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The Hidden Gem: Success in Africa's Informal Markets

14th Inaugural Lecture
of the Pan-Atlantic University, Lagos

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The Vice-Chancellor, the Registrar, other Principal Officers of the Pan-Atlantic University, the Dean, Lagos Business School, Other Deans and Directors, Heads of Department, Members of the Senate and Congregation, My Lords Spiritual and Temporal, members and friends of the Pan-Atlantic University, Directors of Research Centres & Initiatives, special guests, fellow academics and professional colleagues, distinguished ladies and gentlemen.

Background

I am grateful to God Almighty for allowing us all to gather here today for this Inaugural Lecture. With a deep sense of humility and honour, I am standing before this great audience to deliver the 14th Inaugural Lecture of the Pan-Atlantic University (PAU).

My sojourn into the academia was not preplanned, it will be untrue to assert otherwise. My journey began with working as MBA Programme Administrator and Marketing Manager for three years at the Lagos Business School, these were part of the defining years in my career; as this role and the impactful mentorship from faculties assisted me in discovering a love for teaching and research that I had yet to consider. Hence, I was drawn to the challenge of creating new ideas to help businesses succeed in the marketplace.

In his 1675 letter to Isaac Newton, Robert Hooke said: "If I have seen further, it is by standing on the shoulder of giants". Standing on this premise, I want to acknowledge my predecessors, who have graced this podium and have continued to serve as sources of inspiration, encouragement and guidance. First is the former Vice-Chancellor of this great institution, Professor Juan Elegido, Professor Patrick Utomi, Professor Emevwo Biakolo, Professor Chantel Epie, Professor Olawele Ajai, Professor Fabian Ajogwu, SAN, Professor James Tsaaior, our very own Dean, Professor Chris Ogbechie, Professor Oluyombo Onafowokan, our pioneer female Vice-Chancellor, Professor Enase Okonedo, the Associate Dean of Lagos Business School, Professor Yinka David-West, Professor Perekunah Eregha and Professor Tayo Otubanjo. Specifically, I also acknowledge Professor Albert Alos, Emeritus Professor, former Dean of Lagos Business School and the pioneer Vice Chancellor of Pan-Atlantic University.

My Childhood Days

When I was younger, I cherished going to street markets with my parents. It was always a delight to see familiar faces of vendors while buying *Akara* for breakfast, who my mother and father knew how to bargain with skillfully. Sometimes, the *Akara* sellers even generously offered free bees or *jara*, as it is locally named. There was no fixed pricing, and we would engage in lighthearted banter and storytelling while negotiating. These opportunities provided more than a simply way to support oneself; they also allowed people to get to know one another. These childhood experiences introduced me to the world of informal markets.

Figure 1: **Informal Market**

Source: Oni-Egboma (2020)

The informal markets of the world are located in Africa. You can only go up to three miles for you to encounter an informal sector commercial activity, from Accra to Zanzibar, Gauteng to Lagos. Anyone serious about doing business on the continent knows how pervasive the markets are and how they account for more than 70% of Sub-Saharan Africa's workforce, 90% of retail sales, and more than 70% of the continent's GDP. So, how should these marketplaces be defined? Markets operating mainly in the continent's informal sector are known as informal markets.

An Accidental Discovery

How did I come to be so fascinated by informal markets? It all began during the second year of my PhD studies in Barcelona. Professor Duane Ireland made a lecture regarding his most recent article, "Entrepreneurship in the Informal Economy," by Webb, Tihanyi, Ireland, and Sirmon (2009), during a 2008 visit to the IESE Business School. Duane emphasised that actors see opportunities in the informal sector and take advantage of them through various unlawful but permissible (to certain sizable groups) activities. He asserted that the emergence of informal economies is caused by the "gap (or variance) between what is legal in a society and what some significant groups consider legitimate in society." I could not help but think about how the claims of Duane were divorced from reality as I considered them.

I began to consider the companies, marketplaces, and sectors of the economy that I was familiar with but that were not necessarily illegal yet operated in the informal economy. My first thought was of Nollywood, the film business in Nigeria. I dared to confront him about why he believed that all unofficial economic activity in Nollywood was unlawful, but he offered no convincing explanation. I first met Professor Johanna Mair, a seasoned researcher and Strategy Faculty at IESE Business School at the time, due to my interest in and passion for trying to disprove these researchers. I discussed with her the idea of using Nollywood as a case study to dissect the foundations of businesses in the informal sector. She became excited about the potential and pushed me to begin. When I looked more closely at the issue, I discovered that local and international businesspeople in Nigeria shared Duane Ireland's impression of the informal marketplaces. They needed to be more knowledgeable about its operation or had a limited understanding. I diligently gathered data from interviews, observations, and historical records over the following three years to use Nollywood as an unstructured market case study (see Table 1).

Table 1: Case description and data sources

	Rapture	Mirage	Classic	Mirror
Company mission	To win souls for Christ	To promote Nigeria's cultural heritage	Impact knowledge to filmmakers	Promote Yoruba culture
Date of founding	February 1993	February 1993	March 1993	June 1993
Number of production	20	34	28	20
Legal status	Registered	Registered	Registered	Registered
Number of full-time staff	4	8	6	5
Number of contracted staff for movie	46	22	34	40
project				

Description of interview informants (n = 52), observations, and other data

	Rapture	Mirage	Classic	Mirror
Number of interviews	10	17	13	12
Profile of informants	Executive producer, actor, coproducers	CEO/founder, administrative manager, editor, legal consultants, actors	Production head, CEO, external scriptwriter, movie director, actors	CEO, director, actors, producer, industry regultors, lawyers
Number of site visits	6	12	9	6
Number of hours spent on observation	27	48	42	22
Archival data – number of videos	4	6	3	3
Archival data – eternal sources	N/A	10 pages	20 pages	N/A
Estimated budget for a movie project	$14,000	$100,000	$20,000	$15,000
Duration of shooting	7 days	20 days	8 days	7 days
Duration of entire movie production	1 month	4 months	1 month	1 month

Source: Uzo and Mair (2014)

The following information and analysis crystallised into my PhD dissertation, Organizational Defiance of Formal Institutions: Insights from Nollywood, the Nigerian Film Industry.

Debunking the fallacies about the informal markets of Africa was a central theme of my dissertation and subsequent journal papers. Amazingly, most enterprises in Africa's informal markets fail because they need to comprehend how these markets operate. The study discovered three widespread fallacies that obstruct comprehension of these markets.

First Myth: Markets in Africa's informal sector are illegal ones

The first myth holds that informal markets are black markets that concentrate on flouting the laws of the land. My research into Nollywood and other businesses has shown that the tem informal is not the same as illegal. I discovered that companies that operated in unregulated markets frequently exhibit several informality-related traits. We define informality as economic activities that develop from socially agreed and mostly unwritten regulations that primarily occur outside official institutions (Helmke & Levitsky, 2004; Mhando, 2018). On the other hand, academics often define formality as predetermined norms controlling economic behaviour precisely and explicitly created by the state, irrespective of the personal characteristics and connections of those who adhere to the rules (Webb et al., 2009; Ulyssea, 2020). The informality was present in different ways among the sampled organisations. This pattern is what we refer to as casual. Inexplicit aim setting, role swapping, iterative task execution, verbal contracting, and preferential recruitment of ethnic/family or religious members are some of the informality dimensions that our investigation identified (Uzo & Mair, 2021). A small number of topics were covered by these unwritten agreements, which were upheld by society.

In the words of John, a manager at Reliable Reads, "These agreements are not written down, but they are generally understood from the beginning of the relationship" (interview). We also identified the three primary topics that the WoM agreements address. These included credit facilities for channel intermediaries, sales commissions, and channel intermediary registration or recruitment (Uzo, Mair, and Adewusi, 2019). Market participants follow the regulations of informal regulatory organisations and favour doing business with affiliated families, groups, or religions. The markets maintain weak financial records, lack information, avoid formal contracts, and conduct the majority of their transactions in cash. In these markets, contact between buyers and sellers can be used to forge communal relationships in addition to being purely transactional. Although some actions in these markets are against state law, others are based on localised customs and traditions.

Second myth: Africa's informal marketplaces will completely or eventually transition to modern markets in the formal economy

Why do informal marketplaces endure and predominate in Africa? It is not to circumvent state laws. First, businesses in these markets do not exist in a vacuum. They have deep roots in the ethnic, religious, familial, and social networks that uphold regional rules and practices controlling commercial interactions. Therefore, understanding organisational and economic activity in these contexts requires understanding how organisations are embedded in informal institutional domains like family, religion, polity, etc. (Mair, Marti, and Ventresca, 2012; Rimac, Mair, and Battilana, 2012). These informal institutional domains' related norms, rules, and practices offer guidelines for behaviour. Although their informal contracting procedures adhered to Nigerian Customary Law, an indigenous legal system drafted and endorsed by the Nigerian government, they did not conform to the Nigerian Labor Act, a legal adaptation of the English Labor Act (Library of Congress 2008). Employers and employees must enter into written contracts that clearly state the terms and conditions of employment in order to comply with the Nigerian Labor Act. The State provided that under the Nigerian Customary Law, employers might legitimately make oral agreements and decline to sign written contracts.

The fact that ethnic and religious copyright traditions seem to have a more significant impact on companies' hiring practices in informal marketplaces than state rules is an intriguing illustration of this observation from our research. To defend and assist them (Galdino et al., 2018), African businesses have an almost moral obligation to offer work possibilities to members of families and religious communities. These dynamics imply that informal copyright practices emerging from ethnic and religious communities are not hastily devised subpar remedies to fill enforcement gaps in state laws derived from the West. Instead, these thriving institutional orders impact organisational hiring and ownership procedures. Second, state laws in numerous African nations are vague because their colonial rulers influenced them and did not entirely consider the local customs and traditions of the areas where they are in use. According to Edelman (1992), we describe ambiguous formal institutions as laws that have uncertain compliance implications and, as a result, limit their adoption and enforcement within organisations. Due to the ambiguity between formal norms and how they are applied in situations, we discovered that organisations defy formal prescriptions. For instance, the copyright law in Nigeria is practically a replica of the one in Great Britain. Our Nollywood investigation revealed several confusing passages in the laws that encouraged using informal copyright agreements as a backup plan.

For example, Section 39 of the Nigerian Copyright Act (1990: 26) stipulates that:

> An author in the case of cinematograph film means the person by whom the arrangements for the making of the film were made unless the parties to the making of the film provide otherwise by contract between themselves.

This restriction is explicit, concerning individual filmmakers, but it is silent about a group of creators or owners of these works. However, it is generally accepted that filmmaking in Nigeria is a communal effort. The different organisations in our sample thus shared the worry that formal legal requirements do not accurately reflect the state of the Nigerian film industry.

A movie director emphasised:

> We use a material that belongs to the community. It is hard to identify these works as' first owner or individual originator because they tend to be done communally.

These instances provide credence to the claim made in the literature that formal rules are confusing when they fail to account for all potential scenarios or leave out some actions (Carruthers, 2012). Our sample's organisations have used informal institutions as an alternate framework for organising when official regulations are unclear or ambiguous. Another example is Article 9-4 of the Nigerian Copyright Act (1990: 8) states that:

> In the case of a cinematographic film or sound recording, the author shall be obliged to conclude, before doing the work, contracts in writing with all those whose works are to be used.

This official directive, however, did not reflect how filmmaking takes place in the sampled firms. Even while the formal requirement required that all agreements be established in writing before producing a film, the production process and unpredictable workflow made such precise agreements impossible. We discovered that when formal rules are unclear, organisations resort to informal norms as an independent organising framework rather than as a way to violate the rules unfairly. This understanding goes beyond the widely held belief in the literature and among Western company operators that informality is a purposeful attempt to disobey the law in unstructured marketplaces (Mahoney & Thelen, 2010; De Soto, 1989; Grosh & Somolekae, 1996). Thirdly, businesspeople in Africa combine formal and informal practices. For instance, while multinational operators followed standard formal economy practices, the retailers, wholesalers, and distributors who make up their routes to market engage in varying degrees of informality. Both dominant and hybrid copyright structures were found in our Nollywood study. Dominant configuration, which goes beyond the state-approved Copyright Act, describes a company's adoption of copyright policies solely based on unwritten traditions of ethnic or religious communities.

The term "hybrid configuration" describes the firm's combination of copyright procedures stemming from both official state legislation (the Nigerian Copyright Act) and unofficial ethnic community traditions (the apprenticeship custom). The sampled organisations' ownership, hiring, and distribution methods were examined to characterise these combinations. Compressing all businesses into the informal-formal dichotomy ignores the empirical fact that many businesses in developing nations are neither wholly informal nor fully formal (Williams et al., 2016). Instead, depending on the peculiarities of the firm, different levels of (in)formality are used. Africa's unregulated markets are highly diversified, from grey market vendors (like phone salespeople in Computer Village) to hybrid businesses that combine unregulated and regulated activities (like Nollywood, agency banking networks, etc.) and lawful actors (such as legally established companies in the Kadogo economy of East Africa). Within the market, there are many levels of structure, and operators have gained business acumen through years of unofficial mentoring and apprenticeship.

The firm's strategic goal specifies the type of stakeholders it is accountable to, and the organisation's ultimate purpose, it impacts how informality and formality interact. The strategic goal implicitly defines the terms of stakeholder interaction and debates businesses have with proponents of informality or formality in the local community and society. The sort of interactional configuration a corporation utilises depends on its strategic aim, with the following results: Firms with a socioeconomic goal are more likely to adopt hybrid configurations than firms without one, and organisations with entirely social intents are more likely to adopt dominant configurations than firms without them. Another novel finding from the study is that businesses with solely social intentions may disregard state copyright laws when such rules do not align with their socially defined purposes. Our research demonstrates, for instance, that friendship and ethnic bonds impact organisations differently than religious and family ones.

Third Myth: There is no structure to the informal markets in Africa

The third misconception is that markets lack structure. This study's results reveal that although Africa's informal marketplaces may appear unstructured, they employ a sophisticated and distinctive business method. My co-authors and I compiled several pieces of research that spanned more than ten years and found the organising principles, contractual procedures, and price-setting agreements that define the fundamental components of the informal marketplaces in Africa. Each of these pillars will be explained in turns.

Organising principles: Our research has revealed that trust, power, and habitual improvisation are Africa's informal markets' three fundamental organising principles. Building trust entails fostering a reasonably close bond between those engaged in informal enterprises (McEvily, Perrone, and Zaheer, 2003). The manifestations of trust building that we found in our various studies include shared prayer times before and after business transactions, addressing employees by their first names, eating from the same bowl, using ethnic languages, storytelling, counselling, gift-giving, and taking part in social rituals and reciprocal obligations. On the other side, power-building behaviours like withholding wages from employees, showing no compassion for their mistakes, and requiring no accountability from them are symptoms of the practice. Habitual improvisation is the third and most fascinating guiding element of Africa's informal markets. The ongoing and institutionalised convergence of task planning and execution across all areas of an organisation's operations in the face of both anticipated and unforeseen occurrences is what we mean by habitual improvisation. For instance, the cinematographer might have said to an actress who was an evangelical pastor while making a particular movie, "Why do we not fabricate a bit? Add another sentence. Preach before, during, and after office hours, she said after pausing to consider the statement for a moment. The cameraman well received this phrase, and everyone thought it was a great addition.

Contractual procedures: Contractual agreements in Africa's informal markets use haggling as fuel. Our research showed that the four primary areas of negotiation are pricing, quantity, sales commission, and credit-based negotiation processes. One hundred thirteen observations of negotiating procedures were gathered for our analysis, together with interview excerpts (see Table 2).

Table 2: Case description and data sources

	Blessed Mart	Danny's Couture	Exotic Beauty Salon	Grocery Corner	Real Cards Venture
Product	Groceries	Clothes	Beauty Services	Groceries	Phone Recharge Vouchers
Organizational category	B2C	B2C	B2C	B2B	B2B
Number of employees	6	8	4	2	1
Description of interview informants (N = 34), observations (N = 30)					
Number of internal interviewees	9	7	10	4	4
Profile of informants	CEO, suppliers, employees, customers, field observer	CEO, apprentices customers, field observer	CEO, apprentices customers, field observer	CEO, customers, field observer	CEO, employee, customers field observer
Number of site	6	5	5	7	7
Number of hours spent on observations	19	15	26	34	32

Source: Uzo & Adigwe (2016)

We found it fascinating to learn that managers in these markets must be able to haggle constantly. Most Nigerians and other Africans "take for granted that the price voiced by a retailer is not the 'final' price," claim Onyemah and Akpa (2016). The typical practice is to negotiate until a final price is reached. In other words, channel intermediaries view exchange discussions without the haggling component as reckless even when written contracts are present (Muchiri, 2009).

Price-setting arrangements: Prices in Africa's informal markets are a moving target with complex social undertones. In the informal economy, enterprises establish prices in various ways, including negotiated and fixed pricing, according to my analysis of the data I collected (see Tables 3 and 4).

Table 3: Case description and data sources

Variables	Biodun	Magic	Pacific	Tunde
Product category	Ice cream	Sausage rolls	Drinking water	Soft drinks
Legal status	Registered	Registered	Registered	Registered
Number of full-time staff	3	2	3	2
Number of resellers	10	30	9	12

Source: Uzo (2021)

Table 4: Description of interview informants (*n*=73), observations (*n*=70)

Variables	Biodun	Magic	Pacific	Tunde
Number of internal interviews	20	17	18	18
Profile of informants	Owner, cashier, cleaner and resellers	Owner, cashier, and resellers	Owner and resellers	Owner, storekeeper, and resellers
Number of site visits	5	5	5	5
Duration of observations	25h, 30min	24h, 48min	25h, 18min	25h
Estimated monthly sales revenue	$294	$2,941	$100	$182

Source: Uzo (2021)

Regarding pricing, negotiations are a continual process in which the company owner and the resellers haggle over the appropriate rates and payment arrangements for goods and services. An arrangement known as fixed pricing occurs when the business owner unilaterally sets fixed prices and credit terms for goods and services without consulting resellers. Retailers with ingrained relationships with resellers based on links to family, friends, or guarantors embraced the negotiated pricing strategy. Retailers and resellers who mostly did not have entrenched ties used the fixed pricing strategy. Our study demonstrated that the most intriguing finding was that price-setting in informal markets fosters social capital among resellers and retailers rather than simply an economic transaction. Each vendor has a unique personal and cultural identity shaped by their values, backgrounds, and tastes. These elements impact the seller's perspective of a potential bargain. For instance, recent research has found that Igbo, Yoruba, and Hausa market vendors in Nigeria use various price negotiation techniques influenced by their unique ethnic cultures (Attoh & Ajeyomi, 2020). The likelihood that a buyer will succeed in negotiating a favourable price with a seller increases if the buyer takes the time to learn about the seller's background, history, values, and cultural preferences.

As a result, pricing in the informal market may present a tactical chance to increase social capital at the communal level (Granovetter, 1985; Handelman & Arnold, 1999; Powell, 1990). In the informal economy, negotiating prices between resellers and retailers offers a chance to ask for social favours and anticipate future rewards. As they haggle, the exchange partners set expectations and demonstrate their faith in the future recognition and reciprocation of their acts of generosity by others. Social exchanges that foster trust and reciprocity between resellers and retailers occur in the informal retail market. According to Hagel and Armstrong (1997), stores serve as congregational spaces for strengthening interpersonal bonds and gathering places for trade transactions.

The Behaviour of Consumers in Africa's Informal Markets

I have explained how the informal markets in Africa operate at the organisational and institutional levels. Additionally, I have tried to dispel widespread misconceptions that prevented market vendors from succeeding in Africa's informal markets. I now shift the subject of our discussion to how shoppers act in these markets. Understanding the distinctive behaviours of the informal market consumers in Africa can make all the differences. Considering the failure of two startups– one in Ghana that catered to consumers in the informal sector and the other in South Africa that offered healthcare services to them after investing losses of millions of dollars. Selling goods or services through informal market merchants, wholesalers, and distributors has also rendered several enterprises on the continent unprofitable. I investigated and outlined six critical facets of consumer behaviour in Africa's informal markets for my book, *Africa's Goldmine* (Uzo, 2022)

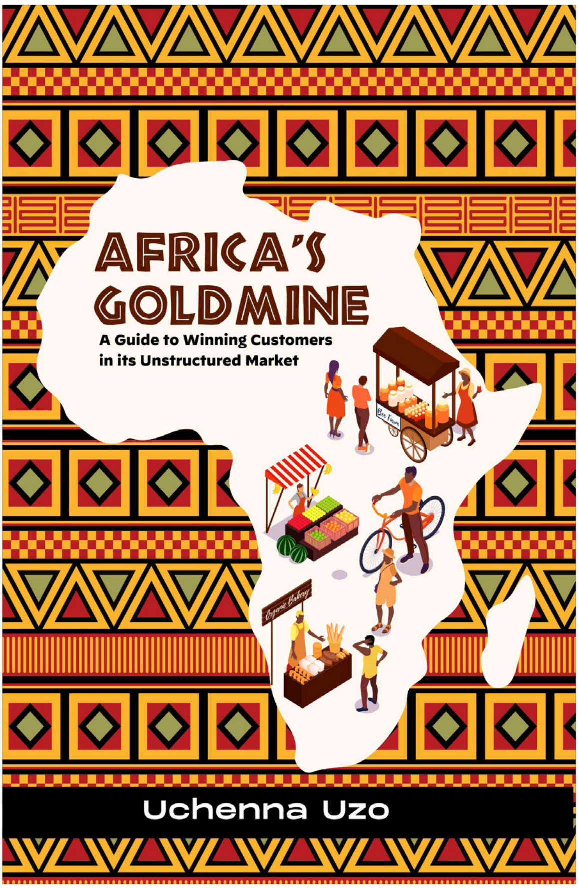

Fig. 2: Africa's Goldmine Cove
Source: Uzo (2022)

These qualities include being bargain conscious, sensitive to cultural differences, creative, aspirational, and anonymous. Let me describe each of these characteristics.

Bargaining Mindset

More people enjoy bargaining than watching football because it is ingrained in their culture and way of life. It is even more fascinating that shoppers haggle nearly all products/services such as hotels, cabs, and artefacts. Before purchasing, African consumers naturally negotiate over pricing (Uzo et al., 2018). It is interesting to note that Egyptian shoppers have a similar problem. Buyers will barter when they plan to buy and have a budget. They then request a price from the vendor while making an offer that is only half the suggested amount. They keep going through this process until they find adjusted pricing. An essential aspect of Kenyan consumer behaviour is haggling. All transactions, excluding those at contemporary retail establishments, include bargaining over prices.

African consumers negotiate over pricing, quantity discounts, product and service bundles, service contract agreements, rebates, and incentives. Negotiation is more effective between businesses than between businesses and customers (B2B). My co-authors and I established the idea of *customer bargain satisfaction* in a study that used two focus group talks as part of an exploratory sequential strategy and a cross-sectional survey of 1012 shoppers in Lagos, Nigeria (Uzo, Agbontaen, Adewusi, 2022). This study defines customer bargain satisfaction as a customer's perceived gratification from bargaining during a purchasing encounter.

The positive emotion buyers experience after persuading sellers to sell something for a lower price is known as "bargain satisfaction." Despite the prevalence of bargaining among consumers, marketers on the continent do not consider bargain satisfaction when assessing total customer satisfaction. Our research showed that buying rare and distinctive goods and services makes consumers feel better about their bargains. When their beliefs align with the salesman's, they are more satisfied with exchanges, including discounts. Overall, managers that allow for negotiation across many contractual areas are more likely to achieve higher levels of customer satisfaction than salespeople in

Africa's informal markets. In order to reflect the realities of today, we urge marketers working in Africa's informal markets to reconsider customer satisfaction.

Cultural Awareness

I wrote a book chapter with Marie Noelle and Assante Tidiane titled "A Tale of Two Regions: What Colors Say about Francophone and Anglophone African Buyers", in which we relate a story to illustrate how cultural sensitivity is widespread in Africa's informal markets (Noelle, Uzo, Tidiane, 2022).

When Marie Noelle first visited Accra for a shopping trip, she was taken aback by the variety of hues of the buildings in the business sector. Green, orange, and yellow were among the hues. "These colours are too overwhelming for my Ivorian taste," she mumbled with a groan. In stark contrast to Accra, buildings in Abidjan were painted white, beige, light grey, blue, and beige. The INECTO Super Black brand from Godrej hit the Ivorian market in 2014 with the same packaging. Similarly, Godrej's INECTO Super Black brand joined the Ivorian market in 2014 with the same packaging it used in Ghana. A black African lady was depicted on the package against a background of black and gold. Customers in Ivory Coast chose Ebene over the Godrej brand because its packaging featured a girl with brown skin against a grey and blue background.

Service industries are not excluded. Customers also pay attention to the colour schemes used in office decor, the clothing choices of office staff, and the attractiveness of sales personnel. Some Francophone African consumers genuinely use colour as a sign of quality. On the other hand, the pragmatic nature of Anglophone African buyers leads them to prioritise functional value over other factors in purchases. For instance, buyers in Ghana purchase Key and Duck soap without the packaging because of its effective cleaning capabilities. These results unmistakably imply that businesses introducing novel items from one location to another risk burning their fingers if they use a one-size-fits-all approach. Thirty percent of the men in a sample who participated in our in-depth interviews with Nigerian customers ranked brand colour as their fifth most important consideration when purchasing. The other 70%, however, do not consider colour while buying. In terms of factors affecting women, colour comes in third. According to these results, brand colours in Anglophone Africa are more important to women than males. This is so because businesses can carefully employ these gender-specific data to develop several package kinds and colour schemes that appeal to male and female clients.

Creative Consumption

Africa is a centre for creative consumers and is probably the continent with the most significant number and variety of creative customers worldwide. These customers utilise goods and services in ways that do not correspond with what the manufacturers intended. For instance, consumers of Indomie Noodles in Northern Nigeria provide an intriguing illustration. A study was done by Dufill Nigeria Plc, a Tolaram Group affiliate, to learn more about the region's noodle consumption patterns. They discovered that consumers in the North consumed Indomie vastly differently from those in the South. Some consumers in the North consumed their noodles raw, while others soaked them in milk (Uzo & Nzegwu, 2018). The company now has more opportunities to develop new flavours and types for the Northern market because of the brand's unexpected method of consumption.

The continent's inventive customers adopt a variety of shapes and colours. Malawi's frugal creatives generate electricity for their homes using automobile alternators. Some illegal artists in Nigeria use cough syrups with codeine and other mixes to get "high". South African environmental artists transform garbage and outdated materials into things with new uses. Strategic creatives use everyday items in new ways that add value, like DIY customers and value-added resellers across the continent. Not every consumer action is legal and moral. The marketer has to cultivate an ethical attitude that will distinguish between immoral customer actions and morally good novelties. Marketers can also encourage illegal inventive consumers to modify their usage patterns for the benefit of society. Agility is what encourages creative customers to engage. Before supporting a new consumer behaviour, marketers must ensure that the time horizon is enough and the risk levels are acceptable. Marketers who strategically interact with innovative consumers in Africa's unregulated markets will find exciting opportunities.

The Aspirational Buyer

African purchasers are aspirational, perhaps even more so than those on other continents. In several chosen cities of East and West Africa, my co-author Feyi Olubodun performed a large-scale survey mapping the aspirational value of customers. Findings showed that in less than five years, low-income Nigerians and Ugandans living in one-room apartments had aspirations of relocating to duplexes, villas, or mansions. These lofty goals were motivated by the conviction and optimism that their income levels would drastically improve quickly. After interviewing more respondents who desired to go from having no cars to driving Toyota, Lexus, and Mercedes vehicles within a short time, the writers likewise came to the same conclusions. Customers in the African marketplaces are more likely to have greater aspirational values than those in stable markets in Western nations because of those markets' informal and unpredictable nature. However, businesses on the continent that offer goods and services tend to concentrate on the demands of the current clientele without considering aspirational aspirations. Neglecting target customers' aspirations is a costly error that causes portfolio leakage.

Since, businesses in Africa's unregulated markets lose clients more quickly than they can acquire new ones. Hence, understanding and maintaining the customer's aspirational horizon is the key to boosting the customer's lifetime value, according to my research, which I conducted in partnership with Feyi Olubodun.

Anonymous clients

Selling to nameless clients is not fun. Think about the tale of a Tanzanian microfinance institution. Even after browsing the bank's website without providing any personal information, 80% of the users remain anonymous. Similar circumstances apply to a Moroccan retail outlet where customers purchase, use products, or come without first registering in the store's database. When paying, customers disappear after years of no business, insurance businesses in Nigeria also suffer. Serving consumers who have chosen not to identify themselves is pretty tricky. However, businesses cannot disregard the remote possibility presented by nameless African clients. Since many businesses do not maintain client records, Africa's informal markets have the highest concentration of anonymous consumers.

According to a recent survey with Baker Magunda, 70% of the anonymous Nigerian clients hide their identity due to social and religious norms. Customers in this group maintain their anonymity to avoid stigmatisation by affiliated groups. For security reasons or out of concern about making expensive purchases, another 22% of clients choose to remain nameless (Uzo & Magunda, 2022). According to another finding in the same study, the purchasing environment impacts consumers' decisions to shop and consume in secret. Businesses that want clients to divulge personal information must be prepared to share relatable and reliable company information. This serves as a reminder to companies to reconsider their distribution channels, and communication plans to manage anonymous customers effectively.

Succeeding in Africa's informal Marketplaces

Ladies and gentlemen, I have underlined in this talk how playing to win in Africa's consumer marketplaces requires dispelling myths and comprehending the mechanics of consumer behaviour. So how can businesses sell to succeed in Africa's black markets? Here are five effective methods to take into account. It is critical to comprehend what it takes to succeed in unregulated markets as there are opportunities that are created on the continent by the African Continental Free Trade Area.

1. **Establish your structure within the market**: Because informality and formality constantly interact, Africa's informal markets are fragmented with varied degrees of structure. Businesses need to realise that they cannot be everywhere at once. The best action is to assess the market's characteristics, including the regulatory environment and the informal market's cultural dynamics, choose the ideal consumer segment, and understand your target market's purchasing preferences. Slot Systems Limited is a company that has

developed its organisational structure within Africa's unregulated markets. By making the appropriate market research and insight-creation investments, businesses can create a structure where it does not already exist. Decisions made about marketing without data will be more disastrous as customers grow more unpredictable. According to an African saying, a hunter with only one arrow does not shoot carelessly.

2. **Gain the market's trust**. Building trust is essential for success in a market without ready-to-use data and where word-of-mouth agreements are standard. Operators in Africa's informal marketplaces do business based on trust and are loyal to business partners that uphold that trust. Trust-building goes beyond providing rewards or trading incentives. For instance, Kellogg's Tolaram demonstrated empathy by distributing educational materials to more than 5 million homes in Nigeria as part of its study-at-home campaign. The brand's performance increased by 20% yearly because of the campaign's success. Operators anticipate sincere, interpersonal displays of empathy and trust beyond business dealings.
3. **Maintain a sharp cultural and political awareness**. Union leaders, political parties, and market touts operate within wide networks in Africa's informal marketplaces and serve as gatekeepers and sources of influence. These various constituencies are strong forces that can build or break a company. Assist-2-Sell, a Nigerian real estate marketing firm, discovered that it needed to work with market union leaders and power blocs to sell brand-new residential apartments to traders in an unofficial market in Lagos. The constituencies are eager for respect, which is essential. Power blocs can cancel significant agreements on seemingly little displays of disdain. One of my co-authors failed to tuck his shirt in, costing him a transaction with union officials in an unstructured market.
4. **Create a team and nurture talent**: Not all salespeople, merchants, and entrepreneurs are suited for working with underground markets. Therefore, developing the right talent to complete the challenging assignment is critical. Operators of businesses in informal markets

need to be skilled in pricing negotiations and product education. Market operators need professional development, culturally aware, and knowledge of short-term financing structures. Additionally crucial is training. I founded the Africa Retail Academy of Lagos Business School, which has assumed the lead in African retail stakeholders' professional education and capacity building. I am happy to serve as its academic director. Through its annual retail congress, self-paced programs, and webinars, this academy has attracted and developed over 1,000 retail stakeholders.

Fig. 3: 2022 Africa Retail Congress

Fig. 4: 2022 Africa Retail Congress Report Cover

1. **Educate before you sue**: Many vendors in informal markets provide fake or low-quality things. These companies threaten customer safety and disrupt the market. While going to court to punish counterfeiters may be a sensible option, it is frequently expensive and challenging. Informing market participants and

customers about the risks of purchasing fake goods is a more proactive action. Business skills training, shopper marketing, product handling activities, and career development programs are all examples of educational opportunities. One notable example is the situation of Power Oil, a cooking oil brand experiencing intense competition from unbranded, low-quality competitors from unorganised marketplaces. Power Oil hired Mediareach OMD to do market research and use a three-step journalistic method, including announcing an emergency, addressing bias, and harvesting. The brand used journalism's investigative power to expose poor food hygiene practices and transform how the country views the cooking oil sector. The campaign increased sales by 100%. Promoting policies is also essential. The regulations should address upskilling, capital access, taxation, and corporate practices. For instance, a national retail policy in Nigeria might address these issues, make conducting business easier, lower the cost of providing services, and facilitate the modernisation of shop operations.

Madame Vice Chancellor, honourable ladies and gentlemen, sharing my academic career with you has been an excellent experience for me. We must work together to reform Africa's informal markets, so I urge everyone to join me. Although this is challenging, going together, according to an African proverb makes us go further. Thank you for listening.

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Professor Uchenna Uzo received his B.Sc and M.Sc in Sociology from the University of Lagos. He holds a Master of Research in Management (MRM), as well as a PhD in Management, from the IESE Business School, Barcelona. Uzo is a Research Fellow of the Scandinavian Consortium for Organisational Research (SCANCOR) and the American Marketing Association. He served as a visiting research scholar at Stanford University, USA and has been a visiting faculty at Strathmore Business School, Kenya, since 2021.

He joined Pan-Atlantic University's Lagos Business School (LBS), in February 2002 as a Personal and Research Assistant. He was equally LBS' Executive MBA Program Manager (2003-2007). After completing his Master of Research in Management (MRM) in 2009 and PhD in Management in 2011– both from the IESE Business School, Barcelona– he returned to LBS as Faculty. Uzo rose through the ranks as Lecturer IV (2011), Senior Lecturer (2016) and Professor (2022). He was the MBA Director from 2015 to 2020, and currently serves as the Faculty Director and Academic Director of the Africa Retail Academy at LBS. He also serves on the Management Board of Lagos Business School and the Senate of the Pan-Atlantic University. He teaches courses in Marketing Management, Personal Selling, Sales and Channel Management. Through his teaching responsibilities, he has participated in building the managerial and leadership competencies of over 1500 senior managers in Nigeria. He has also taught executives and CEOs at IESE Business School, Barcelona.

Professor Uchenna Uzo's research and consulting assignments span several industries focusing mainly on indigenous sales and marketing strategies, retailing and consumer behaviour trends in Africa. He is a Board member of companies in the retail and sports entertainment sectors. His academic articles have been published in numerous journals such as the *Strategic Entrepreneurship Journal* and the *Journal of Personal Selling and Sales Management*. He has written teaching award-winning cases, such as the 2013 EFMD Case Writing Competition in the "African Business Cases" category and the Emerald/AABS Case Study Competition in 2017. He also received the *Excellence Award for Entrepreneurial Education* in 2016 and the *Exemplary Leadership Award* in 2017. He has edited many books and contributed numerous chapters. He is the Founder of Afritail, an African-centered blog that exposes retailing insights, simple and complex marketing sales strategies, ideas on possible growth, and general consumer behaviour.