounding grocers or supermarkets, many of which were Asian owned. Supplies were almost always obtained from a local wholesaler.

EXAMPLE: Knife and Fork Caterers

The company was started by two Trinidadian sisters who initially built up business by catering for the Notting Hill Carnival. Having established a reputation they were able to cater for weddings, community meetings, parties and office functions in the Kensington area. In addition to traditional Caribbean dishes, they specialise in Caribbean *hors d'oeuvres* and snacks that appeal to English tastes, and are thus able to maintain a mixed clientele. Much of their lunchtime take-away business, for example, comes as much from white and Asian customers as it does from West Indians. As a result of rapid growth they have recently been able to move from home production to their own business premises.

The rise of the Afro-Caribbean restaurant has also created opportunities for a type of firm different from the more traditional West Indian-owned cafe. In the latter, food is either of the fish-and-chips type or the Caribbean equivalent (tripe and beans, rice and peas, pigtail etc.), but the newer establishments cater for a more upmarket clientele, as reflected in attempts to create a new image for Caribbean cuisine. In some cases these restaurants and caterers are also involved in the preparation of West African and Ethiopian dishes to attract African and cosmopolitan mainstream custom.

The caterers in this 'nouveau-Caribbean' bracket have an average turnover typical of small ethnic restaurants and are neither extremely prosperous nor totally marginal. Direct employment is relatively high (three to four full-time employees plus part-time help as required). They

obtained their supplies from markets, a time-consuming and burdensome process.

Example: Yummy Bakery

The rise in demand for take-aways and fast foods created the market for this relatively new Birmingham venture which produces patties, bread, sandwiches, pastries and cakes in addition to selling 'box lunches' consisting of popular Caribbean fish and meat dishes.

The business employs six people, including a YTS worker, and is located near a major shopping centre, allowing it to attract custom from a mixed clientele. Turnover for 1989 is expected to be in excess of £200,000 and to grow rapidly in future years.

Bakeries represent the main type of food-manufacturing business in which West Indians are involved. The rise of the 'Jamaica patty' has established a basis for expansion into the area of fast and snack foods which entrepreneurs have been quick to take up. Much of the business is still dependent on West Indian custom, but the fact that patties are now commonly found in fish-and-chip and take-away shops throughout London suggests that there is some mainstream potential. Having said this, it must be pointed out that the extent to which Caribbean-sourced ingredients or raw materials figure in baked products is minimal.

It is interesting to compare this shop with the craft stores in Portobello Road, London. In this latter area the market for 'rasta' and culture goods is larger, due not only to visitors (both white and black) from other parts of London but also to significant numbers of young European and Japanese tourists who are also reggae aficionados. The many shops engaged in servicing this market give the area an appearance similar to conventional London souvenir centres and also support the emergence of local craft-manufacturing businesses.

Closely related to the culture houses are record shops, which are found throughout the West Indian districts. Considering that black singers and bands have a sizeable share (BPI Yearbook, 1985) of worldwide music sales (Jamaica alone has a 1 per cent share) and that 7 per cent of the

industry is in hands of 300 independent producers (URBED, 1987), it is not surprising that the business supports black promoters, designers, DJs and so forth in addition to record vendors.

EXAMPLE: Roots Culture House

Two Rastafarian brethren in Bristol operate this craft shop which specialises in records, posters, books, clothing, crafts and jewellery with a 'rasta' flavour. Customers are mainly West Indian but many white youths also patronise the shop to demonstrate their 'rootsy' style.

All supplies are currently obtained from similar (but larger) stores in London, with the exception of hats, 'tams' and 'rasta track suits' which are procured from sources in the Midlands. The owners dream of one day setting up as local distributors in the manner of their London suppliers, but have been unable as yet to 'cut out the middlemen' and determine the ultimate source of supplies.

EXAMPLE: One-Stop Records

Albert Cole is the owner of this small record shop, situated near Notting Hill Gate underground station. He specialises in West Indian, African and American 'black music' and in soul and gospel, and selling mainly to West Indian and African customers.

Supplies of records and tapes are obtained from several distributors in other parts of London and, occasionally, from 'bootlegged' copies of rare items obtained from friends in Britain and abroad.

Although the business is 'not particularly profitable', Albert makes money from 'running a sound system' at parties held in the surrounding districts.

Travel agencies are also typical of the businesses found in West Indian areas of the inner cities.

EXAMPLE: Aunt Mary's Travel

This company has been operating in Birmingham for the last eight years and caters exclusively to a West Indian market. The owner has well established contacts with an intermediary firm in London which assists with promotion and shares any discounts and incentives that are obtained as a result of new business. Aunt Mary is in her fifties and employs only one part time worker to assist with the paperwork.

Although described as a travel agent, a good part of the business actually comes from shipping personal belongings to various Caribbean islands.

The travel agents interviewed varied widely along several dimensions. Some were very small and apparently marginal, while others seemed to be thriving. One company had branches in London and Birmingham and an estimated annual turnover running into millions. The age and experience of travel agents also varied, ranging from young beginners to seasoned hands. A company like Aunt Mary's uses near archaic modes of manual documentation, while other, London-based firms, have 'gone computer'. What unites these firms is their ability to tap into the West Indian market in a manner evidently not open to non-West Indian rivals competing only on the basis of price.

The following example is typical of businesses that provide a unique personal service to West Indian consumers.

EXAMPLE: Esme's Beauty Salon

Esme started her salon in Birmingham over six years ago after having worked for a number of years as a hairdresser. The salon is patronised mainly by local West Indian women but in recent years a growing number of men have been seen by a male hairdresser who visits in response to appointments. The regular staff number three in addition to Esme's son,

continued

who acts as the office administrator and bookkeeper.

Products sold in the shop include 'black' hair and skin preparations which were formerly imported from the USA but are now obtained from a regional supplier. The original founder of the business now resides in the Caribbean and sends occasional supplies of interesting new products that he comes across.

All of the above examples demonstrate the dependence of these West Indian businesses on the local West Indian community, a dependence that justifies categorising them as *community-oriented businesses*. In essence, they are small-scale retail and service enterprises which survive best in areas of high West Indian concentration and use a knowledge of West Indian trends and fashions to supply goods that would be otherwise unobtainable. Grocers, record shops, travel agents, clothing stores, hairdressers, cafés and bakeries generally fall within this category. Those which survive are commercially oriented, have relatively secure (if restricted) markets and neither receive nor ask for much external assistance.

Many studies have pointed to the strong dependence of ethnic-minority businesses on co-ethnic custom. However, it would be equally accurate, for both Afro-Caribbean and Asian retailers, to emphasise the dependence on local custom

local market dependence was characteristic of both groups (most customers lived in close proximity to the business) and there was little evidence of action to reduce this dependence. (Brent Study, 1984)

Ward (1986) comments upon this finding as follows:

It should be stressed that the survey was carried out in a part of Brent settled by Afro-Caribbeans rather than Asians . . . The patronage of shops run by proprietors of the same ethnic origins is likely, therefore, in the case of Caribbeans, to reflect use of local shopping facilities. Asian shopkeepers serving Caribbean

customers were continuing a tradition long established in the Caribbean.

A similar point is made by Hallam (1988):

The 'ethnic' market cannot easily be defined in terms of that part of the retail trade controlled by shopkeepers from the ethnic community. Such 'ethnic' shops are now an established part of local retail trade. A very significant proportion of those outlets classed as 'independent grocers' are owned by Asians, for example. Moreover, not all customers of 'ethnic shops' are members of the 'ethnic' communities. Rather they are members of the local community whatever their ethnic origins.

The fact that non-West Indian businesses played a major role in the retailing of Caribbean food, clothing and travel was a source of concern to some West Indian retailers. Comments to the effect that other ethnic groups could, if they wished, starve Afro-Caribbeans into submission by control of their food supply, were made by more than one retailer. Capitalistic Asian businessmen from East Africa were sometimes identified as the main threat: 'At one time if a black man and an Indian was arguing the black man would just knock him down - but since the Uganda ones come and tell dem how the African must be kept down, we get pure trouble'.

However, the sentiment expressed by the majority of West Indian entrepreneurs was that competition was a normal part of business practice: 'Well, if they [Asians] have the skills and can run a good business, then good luck to them.'

Grocers, travel agents and clothing outlets located in areas where the West Indian or Asian populations were less concentrated reported that their main competitors were small white English- or Cypriot-owned independent retailers.

Given that certain enterprises are highly dependent on sales to a local West Indian community, they can be termed 'community oriented' in their market/product approach. Grocers, record shops, travel agents, clothing stores, hairdressers, cafés and bakeries generally fall within this category. They survive best in areas of high West Indian concentration where local customers are mainly West Indian. The businesses that become well

established are almost always commercially oriented and receive little external assistance except in the form of improvement grants for premises and such like. Such commercially oriented businesses, which have relatively secure markets and have learnt to 'stand on their own two feet', are more likely to perceive profitable opportunities in Caribbean trade.

Community Enterprise

The community enterprise sector, consisting of businesses run by community voluntary associations and/or co-operatives, forms a distinct subset of community oriented businesses.

... a community enterprise is an initiative that is run for and run by the local community. It will have social objectives (benefit to the local community) as well as financial ones (self-sufficiency or trading at a profit). It will be managed, owned and financed largely by local people and agencies - tenants' organisations, representatives from the local church, voluntary groups, councillors, officials and other local parties. (Jarret, 1983)

The nature and types of community enterprise can vary quite considerably. One such enterprise identified during the course of the present study was set up by a black evangelical church to grow organic vegetables in Northamptonshire. Others include:

Metropolitan Foods, an Asian food- packaging and distribution firm in London's dockland; Chezahn, a new manufacturer of black cosmetics; Asian Flour Milling, a co-operative flour mill, and a number of bakeries. (GLEB, 1986)

The products sold include books, culture goods, food stuffs, garments and furniture, all of which are within the range of goods that can be supplied from the Caribbean. However, lack of knowledge about overseas producers and import procedures, coupled with the relatively small volumes required, means that their raw materials and finished goods must be obtained from middleman suppliers. Some, however, have overcome the problems of dealing with foreign contacts.

Because of their wider social objectives, community enterprises are able to obtain government assistance, which can result in the development of

technical skills and marketing expertise. In addition, they often have access to plentiful supplies of labour which could be used for finishing and packaging products such as furniture. The development of cheap and reliable supply sources for community enterprises would therefore be of great benefit in their expansion efforts.

EXAMPLE: United Africa Enterprises

In spite of its name this Association is run by a mixture of West Indians and West Africans. The association has a government grant to run extensive training programmes in computer skills, languages, clothes design, printing, furniture making, catering and so forth and also operates an 'incubator' for small-business growth.

Over the years the director of the organisation has built up an extensive network of contacts in both Africa and the Caribbean and has been asked on several occasions to find UK markets for commodities produced in these regions. He complains: 'I've brought loads of contracts back and asked the boys [West Indian businessmen he knows] here to take them on - but they're not interested - I've had to do it myself.'

United Africa has also participated in overseas development work in various African countries, focused mainly on education and skills training. Recently the organisation received an ODA contract to build a retirement home in Belize and is hoping to develop further contracts in the Caribbean.

It is of note that community enterprise programmes also exist in the Caribbean, often with the support of donor agencies such as the ODA or Oxfam. Some have exported small volumes of craft items, food products or garments to developed country markets but they often find it difficult to identify small-volume buyers.

Oxfam has already provided marketing support for one Caribbean-based project aimed at penetrating the UK ethnic market but the organisation lacks linkages with the West Indian community. Tradecraft, Twin-Trading and other NGOs are also involved in supporting such enterprises.

It might therefore be feasible to foster direct community enterprise links between the Caribbean and the UK.

Open Market Orientation

Although the majority of businesses were locally dependent, exceptions included a specialist record shop with a nationwide mail-order service, a culture shop which draws custom from all over London and a clothing stall in Brixton market which had an 'outside' clientele.

EXAMPLE: Roots Records

Roots records is a leading independent distributor of soca and reggae records in the UK. Video cassettes also form part of the product range. Annual turnover approaches £1m and nine full-time staff are employed. In addition to supplying record shops throughout the country they run a mail-order business for customers who are unable to travel easily to retail outlets (most of which are in the heart of the inner cities). Customers are mainly black but a significant minority (35%) are white and they are sometimes the most well informed and enthusiastic buyers.

As an independent company Roots works closely with other 'indies', many of which are white owned. This provides a network of business contacts and market intelligence in various towns and cities, which has allowed the company to expand beyond the 'ethnic' market while retaining a reputation for being specialists and experts in the field of Caribbean popular music.

These businesses had an *open market orientation* similar to those described by Wilson (1984) which 'do not represent the typical minority-owned business in either the medium or small scale sectors and are more akin to those small but growing firms found in the mainstream economy'.

Many of these firms started from scratch and built sales volume over the years, keeping working capital under strict control and debt financing to a minimum. Growth strategies were cautious, conservative and geared to limiting personal exposure. The firms generally serve regional or national

markets and, although Wilson does not make the point, the majority are import or export businesses, or are engaged in import substitution. The main sectors in which the firms operate are food and clothing, but also included are data-processing, dental ceramics and design companies which subcontract to mainstream firms, and ethnic restaurants which cater for mainstream markets.

By adapting ethnic products many of these firms have avoided restrictive dependence on the local community and gained acceptability in a more open market. There is some evidence that West Indian firms occasionally attempt product adaptation as a growth strategy. Afro-Caribbean firms featured in the Brent study, for example, preferred to improve existing products rather than seek out new ones because it was less time consuming and required more creativity. The study mentions changes implemented by a record shop and a hair salon, 'to create a better customer profile in terms of racial mix'.

Table 8.3: Ranking of the usefulness of methods for increasing business

Afro Caribbean	Asian
No Action Taken	More Products Introduced
Increased Advertising	No Action Taken
More Products Introduced	Priced More Competitively
Improved Product Quality	Changed Target Segments
Changed Target Segments	Improved Product Quality
Other Promotions	Increased Advertising
Priced More Competitively	Other Promotions

Source: Brent Study

A ranking of the usefulness of different methods for improving business shows that, if they take any action at all, West Indians are quite likely to introduce new products and upgrade old ones. It should also be noted, in passing, that they are much more likely to increase advertising cover than to price competitively.

Examples drawn from the present study demonstrate that West Indian businesses respond rapidly to new product opportunities associated with trends in the Caribbean. For instance, jerk seasoning – a relatively new Caribbean product – is widely available in West Indian retail outlets, so too is hot pepper sauce and the latest 'black music'. The basis for much of this growth is in the predictable consumer tastes of the ethnic market. Import substitution is one possible means of tapping this market.

EXAMPLE: Black Star Headwear

Black Star Headwear grew up as an import-substitution business producing Jamaican-style leather hats. Having noticed that Jamaican imports were made from low-quality leather, the company gained a strong foothold in the market by producing a high-quality version. Culture shops throughout the country 'snapped up' the product.

Not only did the hat prove popular with West Indian and white customers, but a substantial order was received from London Underground, who were looking for a uniform that would suit the increasing numbers of 'dreadlocked' West Indian male staff.

Having participated in a major London trade show, the company has recently received an order for 5,000 caps from Italy, where similar styles are very popular.

Again, the security provided by an ethnic market, whose tastes are reasonably well known or reasonably predictable, offers a good explanation for the willingness to experiment.

Black Products Manufacturers

The existence of an ethnic market throughout the country provides one means of reducing dependence on the local community. 'Black product' food manufacturers are often engaged in import substitution. A cosmetics company with a turnover in excess of £3m per annum manufactures in England, imports from the USA and the Caribbean, supplies the whole West Indian market and exports approximately one third of its output to Europe and Africa.

One of the main difficulties the company faces is obtaining development finance for expansion. This has made it hard to tap mainstream markets and fully exploit export market potential. Lack of collateral has meant that offers of commercial banking finance have been on onerous terms and the company has not benefited from government assistance.

The following company exhibits similar growth problems.

EXAMPLE: Black Greetings

This company was started in the '70s to gain a share of the growing import market for 'black' greeting cards from the USA. The business was initially self-financed and distribution involved 'door-to-door' sales on the London CTN network. Larger orders eventually came from the inner-city branches of stores such as Woolworths due, in part, to press exposure. The company was also able to export to the Caribbean and to Africa.

Although sales growth was encouraging, imitative competition (both from domestic printers and from Asian wholesalers importing from the US) eventually threatened expansion prospects. The company was unable to secure the level of bank financing (around £30,000) needed to promote the company name and strengthen distribution. Smaller amounts were forthcoming but this was not enough to fully implement expansion plans.

Culture Vendors

These adapt ethnic products or culture to suit mainstream tastes (e.g. in music, arts, food, clothing).

EXAMPLE: Pappa's Hot Pepper Products

The company was started in the early '80s by Karen Morse, a local authority housing officer who had been trained as a nutritionist. The company was formed in memory of Karen's grandfather, a Trinidadian herbalist and healer. For many years Karen studied the curative and restorative properties of hot peppers (capsicum) and finally launched a hot pepper product which emphasised these qualities. Trinidad is the main source of the raw materials and several visits have been made to firm up arrangements with suppliers.

Press – particularly an article in the *Guardian* – and TV coverage resulted in orders from Harrods, Fortnum & Mason and similar gourmet stores and Karen used her knowledge of the property market to secure factory premises in outer London. Sales volume picked up rapidly and the product is now available in many regional gourmet and health food outlets where it is targeted at upmarket white consumers.

The company is planning major export expansion into the USA and, if all goes according to plan, into Europe. Expansion capital has been available through conventional sources, mainly because the buyers are well known. In the initial stages, however, obtaining finance was extremely difficult.

Culture vending may also be based upon service.

EXAMPLE: Global PR

Jan Freeman, the company founder, built up business on the basis of public-relations work originally related to the Notting Hill Carnival. She was also well enough connected to obtain contracts for such events as the UK visit of the US Congressional Black Caucus and Caribbean politicians. Her work also involves her in activities connected with radio and television

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– and in fact located her offices are next to a BBC studio – and the national press. Recently her business has expanded to include training and market research for 'white' organisations with an interest in ethnic minorities. Such bodies are located in various parts of the country.

In the case of mainstream markets, however, preferences and standards are not so well known, which increases the risks attached to product-development strategies.

EXAMPLE: Hot 'n' Spicy

Having noted that Heinz, HP, Hammonds and several other sauce manufacturers were introducing exotic-flavoured sauces to compete with imports from the Far East and America, this company was set up in London, on a grant and 'soft' loan from a local government agency, to manufacture hot pepper sauce for the mainstream market.

Having used up much of its initial capital developing the 'Caribbean style' product, the company approached distributors. Unfortunately, the product was considered 'too peppery' for English tastes and the packaging (copied from Caribbean imports) unsuitable for supermarket distribution. One distributor was willing to give the product further consideration if changes were made. By this time, however, Hot 'n' Spicy was unable to obtain further funds for product modification. The company is now defunct.

The lack of access to information on tastes and standards and the lack of financial resources are major impediments to strategies targeted at mainstream consumers.

Subcontractors

Another route to entering the open market is by subcontracting to national or regional mainstream businesses which can provide support in

the areas of training, trade information and supplies, and reduce the risks associated with exposure to the open market.

EXAMPLE: Cameo Lingerie

Mr Day, a Montserratian, founded the company six years ago in Nottingham, centre of the British lace industry.

From the start the company targeted regional and national buyers, and took on sub-contracts in addition to designing their own lines. The company is situated in the inner part of the city due to the availability of experienced labour and 12 persons are currently employed. The company was self-financed in its early days and obtaining bank finance has not proved particularly difficult because it sells to well known companies. Day is familiar with local business development agencies but has not felt the need for assistance.

Although Day does not import garments, he maintains correspondence with friends in the Eastern Caribbean and keeps abreast of possible business opportunities.

The interesting thing about all the open-market firms is that they have little difficulty obtaining commercial finance early on, mainly because they are innovative, have well defined and secure markets, and often face low entry barriers in their chosen niche. However, as they make inroads into mainstream or export markets, they face difficulties in obtaining the level of capital required for expansion.

Another point is that business factors are likely to be the main influence on their choice of location: they locate on the basis of distribution considerations or site attractions (including local authority inducements). In other cases the need to be near customers, sources of finance or experienced labour a strong influence. Apart from firms that rely heavily on a local ethnic market or wish to be perceived as having 'roots', there is no inherent reason why such firms should locate or remain in inner-city areas except where suitable inducements are available.

Four firms that actually moved from inner-city areas (exporter/importer, travel agent, consultant, manufacturer) pointed out that insurance rates,

security problems, high rentals and traffic congestion count against inner-city locations. A study of insurance rates in inner-city areas confirms this observation (see Suresh Patel, *Insurance & Ethnic Business*). Interestingly, the Birmingham travel agent who was still mainly dependent on the ethnic market felt that moving to a more upmarket city location would not only attract more white business but would also enhance her image with her West Indian customers. She believed that the latter would be willing to travel to her new office.

Summary and Implications

The businesses interviewed during the course of this study are largely typical of those described in other studies dealing with West Indian enterprise. Marketing and product strategies are mainly oriented towards satisfying West Indian tastes, but a distinction should be made between businesses totally dependent on local custom and those which sell in the open market – either the national ethnic market or as subcontractors to mainstream firms. The latter firms more resemble typical small businesses and may, therefore, be a more likely target for trade expansion.

Community enterprises should also be singled out because they have strong community links and are as much concerned with community benefits (employment, skills development, collaborative networking) as with profits. Voluntary associations that sponsor such enterprises often have social and educational links with similar bodies in the Caribbean. Community enterprises might thus provide a distinct target for trade expansion linkages.

Chapter Nine: WEST INDIAN ACCESS TO SUPPLIES

Almost three quarters of the enterprise owners contacted during the course of the study expressed a strong interest in developing business linkages with the Caribbean. Around a third (31) had all ready established such linkages. Few enterprises, however, had reached the stage of regular bulk transactions.

Direct Links with the Caribbean

Although none of the businesses interviewed were involved in high-volume direct importing, roughly half of them had explored trading links with the Caribbean in one way or another. This ranged from occasional business trips to maintain contact with friends and relatives, through to the regular importing of raw materials.

EXAMPLE: Tunapuna Sauce

Tunapuna imports peppers, the main ingredient of hot pepper sauce, directly from Trinidad. The supposed curative properties of certain types of pepper make it imperative that the supplies are secure and reliable, because the sauce is sold in the 'health food' market.

The owner of the company, a Trinidadian by birth, established her own linkages by means of travelling to Trinidad and using personal contacts to help identify reliable producers.

Apart from 'getting the run around' from some government agencies who claimed to provide assistance for Trinidadian exports, she reports that she has had no real problems with importing, apart from initially mastering the paperwork.

The overall pattern that emerged from the interviews suggests that the inauguration and development of trade linkages can be viewed as attempts to initiate co-operative ventures with Caribbean partners. Projects may be abandoned at any stage as a result of feedback indicating a potentially unsuccessful outcome and their development will typically pass through

some or all of the following stages, although not necessarily in the order given.

- a) Defining market opportunities in the UK.
- b) Gathering relevant information from UK suppliers about, prices, import procedures and so forth.
- c) Visiting the Caribbean in order to identify trading partners and procure samples.
- d) First major purchase.
- e) Establishment of regular contact with suppliers.

The following examples, drawn from different types of business, illustrate the process at work and the constraints associated with each stage. They also show how the process is modified according to the sector involved.

Community Oriented Businesses**Food**

As the food sector represents the largest market for Caribbean imports it is not surprising to find that most grocery retailers have at one time or another considered importing directly from the Caribbean. Past attempts by West Indians to act as fresh food distributors have, however, been largely unsuccessful.

EXAMPLE: Vic's

Vic has been running his import/export business in south London for the last 20 years. During the late Sixties he was one of three West Indians importing fresh produce from the Caribbean and distributing to West Indian grocers in various parts of London.

Vic entered the business as a result of an arrangement with the Jamaican Agricultural Marketing Corporation, a government-owned body which exported to the UK. Problems developed when Vic realised that this agency was also supplying white competitors with the same products. As

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Vic puts it: 'They would supply the big companies with the choice of products. We (he and other West Indians) would get what was left over. I remember, one time, getting stale yam which I couldn't sell because the white boys had gone round to all my customers with the fresh stuff.'

As a result of these and other experiences Vic no longer imports from the Caribbean. His main business is now in shipping personal belongings and replacement machinery parts to the region and to firms in Europe and Saudi Arabia. He claims, however, that business is getting tougher as younger West Indians, often with little experience, set up their own shipping agencies.

A new line of business Vic is trying to develop results from a UN contract he obtained to supply Canadian flour to East Africa. He is currently trying to win similar contracts.

Although fresh foods may not offer much hope for the would-be wholesaler, processed foods have attracted the attention of a number of West Indian retailers.

EXAMPLE: Food Products Ltd

The owners of Food Products, two young LSE graduates, ran a small tropical fish business before setting up a grocery store in north London. Although the business was patronised by West Indians in the area, local supermarkets carried many of the Caribbean items at lower prices and higher quality. The owners decided to establish direct contact with the importers in order to get a better deal.

A major supplier located in Covent Garden told the owners that 'blacks would never be any good at business until they learned to work hard'. He maintained that the owners must get to the market before five in the morning if they wanted quality goods. On trying this approach for several months the owners noticed that they were still being given last choice in

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comparison with white buyers. They decided to undertake their own importing direct from the Caribbean.

Visits to the High Commissions to identify Caribbean producers were of some help in getting addresses but little else was on offer.

Both owners felt that they were not taken seriously by High Commission staff. Product prices were not made available, nor were company brochures or sales materials. The rules governing the export of food products from the Caribbean were not explained and no adequate trade enquiry service was in place. The owners realised that the only way to find appropriate contacts was to visit the Caribbean for themselves.

The lack of information at the UK end made the Caribbean trip 'little short of a disaster'. Although one of the owners had Caribbean relatives, they proved of little help in locating producers interested in exporting to the UK. The two weeks allocated to the trip were mainly spent travelling from one government bureaucracy to another in a fruitless search for potential business partners. Many of the established export companies seemed singularly uninterested in either UK business or the owners and the whole process proved most disheartening. Fortunately, towards the end of the tour several small companies were located which turned out to be very enthusiastic about the prospect of UK exports.

Several grocers stated that they imported small quantities of goods that were in short supply. These were usually sent by friends or relatives in the Caribbean. The experiences of the two entrepreneurs were shared by those grocers who had attempted to import processed foods on any scale. Problems emerged when trying to obtain 'hard' information from the High Commissions and continued right through to obtaining regular supplies of products such as tinned ackees. The small quantities required, the freight rates and brokerage fees, and the risk of being left holding shoddy goods all tended to cut short their attempts to import on a systematic basis.

Travel

Community businesses operating in the travel sector tend to show a different pattern, partly because many already have well established

contacts with Caribbean partners. Breaking into the business, however, is not so easy, as the following example demonstrates.

EXAMPLE: Caribbean Time Share Inc

This company was started by Robby Jackson, a young Birmingham entrepreneur, to take advantage of the growing popularity of time-share vacations in Europe and elsewhere.

Although involved in the ownership of an electrical appliances business, he felt that both Barbados and Jamaica offered attractive opportunities in small hotel or villa property investment. Links with a local travel agency convinced him that there would be profitable opportunities in selling time-share accommodation to both West Indians and to '*Sunday Times* readers'.

Robby went straight to the Caribbean to investigate prospects, but as a 'black Brit' brought up almost exclusively in England he found Caribbean attitudes towards business 'much too laid back'. As a result he has abandoned plans of working with a Caribbean partner and intends instead to spend a few months in Jamaica each year, while maintaining residence in Britain. Over time he believes that this will allow him to establish a foothold in tourism.

In the case of shipping, links with the Caribbean were quite strong. This was pretty much essential as far as personal effects were concerned because customers usually required assurance that the goods would be cleared quickly and 'without too much duty being charged'. Linkages were also important to travel agents as a means of offering add-on attractions beyond merely booking seats. For example, one company had arrangements with a guest house to provide accommodation for church-group charters. Another was offering gold-prospecting adventure holidays in the Guyanese interior. These links were mostly established as an extension of existing business: proprietors were in regular contact with the Caribbean and found it easy to tap existing networks for identifying partners.

Culture

In the case of culture-based businesses (crafts, music, clothing) the pattern is distinct. This is the most informal of sectors and petty trade appears to thrive. All culture house owners, for example, make occasional trips to the Caribbean (and elsewhere) in order to bring back interesting new products. In addition, itinerant vendors regularly bring them clothes, carvings, paintings and jewellery from various parts of the World. Ethnic goods vendors in Brixton and Camden Lock markets also confirmed that their supplies were obtained from both black and white 'globetrotters'.

The highly informal nature of this trade is reminiscent of the 'higglering' or hawking systems found throughout the Caribbean, where petty traders make trips to Panama, Miami or Haiti to barter Caribbean products for foreign-made consumer goods. The practice also typifies the petty trade in alcoholic beverages and spices mentioned elsewhere in this study, and it is probable that many people make some sort of living from these informal sector activities. It is particularly difficult to estimate the exact size and extent of such operations.

Community Enterprise

Community enterprise linkages also figure in the marketing of Caribbean products.

EXAMPLE: Blue Mountain Jerk Products Ltd

This company was among the first to exploit the growing popularity of 'jerk' seasonings amongst West Indians. Jerking is a method of seasoning and barbecuing the chicken and pork sold from roadside stalls in Jamaica and the eastern Caribbean.

Blue Mountain is a Jamaican community enterprise set up, with assistance from the Canadian government, to develop a pimento-based seasoning that could be used in the barbecuing process. The immense

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popularity of this product led the company to expand in both domestic and export markets.

In the case of the UK, Oxfam assisted the company with its marketing efforts and with setting up a subsidiary company in Britain. A director of the company spent several months talking to various West Indian community associations in order to identify possible distributors. As a result of these efforts the product is now widely distributed throughout the main West Indian centres of Britain.

Externally oriented businesses

These businesses are generally well enough established to consider both export and import opportunities. Many have explored the option or have at least some international linkages. For example, a greeting card manufacturer was supplying a major Caribbean importer, and a cosmetic company was importing Caribbean hair-care products to extend its range.

EXAMPLE: Universal Procurement Company Ltd

The young black British owner of this company began his career as an administrator for a rock concert promoter in north London. A chance response to an advertisement in the *Evening Standard* led him into employment with a family-owned Guyanese shipping company (which actually owned ships) with worldwide linkages.

After a year of working, with one secretary, to set up a London office he was sent to Tanzania, where the company conducts a significant volume of business, to explore the prospects for securing aid-procurement contracts from international donor agencies. He was successful in obtaining three such contracts.

Having spent over a year in Africa, he was recalled to the London office which had grown in size. Realising that he had gained no change of status

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in the enlarged structure, he set up his own business which, with the help of two staff, imports jute and other commodities for firms in the North of England. Although of Caribbean descent, he has never visited the region and does not currently import from there. However, he is anxious to explore trade opportunities.

Trade Constraints

The trade constraints mentioned by businesses who had attempted to undertake Caribbean projects obviously depend on the sectors in which the businesses are operating. Nevertheless, there is some degree of overlap, as Table 9.1 indicates.

Table 9.1: Trade Constraints Most Frequently Mentioned

As Problems (Number of companies mentioning)

	Food	Travel	Culture
Lack of Information	11	4	1
Lack of 'Know-how'	7	-	3
Procedures/Regulations	4	-	5
Markets/Competition	8	4	
Product Quality/Price	10	4	7
Supplier Contact	8		
Supplier Reliability	3	1	5
Finance		5	4
Trade Payments		1	1
Total number of businesses with established links	14	9	8

The table should be treated with caution because the 'established links' range from small volume, one-off transactions through to regular

dealings with the Caribbean over a number of years. Nevertheless, the following general points can be made.

- a) Lack of information was mainly due to the unavailability of price lists, product catalogues/brochures, supplier details and so forth. Facilities for obtaining such information were considered largely inadequate.
- b) Lack of know-how was connected to the desire on the part of some owners to learn how to go about importing and exporting on a regular basis. One woman suggested that 'sample projects outlining all the stages you have to go through and all the documents you require to import from Barbados' should be made available. Another interviewee mentioned that he found an import/export procedures manual produced by Midland Bank to be extremely useful.
- c) The payment of duties fell within the category of trade constraint and there was some uncertainty as to whether goods from the Caribbean should come in duty-free under the Lomé provisions (apparently none of the owners were obtaining such access). It was rumoured that the large import firms obtained concessions but were not passing them on to retailers. Culture businesses were additionally affected by problems with customs clearance, often due to drug searches which damaged goods.

The main constraints mentioned with reference to the Caribbean were excessive bureaucracy (active discouragement, problems with obtaining licenses) and attitudes ('lackadaisical', 'no follow-through', 'too laid back'). It is interesting that many of the latter comments came from younger West Indians who had grown up mainly in Britain.
- d) Problems with markets and competition were connected with cost competition between West Indians and their competitors. Prices charged in the Caribbean were said to be too high, although it was left unclear as to why UK competitors could charge lower prices. Quality concerns were related to packaging and presentation – seen as particularly significant in the case of culture goods.
- e) Constraints associated with identifying reliable and trustworthy Caribbean suppliers can partly be seen as an information constraint. It is mentioned separately because of the specific problem it creates for West Indians who are not familiar with the current Caribbean scene and are not part of established trading networks.
- f) Problems with finance were in most cases not specifically related to trade but to the more general needs of the business. Although trade

payments were occasionally mentioned it was usually in connection with the problem of Caribbean exporters wanting to be paid in ways which bypassed Caribbean exchange-control regulations.

The problems facing externally oriented firms were much the same as those facing community firms, except that they were in a slightly better position to establish business credibility and had greater resources and experience. The longer they had been exporting or importing, the less likely they were to have problems in the areas of international finance and documentation (letters of credit, SAD documentation, Caribbean licensing requirements etc).

However, a constraint that only these companies remarked upon was the difficulty, in spite of their track record, of obtaining venture or expansion capital. This made it difficult to undertake international operations, or indeed any expansion at all.

Sources of Assistance

Unsurprisingly, given the limited nature of Caribbean trade connections, few of the enterprises had utilised any but the most basic facilities offered by commercial banks and other financial institutions. The export/import companies were an exception because they regularly dealt in letters of credit and (less frequently) bills of exchange. In fact, one of these companies was actually planning to move the business to be near a larger branch of his bank. 'I've got a track record with the local branch but they're not authorised to deal with the amounts I need,' he explained. 'They have to send it on to the main branch who don't know me personally.'

Sources of information mentioned by the businesses almost invariably included the High Commissions, which seemed to be the starting point for the majority of firms. Without exception the owners expressed dissatisfaction with the services provided, although some acknowledged that the High Commissions were short staffed and that 'the problems are mainly at the other end'. The main complaints centred on the lack of up-to-date information, particularly with respect to the details of producers and prices. The mechanisms for obtaining swift response to trade enquiries were also found wanting. A significant minority also expressed the view that they were not as well treated as the 'English' importer or

investor. 'It seem dem jus waan whiteman business,' as one gentleman put it.

The only other single source of information mentioned frequently was the UK/Caribbean Chamber of Commerce. This organisation, which is currently inactive, was said to have provided useful general information on the Caribbean as well as contact information. Black business exhibitions sponsored by the Chamber had also been welcomed by some respondents, although one owner expressed a dissenting view in claiming that 'respectable' firms were not at all well represented and that the exhibitions were "pure ragamuffin business".

Six owners mentioned their membership of a local Chamber of Commerce. These, it was claimed, could also be a useful source of assistance. The Birmingham Chamber, for example had organised a Caribbean trade mission in which West Indian businesses had participated and the London Chamber had given support to a similar mission to the Bahamas. A (white) member of the Richmond Chamber of Commerce had also worked with the Private Sector Organisation of Jamaica in arranging UK trade show participation for Caribbean garment manufacturers.

Surprisingly, given their role in identifying the businesses that were interviewed, little mention was made of enterprise agencies as a source of assistance. This was largely due to the fact that few established businesses received assistance from these bodies. One or two had obtained small grants in the past, but the general consensus seemed to be that government schemes suffered from 'too much bureaucracy, too little cash'. The programmes were also seen as being mainly for 'start-ups' and, in some cases, as mere political propaganda: 'The day you see a black man achieving success through a government hand-out is the day you've seen everything.'

Such comments should be placed in context. Businesses in a position to seriously consider trade links tend to be the ones that have survived on their own resources. Newer businesses interviewed during the course of the study expressed a greater appreciation of the services offered.

UK Sources of Supply

As mentioned above, the majority of respondents were not involved in any systematic direct importing from the Caribbean. The businesses dealing in Caribbean products were thus reliant on importers and wholesalers for their supply of such goods.

Previous research in Leicester (Table 9.2) demonstrates that the main type of suppliers to West Indian businesses are wholesaler/distributors and cash-and-carries.

Table 9.2: Main types of supplier of Afro-Caribbean businesses

Type of Business (%)	Manuf	Services	Retail
Manufacturer	-	2	2
Wholesaler/Distributor	3	10	7
Cash-and-Carry	-	4	2

Source: *Ethnic Minority Business in Leicestershire*

The supply sources for these same businesses show an interesting pattern (Table 9.3) in that they are mainly located either within the city of Leicester or elsewhere in Britain. Although the research does not give a more detailed breakdown for this latter category, interviews conducted as part of the present study indicate that London is the main supply source for provincial cities.

Table 9.3: Sources of supply

	Manuf. %	Services %	Retail %
Leicester	47	52	23
Leicestershire	33	18	5
Great Britain	20	30	72
Abroad	-	-	-

Source: *Ethnic Minority Business in Leicestershire*

Birmingham

The majority of West Indian retailers in Birmingham obtained their supplies from local wholesalers or from London suppliers. In the former case businesses purchased from the main Birmingham wholesale market or from one of three Asian-owned wholesale companies that deal in Caribbean processed foods. Culture, fashion and book stores were more reliant on London suppliers, although in the case of fashion local producers were also an important source. Travel businesses, on the other hand, were mainly dependent on linkages with airline and shipping company intermediaries located in various parts of the country.

Bristol

Bristol shows a similar pattern except that Birmingham rather than London often plays the role of supply centre for groceries (including bakery products) and fresh foods. Distribution arrangements include sales trips to Bristol by West Indians from Birmingham and retailer trips to the Birmingham markets. Bristol can thus be seen, in some ways, as a sub-market of the regional market in Birmingham. However, businesses can become established in their own right as regional specialists.

EXAMPLE: Dr Bird Bookshop

The bookshop was started by a Caribbean couple to supply 'hard-to-find' black culture books obtainable in the USA, the Caribbean and Africa. The owners found, however, that the market for such books among the black Bristol community was not as large as expected. The owners have therefore switched to a strategy of identifying publishers of multicultural books, most of which are located in London or abroad, and offering a wide range of such books to educational institutions and parents in the city. In addition, mail-order sales to nearby towns were initiated. As a result they are probably the leading specialists in multicultural books in the region.

Notting Hill

Notting Hill, although located in London, exhibits a similar pattern to Birmingham and Bristol, in that supplies are mainly obtained from outside the immediate area. This must be slightly modified in the case of the food businesses to account for the presence of the Portobello market, which is directly linked to Covent Garden and other major wholesale markets. Small wholesalers/distributors in this market supply individual retailers.

Restaurants and catering firms obtain supplies directly from the markets nearest to them or, more occasionally, from the major markets because the time and effort required to find sources of consistent high quality is burdensome. In some cases (e.g. the supply of goat meat) there is only one major supplier and obtaining supplies involves competition with fellow West Indians and other ethnic minority groups.

The West Indian travel businesses in Notting Hill can take advantage of the London intermediaries offering special deals and discounts. The greater number of West Indian travel agents and shippers in the London area allows for a high degree of informal association.

EXAMPLE: Westward Travel

Westward Travel was started by a young Guyanese entrepreneur five years ago in the Notting Hill area of London. The owner has direct links with both Guyana and America via family members in both countries. He has found the market in shipping personal belongings and electrical equipment to be an extremely lucrative one and the volumes he deals with are substantial. However, he is unable to get shipping line volume discounts passed on to him because of the practices of the intermediaries he deals with.

For this reason he has joined forces with five West Indian shippers in other parts of London who face similar problems. The aim of this informal association is to collectively promote their interests in negotiations with the shipping companies.

Although this is a self-initiated association it bears some resemblance to a group of West Indian travel agents which receives support from British Airways.

EXAMPLE: Don Drummond Travel

Don Drummond, a Bajan, has successfully run a travel agency in central London for a number of years. The business is mainly centred on Barbados and the smaller Caribbean islands and the majority of clients are West Indians. In recent years competition on Caribbean flights has intensified enormously, particularly with the arrival of Asian high-street travel agencies and 'bucket shops' which consider any market fair game. As ticket prices are pared to the minimum, low margins for the agencies has meant that overheads must be watched very carefully.

In the face of increasing competition Don decided to participate in a British Airways scheme. This has provided training and support for himself and eight other West Indian travel agents and has helped him to understand the business better and to establish new contacts in the trade.

Don now feels more able to exploit the new opportunities he sees in school, sport and church tours to the Caribbean.

General Problems with Suppliers

The main problems with suppliers that were mentioned in all locations can be grouped as follows:

- a) West Indian businesses are often last in line for quality goods and services. They get the left-overs from larger (mainly white) wholesale customers and are therefore at the bottom of the distribution chain.
- b) Credit facilities are rarely provided by suppliers even on stock with a rapid turnover. Businesses must therefore operate on a 'cash on the nail' basis.
- c) Suppliers give no promotional support, either point of sale or advertisements.
- d) With a few exceptions (e.g. British Airways) no training or business backup service is provided by suppliers.

- e) Little in the way of market intelligence or advice is available.

Access to Other Resources

The majority of West Indian businesses handling Caribbean goods will clearly continue to do so only on an indirect basis. The constraints they face with respect to Caribbean trade are therefore identical to the general business constraints they encounter.

A wealth of studies have pointed to the lack of access to resources that typifies West Indian businesses. In particular, inadequate access to finance is a major impediment to growth. Brooks (1984), for example, makes the following comment about minority businesses he has interviewed.

Of the Afro-Caribbeans only 13 per cent of those interviewed had used a bank loan to start in business . . . As many as 74 per cent of Afro-Caribbeans trying for a bank loan failed to get one, compared with 13 per cent of Asians and only 5 per cent of whites.

Similarly, Leo (1984) found by talking to bank managers in Brixton, that whereas Asians were thought to have demonstrated the ability to run businesses successfully, Afro-Caribbeans had no such reputation and were therefore immediately at a disadvantage.

The attitudes of the bank managers were in part a reflection of the degree of contact they had with their black and Asian customers, and here it was clear that they had fewer Afro-Caribbean than Asian customers. Moreover, many of their Afro-Caribbean customers had infrequent contact with them. (*Ethnic Minorities and Small Firms*: Polytechnic of Central London, 1981)

Ade Sawyer extends this argument with reference to Afro-Caribbean businesses in Manchester, while confirming the point made in the last section in relation to supplier credit.

They were limited to slow growth businesses which require lower start-up capital and they remained small because, being under-capitalised, they could not generate enough funds for reinvestment and therefore could not meet the funding criteria of most financial

institutions. Many of them were prone to failure because of unfavourable credit terms from suppliers.

Brooks (1984) explains the particular problem as follows.

Collateral demanded by the bank nearly always consists of the lease of a property owned by the businessman, which often greatly exceeds the value of the loan requested. For the entrepreneur who is renting his residential accommodation and does not own other property, as is frequently the case with Afro-Caribbeans, this can prove an insuperable barrier.

A lack of collateral was mentioned by almost all respondents interviewed during the present study as the main factor inhibiting their access to commercial bank finance.

They always want your house as collateral even if you want to borrow way below its value.

Although government loan guarantee schemes are theoretically available to help deal with this problem enterprise agencies in Bristol, Birmingham and London (3B's, Paul Bogle Foundation, Bristol Black Business Association) all reported difficulties in actually getting the schemes to work. There was a general consensus that:

The commercial banks are not pushing the programme. They don't want anyone to know about it.

A related area commented on by several firms was slow payment by local authorities and other bodies, which created cash flow problems for enterprises (travel agent, PR company, caterer, builder), who worked for such authorities.

To some extent these problems are being addressed by both public and private sector organisations and by voluntary associations. The growing number of black accountants and consultants should also be able to help access existing schemes. There is clearly a need, however, for enterprise agencies to provide and promote 'one stop' packaged support for firms. In spite of a recent report to the Home Office, advising an increase in the resources that should be devoted to 'black' enterprise agencies, (Ward, 1990) the agencies are severely hampered by a lack of adequate funding.

The management, delivery and longer-term funding of such agencies needs to be examined at the outset . . . Task Forces should ensure that agencies develop a funding strategy to ensure their departure does not leave a funding vacuum. (Hausner & Associates, 1989)

The 'black' enterprise agencies visited during the course of the study were particularly concerned with emphasising the consequences of this cutback in resources.

Summary and Implications

Although no evidence of high-volume international trade was found, a handful of West Indian manufacturing firms do import small quantities of finished goods and raw materials. It is also evident that small-scale 'higglering' takes place in some sectors. However, the informal nature of operations makes it difficult to estimate the scale and significance of such petty trade.

The problems encountered by firms which had in some way explored the possibility of direct trade with the Caribbean fell mainly under headings: Information and knowledge constraints, bureaucracy, finance, competition and prices. Persons who had actually visited the Caribbean for business purposes often mentioned the 'laid-back' approach as an additional impediment. The majority of companies, however, were only indirectly involved in trade, and their suppliers provided little in the way of support. Such enterprises were at the bottom of the distribution chain.

The High Commissions were identified as the single most important source of trade assistance, but experiences were generally negative, due to staffing limitations (for small business enquiries) and a lack of up-to-date trade information. In the Caribbean itself little assistance was available from government or private-sector bodies, many of whom did not take 'black British' entrepreneurs seriously.

Chapter Ten: CONCLUSIONS

The findings of the study relate mainly to the distinct inner-city distribution system which serves West Indian demand for Caribbean goods. Mainstream supermarkets, street market vendors, Asian-owned 'corner shops' and 'ethnic supermarkets' demonstrate a willingness to sell to any ethnic group residing in their locale.

West Indian retailers (grocers, travel agents, culture houses etc.) are part of this system, but thrive only in the most heavily concentrated West Indian districts. Where the West Indian population is less concentrated they face tough competition from non-West Indian retailers, often Asian, who also sell to inner-city residents.

Caribbean products imported in a discrete and tangible form and requiring little customized merchandising (e.g. tinned foods, airline seats, fresh produce) can be sold by any retailer once a local need is identified. A strong non-West Indian presence is associated with the retailing of such goods, probably due to economies of scale in the 'Asian distribution network' serving inner cities: a network which relies on distinct Asian tastes for core business, whilst also serving other customers.

West Indian businesses have a hard time competing with retailers fully integrated within this network and lack the resources to integrate backwards into wholesaling. They are inclined instead to concentrate on service industries where cultural knowledge or personal skills create competitive advantage: hairdressing, crafts, travel and entertainment, for example.

Such businesses are often of minimal significance to suppliers, and are last in line when it comes to product quality, credit terms, price discounts and delivery in times of shortage. Existing suppliers would be better placed to reap the benefits of ethnic trade expansion. Furthermore, increasing second- and third-generation acculturation, together with the willingness of suppliers to source in regions other than the Caribbean, point to the eventual decline of ethnic trade with the Caribbean. The stepping up of chain stores efforts to attract West Indian custom may exacerbate this trend and result in a curtailment of even the limited opportunities currently available to West Indians businesses.

It should, however, be recognised that in spite of the difficulties many West Indian businesses have survived in the face of almost overwhelming odds, and are indeed fairly optimistic about the prospects of benefiting from Caribbean trade. Steps should be taken to preserve the foothold gained by these enterprises, - recognising the specific nature of their operations and the competitive advantages they enjoy. The inspiration such businesses provide to the wider community is itself an important reason for ensuring that the barriers to their involvement in Caribbean trade are reduced as far as possible.

The following sections deal with specific constraints that must be addressed if West Indian businesses are to achieve greater integration into the existing Caribbean trade networks. The interests and actions of existing suppliers are of great significance in furthering this aim.

Market Demand

A distinct West Indian ethnic market exists as evidenced by a sizeable UK West Indian population with a preference for certain Caribbean products. However, the ageing of this population and the decline in Caribbean-born fraction will place limits on market growth, which may be exacerbated by a shift to mainstream shopping and consumption patterns.

Caribbean Supply

Although the bulk of non-traditional exports to the UK end up in the 'ethnic market', problems with the quality of supplies together with an increasing level of competition from other Third World producers suggests that the Caribbean may lose market share in what is itself a shrinking market.

Current constraints result mainly from the small scale of operations of Caribbean firms, the absence of up-to-date technology and a lack of international marketing skills. Shortage of information on the prices and availability of goods and the timing and scheduling of deliveries is also an area for concern.

Intermediaries

West Indian businesses do not operate at the high-volume import/wholesale level and have little direct contact with larger Caribbean firms. Similarly, Caribbean firms have little direct contact with retailers or end users in Britain. The role of non-West Indian intermediaries is thus of key importance in wholesaling Caribbean goods and services. These include large mainstream companies, independent agents and brokers (mainly white), and increasingly active Asian traders.

Inner-city retailing is usually undertaken by independent West Indian and Asian entrepreneurs, but chain stores also seek West Indian custom. This increases the pressure on small retailers, many of whom are already 'marginal', but benefits those wholesalers who have the capacity to service both types of outlet.

West Indian retailers are at the mercy of suppliers with regards to buying-power and trade leverage. In the face of increased competition they may find it difficult to survive without maintaining a constant stream of new products and services.

Product Opportunities

Some West Indian firms, however, are engaged in small-scale manufacturing of food, garments, crafts, often as import substitutes. Distributors and retail outlets show a willingness to handle such products. The institutional market also offers opportunities, particularly where local authorities are sensitive to ethnic minority business issues.

The main constraint on product development is connected to the costs and risks of product adaptation and market testing. West Indian businesses often lack clearly identifiable markets for new products and so find it difficult to secure the finance needed to put their plans into operation. They find it easier to adapt existing Caribbean products, perhaps importing raw materials or component. For example, a furniture workshop may assemble and finish Guyanese wood products, or a processed foods operation might import bulk ingredients for packaging and labelling.

The access to trained labour of many community organisations would appear to make them prime candidates for this type of activity. However, few have strong private-sector links, even with a commercially oriented

West Indian entrepreneur. Assistance with technology acquisition and marketing skills are required if community enterprises are to take advantage of Caribbean product opportunities.

a) The food sector (crossover and institutional markets) offers product-development opportunities, but West Indian caterers need assistance in exploiting them. Support in the areas of product adaptation and marketing are required.

b) Opportunities in the travel sector could be exploited by increasing the flow of information on 'alternative' tourist attractions which may be of interest to students, reggae fans, social workers and so forth. Assistance with marketing such attractions to the mainstream would also be required.

c) The culture sector also offers opportunities for expansion into the mainstream, which would require product upgrading and promotion and support to build distribution capacity.

Trade Constraints

In spite of the competitive pressures facing West Indian businesses, many were actively engaged or interested in exploring Caribbean linkages. The main constraints reported by entrepreneurs who had attempted importing from the Caribbean can be summarised.

a) Information/Knowledge

Lack of information on Caribbean producers and products is a major problem, as is knowledge of customs documentation and procedures.

b) Prices

Some businesses claimed that Caribbean prices are too high. Once freight and distribution charges are added, the products are uncompetitive in the UK - even when compared with Caribbean goods brought in by larger importers.

c) Attitudes

Perhaps surprisingly, some of the younger West Indians felt that they were not taken seriously in the Caribbean and that Caribbean firms were often 'too laid-back'. Producers preferred to supply FOB and it was hard to find firms willing to deliver regularly to the UK.

d) Finance:

As few businesses were importing directly, trade finance was little used. However, many faced more general problems in obtaining commercial finance, which prevented even tentative exploration of trade options. It is also clear that Caribbean nationals resident in the UK have only a limited knowledge of Caribbean-based development-finance institutions (e.g. merchant banks, CDB) who could assist with trade projects.

Role of Support Agencies

a) The only agencies frequently mentioned in connection with Caribbean trade were the High Commissions and the commercial banks. The latter were a source of general information rather than specific information on the Caribbean. In the case of the former, it was generally felt that not enough 'hard' information on Caribbean opportunities was available.

Occasional mention was made of chambers of commerce, particularly ones - London, Birmingham - that had arranged trade missions to the Caribbean. The UK-Caribbean Chamber of Commerce, which is currently inactive, was pinpointed by several respondents as a useful source of information, advice and contacts, and as a co-ordinator of black business exhibitions.

Although trade development facilities exist throughout the Caribbean (e.g. Caribbean Association of Industry & Commerce), West Indian businesses in Britain have little contact with or information about such bodies. It is also clear that although Caribbean countries market similar products in the UK, there is little in the way of joint effort in promoting either Caribbean goods or business opportunities.

Chapter Eleven: RECOMMENDATIONS

Demand Constraints

Demand constraints stem mainly from demographic trends affecting the West Indian population, in particular the potential loss of second and third generation consumers. In the case of the crossover and institutional markets, constraints reflect a lack of consumer awareness of the availability and benefits of Caribbean goods.

Promotions aimed at raising consumer awareness (both second generation and mainstream) of Caribbean products would address these constraints. Promotions should have a strong Caribbean flavour - a carnival theme might be appropriate - and could take the form of street markets at which steel bands perform, fashion shows are held, tourism is promoted and food preparation demonstrations are given. Posters, brochures etc. should also be available.

The market would be organised to attract the outside community and the media and could be sited at a waterfront, street market or similar outdoor location where surrounding shops would be willing to promote Caribbean goods during the event. Local colleges could conduct market research to test consumer reaction. Sponsorship for a pilot promotion might come from local authorities, Caribbean governments and the EC.

Supply Constraints

If West Indian businesses are to gain from trade, supply-side problems must be addressed and existing importers/wholesalers encouraged to extend their dealings with the Caribbean. Constraints on supply are mainly due to the small scale of operations of Caribbean firms and their lack of international marketing experience.

The West India Committee should encourage the formation of an association of importers of Caribbean products to promote trade and assist Caribbean firms with the development of marketing, promotion and pricing strategies. Linkages with Caribbean-based trade-promotion agencies and chambers of commerce would result in activities geared to stimulating trade.

- a) Advising High Commissions, development agencies and trade associations on the use of technology, market research and promotional materials.
- b) Co-ordinating trade missions to the Caribbean, and Caribbean missions to European trade fairs.
- c) Monitoring prices, suppliers, product availability and business opportunities.
- d) Developing ways to address the financial and marketing needs of small West Indian (and other) retailers.

Product Constraints

West Indian business expansion via product diversification and development is constrained in three ways.

- i) Lack of information on potential opportunity sectors: garments, furniture, ornamental horticulture, foods etc.
- ii) Lack of information on markets and buyers for newly developed products.
- iii) Lack of experience (technical and managerial) in developing new markets and procuring bulk supplies.

Enterprise agencies, in theory, could help alleviate these constraints. However, they have insufficient information to fully assess product/market opportunities and the assistance provided to firms is of a general rather than specific nature.

These agencies should be encouraged to run trade-oriented seminars for retailers of Caribbean products. For example, importers and wholesalers could be invited to update food retailers on current trade trends, and airline or Caribbean tourist board staff could be asked to do the same for travel agents. Seminar participants would gain the benefit of increased trade contact and, if they developed linkages amongst themselves, greater buying power.

Backup could take the form of buyer data-bases and market studies outlining opportunities for Caribbean goods in Europe.

Intermediaries

A programme of regional buyer-seller meetings would provide an opportunity for Caribbean producers to make direct contact with ethnic market wholesalers outside London. The aim would be to foster new links between firms in the Caribbean and the UK, and targeted sectors would include food, fashion, entertainment, tourism and crafts.

The programme could be inaugurated under the auspices of the West Indian Committee in collaboration with regional enterprise agencies, who would facilitate linkages by providing information on legal and financial support.

Trade Linkage Constraints

The main trade constraints reported by entrepreneurs who had imported from the Caribbean can be grouped under four categories.

- i) Information/knowledge: This ranged from lack of information about suppliers and prices through to UK Caribbean trade regulations and procedures.
- ii) Attitudes: Many of the younger entrepreneurs, raised in the UK, have a limited knowledge of Caribbean business practices and felt that they were not taken seriously enough in the Caribbean. Caribbean producers were considered 'too laid-back' and preferred goods to be purchased FOB.
- iii) Prices: A number of businesses reported that prices asked in the Caribbean were considered too high, although this may be related to the small quantities demanded.
- iv) Finance: Many firms faced the general problem of obtaining commercial finance for expansion purposes. This made it difficult to even begin exploring trade options.

Although materials on market opportunities, trade statistics, sources of finance, regulations and so forth do exist, they are widely scattered and inaccessible to small firms. This suggests the need for a 'one-stop' Caribbean information and resource centre that could be drawn on by small firms and enterprise agencies. They could also provide short training courses on aspects of international trade.

The international departments of the commercial banks might wish to support the development of such a facility and might also wish to consider staff-exchange programmes with counterpart banks in the Caribbean in order to facilitate improved information flows.

Role of Support Agencies

High Commissions were most often mentioned as the first calling point for trade enquiries, but results were often disappointing. The main problems were the lack of up-to-date information on Caribbean companies and importers operating in Britain, prices, and contact persons and organisations. Information on markets and the documentary and regulatory requirements of exporting to the Caribbean was also felt to be inadequate.

High commissions acknowledged these problems – often a result of limited staffing or difficulties in obtaining information from the Caribbean – and have commercial staff committed to establishing stronger links with the West Indian business community. This suggests that the high commissions could work jointly to address some of the problems.

The high commissions should consider developing a data-base of Caribbean nationals in businesses in the UK and suppliers of Caribbean goods in the UK. Research in centres of West Indian concentration would identify types of business, products handled, track record and plans for expansion, and would provide the basis for a trade-enquiry service linking Caribbean and UK West Indian firms.

Thought should also be given to publishing a newsletter highlighting Caribbean business opportunities and giving details of relevant trade shows and missions.

Community Enterprise

Oxfam and similar internationally oriented NGOs should, with the assistance of the West Indian Committee, consider a strategy of marketing support for West Indian community enterprises that wish to buy from community businesses in the Caribbean. By providing assistance in product development, importing/distribution and finance, such a programme could assist UK West Indian businesses to establish

themselves in the international trade arena, whilst also strengthening the position of Caribbean small-scale producers. West Indian enterprises could also be assisted in adapting Caribbean products to the point where they can be included in NGO mainstream channels of distribution (retail outlets, direct marketing catalogues etc.).

One way to initiate such a strategy would be to develop a programme of study tours placing Caribbean-based small business development staff with community enterprise agencies in Britain. This would allow marketing and production staff in export-oriented enterprises to identify distinct UK markets for their products and to receive hands-on assistance in developing feasible export plans. Expertise could be provided by volunteers drawn from the community, the private sector, enterprise agencies, and relevant educational institutions.

The programme should also include provision for UK-based technical experts to visit Caribbean organisations interested in community-to-community-joint ventures. This would allow for the assessment of potential Caribbean partners and for assistance with the appropriate procurement of technology and raw materials required for meeting UK market standards.

Possible sponsors for such a scheme might include local authorities, charitable trusts concerned with community development and British firms operating in the Caribbean. The ODA, VSO and/or British Council should also be approached in connection with technical assistance at the Caribbean end. NGOs such as Oxfam would be of invaluable assistance in providing co-ordination for the programme, which would range from identification and selection of programme participants in the Caribbean, through to securing technical assistance for product development, merchandising, importing and distribution.

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ANNEX 1

Although, for reasons explained in the introduction, exports to the Caribbean were not the focus of research, West Indian exporters were interviewed as part of the study. In addition to electronic equipment and car parts were fashion, music and beauty products and services related to tourism, health and education.

The following is an illustrative list.

- i) A female cosmetics manufacturer was selling a new line in eye makeup for black women through agents in both the USA and the Caribbean. Another firm was exporting products for dark skins (including Algerians and Moroccans) to Europe.
- ii) An independent record company was exporting small quantities of records and videotapes to small pockets of West Indians in Sweden, Switzerland and Germany.
- iii) A well-known clothes designer was selling designs in several European capitals. Another, who made leather hats had just received a large order from Italy. An enterprise agency had organised a trade mission to the Bahamas for clothes designers and appointed an agent in that country.
- iv) A manufacturer of hot pepper sauce for the mainstream market was engaged in exporting to the USA and had plans to enter Europe.
- v) A health professional had supplied medical equipment to hospitals in the eastern Caribbean.
- vi) A manager in a mainstream engineering company had assisted Caribbean companies in the selection and procurement of precision tools.
- vii) A public relations company was arranging UK tours for visiting black American educationalists, politicians and professional bodies.
- viii) A black American procurement company had set up a subsidiary in Britain to tap the African (particularly Southern Africa) market.
- ix) A business which had started up in electrical repairs by means of an enterprise-agency grant was developing a market in Nigeria for re-conditioned refrigerators.
- x) A community radio station had received a contract from the government of Sierra Leone to help set up a similar station there.
- xi) An import/export company had procured goods in Canada for a UN contract in East Africa and was supplying goods to Europe and the Middle East. A community association set up to deal with inner-city

unemployment had won an ODA contract to build a retirement home in Belize.

xii) A small building contractor had visited the Caribbean to explore the potential for exporting building supplies in the wake of hurricanes which had devastated several islands in the region.

Of the businesses focused exclusively on the Caribbean, a number had used personal contacts (often with responsibility for purchasing decisions) to enter the market. Those businesses which did not have such contacts by and large reported that import licensing requirements, bureaucracy and general lack of interest made it extremely difficult for them to fully exploit market potential.

It was also evident that some of these exporters were interested in investing in the Caribbean and eventually setting up business there, either to sell to tourist markets or to export back to the UK.

The other group of exporters were more focused on North America, Africa and Europe. With one or two exceptions these businesses were targeting 'black' markets, often with the help of political contacts. For example the recent formation of a black business council consisting of leading black British firms followed the visit of American black congressional caucus members to the UK. These politicians are in contact with black American firms interested in franchising in the UK to take advantage of any opportunities that might be presented by 1992 or the opening up of Southern African markets. Similarly, the politics of bilateral aid programmes presents firms with business opportunities.