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Evaluation of the contributions of street trading on performances of selected FMCG companies in Nigeria

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Abstract

Aim/purpose – Street traders are seen selling all kinds of goods to patrons who pass-by or who are vehicular traffics on Nigerian roads, particularly major intra and inter-state roads in urban and rural areas. The study assessed the perspectives of salespersons from six selected FMCG companies regarding the extent to which street trading has contributed to the overall performances of their respective firms.

Design/methodology/approach – The study was done as a cross-sectional research, encompassing individuals from all levels of the sales departments of six selected FMCG companies in Lagos, Nigeria. It utilized a survey methodology by distributing a 39-item questionnaire, which employed a 5-point Likert scale to a sample of 174 participants. These individuals were picked from a larger population of 308 salespersons who were employed by the selected FMCG companies. The questionnaires were administered by email and the response rate was 56.32%. Descriptive statistics and chi-square test to determine the dependence or otherwise of the variables.

Findings – The research findings established that the respondents perceived street trading as a contributor to the sales performance of the FMCG companies they worked for. Among the findings was the perception that street trading had been an integral part of the channels used for distributing their companies’ products. This study also highlighted that salespersons did not consider the government’s actions as impeding their organizations from formally recognizing or as any hindrance to integrating street trading as a channel of distribution. The respondents’ views suggested that other factors are responsible for

the lack of formal acknowledgement of street trading as a means through which end consumers are served.

**Research implications/limitations** – The study affirmed the economic importance of street trading and the positive impact it has on organizations in the formal sector. It also gave insight into how FMCG companies and street traders groups can collaborate to influence favorable government policies towards street trading. Urban development planners can also find ways to provide for street trading by allocating zones where this activity can be carried out in urban areas.

**Originality/value/contribution** – An attempt to synthesize the impact of an aspect of the informal economy on largely formal sector operators. The study provided a perspective on street trading, which has not received much scholarly attention as a channel of distribution.

**Keywords:** FMCG companies, informal retail, street trading, street vendors.

**JEL Classification:** D3, E2, F1.

1. Introduction

1.1. Background

A regularly seen phenomenon is the selling of various goods in vehicular traffic, both in urban (Igudia et al., 2022) and rural areas across Nigeria (Edeme & Nkalu, 2018). This is an occurrence that is common and quite pervasive in developing economies with large urban populations (Andreev et al., 2023; Nkrumah-Abebrese & Schachtebeck, 2017). The practice of selling goods by the roadside or in vehicular traffic is regarded as informal street commerce (Sanchez de la Flor, 2020) or informal retail activity that is known as street vending or trading (Igudia et al., 2022). According to Amoatemaa (2017), this informal retailing activity takes many different forms, ranging from children and adults engaging in unrestricted trading of goods on main streets in remote rural and urban areas to the display and sale of goods in locations that the government authorities never intended for commercial activities. It is pertinent to point out that the informal retail activity of street trading is well-embraced across gender, age, and other demographic attributes, as shown by various studies (Bamgbose, 1999; Johnson & Ihesie, 2015; Ugochukwu et al., 2012). These street traders can either be sedentary or mobile in conducting their businesses (Saidu & Kongoley-MIH, 2022).

Street traders tend to generally sell products that can be classified as fast-moving consumer goods. According to Corporate Finance Institute [CFI] (2013), fast-moving consumer goods are tangible or physical products that are mass-produced, quick to sell (Sah, 2020), have a high volume of demand, and are
low-priced. Dharmaraj and Vijayashanthi (2018) described fast-moving consumer goods (FMCG) as replaceable within a year. The product classifications include toiletries and cosmetics, pharmaceuticals, edible packaged foods, and drinks. However, in recent times, organizations that provide non-tangible goods (Dharmaraj & Vijayashanthi, 2018) and those who provide services (Wongtada, 2013) also appear to have adopted street vending as a way of creating awareness and attracting customers to their activities. For instance, it is common nowadays to see the marketing of vacation, holiday, tourism, travel, and hospitality facilities, educational institutions, and other services in major Lagos whenever there are traffic gridlocks.

The products of FMCG companies are observed being sold in vehicular traffic on major roads within the Lagos metropolis. In fact, some FMCG companies and operators in the hospitality and tourism sector often directly engage mobile sales canvassers. These sales canvassers are tasked with selling the products of these companies or promoting their services to patrons plying the city roads. Some others work with marketing agencies to recruit these mobile sales canvassers, yet other freelance street vendors depend on this informal activity for their daily survival. These canvassers make sales by wooing passersby, passengers, and drivers inside vehicles that are in slow-moving or standstill traffic jams. Street trading also takes the form of selling from vans or buses. This form is regarded as van selling, an intensive form of retail distribution that offers face-to-face interactions between the seller and buyer (Muthiani, 2009). However, the ownership form of this informal street trade varies slightly from the system where companies directly employ van sales representatives. Wherever it has been used, Muthiani (2009) affirms that van selling has proven to have wide penetration and target reach, particularly for FMCG products.

The motivation for this study derived from the identified missing gap in scholarly investigations into the subject matter of informal retailing and channels of distribution of FMCG products. This is a departure from the several studies that have explored the phenomenon of street trading from perspectives such as its environmental impact (Taiwo, 2015), gender (Saidu & Kongoley-MIH, 2022), social attributes (Johnson & Ihesie, 2015; Ugochukwu et al., 2012), economic impact (Anetor, 2015; Dipeolu et al., 2007; Otekhile & Matthew, 2017), and other relevant areas.

The study, therefore, sought to fill this void and achieve its objectives by providing answers to questions on the contributions of street trading to the distribution objectives of FMCG companies. Is street trading a recognized channel that FMCG companies have embraced for getting their products to reach final consum-
ers? Are the impacts of street trading on the FMCG business objectively measured? What impacts or effects do government policies have with respect to the formal integration of street trading into the recognized distribution channels of FMCG companies? In what ways can FMCG companies and street trading groups influence government policies to be more accommodating to this line of trade?

The subsequent sections of this paper will provide a specific statement of the problem that the study investigated. This will be followed by a review of relevant literature pertaining to the subject areas of street trading and channels of distribution. In the literature review, overviews of the theoretical underpinnings of the discourse along with the attitudes of government regulators towards street traders will be presented. The section will also examine some of the various arguments put forward in support and against the economic significance of street trading. Thereafter is the section on the methodology of the study, which encompasses the processes of data gathering, analysis, and results. The discussions of the findings and recommendations for the consideration of all stakeholders, including the managers of FMCG companies, policymakers, and interested parties in the field, come next. The paper concludes with the highlights of the keynotes, the limits and gaps of the study, which could be seen as its downside, and provides insights into areas that may be considered for future explorations.

1.2. Statement of the problem

The term distribution can be expressed as the process by which goods are moved from the production or producers’ facilities to the ultimate consumers. Barin (2009) described distribution as the physical activity of moving stocks through the supply chain process, from manufacturing through the retailer and finally to the consumer. Efficient distribution is considered vital to the success of companies that produce tangible goods. In particular, companies in the FMCG category, whose products are volumetric and sometimes bulky, pay serious attention to their distribution channels. The products of these FMCG companies have relatively low margins, but they thrive on volume sales. As such, FMCG companies often pay special attention to the medium through which their products reach their final consumers.

According to Odupitan (2017), distribution channels can impact performance metrics such as profitability, turnover, market share, and productivity. FMCG companies must rely on the physical distribution of their products and are thus concerned about the operating costs, effectiveness, and contributions of
such channels to their organizations performances. Among the many channels for the distribution of goods, street trading appeared to be a relatively cheaper channel that provides wide reachability. Unfortunately, the selling of goods inside road traffic has been regarded as a menace that governments, policymakers, and city planners have found undesirable (Odeleye & Oni, 2007; Taiwo, 2015). Some factors identified as militating against street trading were that it gave room for social vices such as robbery attacks on motorists, extortions by miscreants, destruction of public and private properties, and pollution of the environment.

Governments at the national and state levels have at various times made efforts to stop street trading through the enactment of laws. Other measures adopted to ward off traders from the streets and highways included the creation of the Environmental Sanitation Corps and Special Task Forces to curb street trading. However, the presence of street traders on the roads has persisted and is a regular sight on major roads and urban areas across the length and breadth of the country. Nevertheless, arguments have been made that the economic impacts of street trading cannot be ignored. Uzo (2018) posited that the economic impacts of street trading cannot be ignored by governments and the companies whose goods they trade. It was asserted that street trading generated several billions of naira in monthly transactional value. This assertion was confirmed by the National Bureau of Statistics (2016) report on the 2015 formal and informal sector split of Nigeria’s GDP. The bureau’s statistical data indicated that the quantum of trade tilted more towards the informal than the formal sector in ratios of 55.7% and 44.3%, respectively. Agada et al. (2018), alluded to the economic worth of street trading through the monthly income made by those involved in it.

Thus, the study was designed to investigate the phenomenon of the impact of informal street trading activity on those business organizations that operate largely in the formal sector of the Nigerian economy. The concerned businesses, particularly those categorized in the fast-moving consumer goods (FMCG) sector, have appeared not to be bothered by the adverse policies of the various tiers of government towards street trading. The prevalence of street trading in developing economies, the estimate that it provides almost 75% of employment attributable to small and medium-scale enterprises (Igudia, 2020), and the important role played in the distribution of FMCG products are enough reasons for the inclusion of this informal group.

Therefore, the study is concerned with finding those factors that hinder the selected FMCG companies from openly embracing street trading as a channel of distribution. Another issue is governments’ apathetic policies towards street
trading. These policies, as again noted by Igudia (2020), are repressive, perceive street traders as disruptors in the modern urban setting, and constitute a nuisance factor that has to be checked. This problematic view and what may be considered the oppressive treatment of street traders necessitated the study’s interest in whether or not there are better ways to improve the views of policymakers about street trading. Thus, this study explored measures that would enable street trading to be integrated as a legitimate activity with the capacity to contribute meaningfully to the economy.

This study brings a different insight from the many different perspectives of the discussions of street trading. The phenomenon of street trading has been studied from different perspectives, such as the angle that its provision of employment opportunities is the motive for people to participate in it (Huang et al., 2017), and social, demographic, and environmental concerns (Bamgbose, 1999; Johnson & Ihesie, 2015; Olaniyan, 1988; Ugochukwu et al., 2012). Other aspects of street trading that have received attention are its implications for urbanization and town planning (Taiwo, 2015). Igudia (2020) explored the demand-side approach, while Anetor (2015) conducted a study that investigated the value of street vending for business managers and the government to tap into its potential.

The relevance of this study therefore stems from strengthening the quality of the literature by probing the valuableness of street trading as a channel of distribution for FMCG companies’ products in Nigeria. It is also significant in the sense that street trading should be viewed differently by actors in the formal economic sphere and the government. The organizations whose goods street traders help get to the final consumers equally need to change their perception of this link in their distribution chain. Similar changes in the perceptions of policymakers in both the public and private sectors will result in a reappraisal of its pervasiveness. Such a reappraisal could lead to a better appreciation and the finding of measures through which it can be properly integrated with appropriate control measures.

Another factor that made this study worthwhile was that it investigated whether or not organizations in the FMCG category have ever made a deliberate attempt to measure the impact of street trading. As a channel with the most direct contact with the final consumers of FMCG products, its effectiveness ought to be measured. The management of FMCG organizations can obtain insightful knowledge into how beneficial street trading is to the sales of their products, overall company revenue, and profitability. Similarly, public policymakers can
take cues from the nature of policies, programmes, and measures that can be developed and implemented to manage any negative social and environmental effects of street traders.

2. Literature review

2.1. Empirical literature

The Bank of Industry in its working paper series (2018), described the informal sector as consisting of those economic or income-generating activities that are neither regulated by government authorities nor incorporated or registered as business enterprises. It added that operators in this informal sector do not possess any set of statutory accounts, and its workers have no form of social or legal protection. Some common examples of economic activities often considered informal are street trading, small- to medium-scale farming, commercial transport such as taxi cabs or passenger bus operations, and artisanal jobs. Although the National Bureau of Statistics (2016) affirmed the significance of the informal sector on the national economy, not all of its components have been given noticeable attention by the organized formal sector, governments, and policymakers. While conscious efforts have been made by governments, corporate bodies, and the organized formal sector to recognize and court informal sector players like auto mechanics, fashion designers, and others, such attention has not been given to street traders.

The data from the National Bureau of Statistics (2016) depicted the size of the formal and informal sectors of the economy to be approximately 60:40. Similarly, Dell’Anno and Adu (2020) and Joseph et al. (2020), put the gross domestic product that is attributable to the informal economy sector of the Nigerian economy at ranging between 38.83% and 57.55%. Thus, the impact of the informal economy and its components cannot be overlooked. Just as statistics of informal sector contributions to the national GDP are considered imperative, it would also be expedient that business organizations, particularly those in the production sector, measure the contributions of the channels through which their goods reach the final consumers. This is particularly important for fast-moving consumer goods businesses, which have mass outputs, low price levels, very slim profit margins, and cannot afford high distribution costs (Thangaraja, 2016). The importance of measuring the performance of channels of distribution for FMCG companies was reinforced by Odupitan (2017) with the assertion that effective distribution strategies often impact the turnover and profitability of FMCG companies.
2.2. Theories on street trading

There are four theoretical views on street trading entrepreneurship that are examined below.

**Modernization theory**

This theory views street trading as old-fashioned and has its roots in the pre-civilization era (Williams & Gurtoo, 2012). The proponents posited that street trading represented underdevelopment, lacks strong value-adding economic attributes, and is a sign of a slow, stunted, and retarded economy. The modernists’ strong counterviews about street trading were demonstrated by Bromley (2007, pp. xv-xvii), and Lyon (2007, pp. 164-179). Cross and Morales (2007, pp. 1-14) equally opined that street vendors were irrelevant remnants not absorbed by the labor market and should ultimately fizzle out. Rather than see street trading as an entrepreneurial activity, this school of thought characterized it as full of disorderliness, parasitic in nature, of high nuisance value to urbanization, and constituting a major impediment to the free movement of vehicular traffic on the highways. Street trading was viewed as an informal, pre-modern sector activity that is geographically limited to developing countries and has no contributions to national economies (Crossa, 2017). As summed up by Crossa (2020, pp. 167-172), the modernists viewed street trading as an informal activity that arose from the inability of rural migrants to integrate into the modern formal economy.

William and Gurtoo (2012) conducted a study on street trading in the city of Bangalore, India. The estimated population of street vendors in this city was 30,000. The empirical study aimed to find the reasons for street trading in Bangalore. Face-to-face interviews were conducted with 871 street vendors across three areas: commercial, residential, and industrial. Approximately 3% of the street vendor population participated in the study, and the research team was comprised of some children of street vendors. The inclusion of the children of street vendors in the research team helped to break the ice between the interviewers and interviewees, thus creating a trust bond and ease of communication. The study found that 15% of the street vendors engaged in it as an old, traditional endeavor with ancestral roots.
**Structuralist theory**

Unlike the modernization theorists, the structuralists perceived street traders as the creation of necessity. This group argued that the pervasiveness of street trading reflected the inherent failures of formal economic structures. According to the structuralists, the challenges are the absence of or inadequate formal means of livelihood, unemployment, and joblessness. Crossa (2017) described street trading as either a survival strategy or a socio-economic safety net for those living in precarious conditions. He further asserted that those who engaged in this informal economic activity were left with no other option, having been excluded from the formal economy. Therefore, the emergence, persistence, and prevalence of street trading were natural responses in an open global economy where people must find means of survival.

Regardless of their argument in support of the necessity of street trading, the structuralists, according to the International Labour Organisation (2002) and Kapoor (2007), recognized some drawbacks. A couple of the drawbacks are the high level of economic instability and insecurity among traders. Other demerits are a lack of legal and social protection, an inability to access credit, and long working hours (Recchi, 2021). The long working hours of street traders are evident, for instance, in Lagos, where street traders are seen on the roads as early as 5:00 a.m. and till such late hours as 11:00 p.m. daily. In an effort aimed at addressing some of the drawbacks highlighted above, Kapoor (2007) recommended the adaptation of the Self-Employment Women’s Association (SEWA) model. The model advocated for the organization of informal street traders so they could be better protected and have a more secure future.

**Neo-liberal theory**

The neo-liberalists departed completely from the views expressed by both modernists and structuralists on street trading. They argued that street trading grew out of the conscious decisions of those who were engaged in it. According to this school of thought, street trading is an economic activity that the individual rationally chooses (Williams & Gurtoo, 2012) as a means of escaping the excessive regulation of the formal environment (Becker, 2004; DeSoto, 1989; London & Hart, 2004; Nwabuzor, 2005).

In fact, according to Nwabuzor (2005), street traders were the creations of a response to burdensome controls in the formal sector and an attempt to escape from these controls. Becker (2004) expressed the same view by stating that in-
formal microentrepreneurs developed as a rational response to the bureaucratic controls of government. Therefore, the neo-liberalists theorized that street traders should be seen as possessing the creativity that has helped in addressing the problem of mass poverty caused by the inability of the state’s formal system to cater to everyone.

**Post-modern theory**

This group of theorists held the perspective that street trading is voluntarily entered into and rooted more as a cultural undertaking. This view countered all the others who perceived street trading as unwarranted, the result of structural unemployment, or a rational decision on the part of the entrepreneurs. The post-modern theorists saw street entrepreneurs as social actors (Williams & Gurtoo, 2012), and they assessed their roles as important in the ever-changing global economy. Like the neo-liberalists, the post-modernist theory posited that street trading is an activity that should be seen as a source of growth and flexibility (Cross, 2000).

It is necessary at this point to try and establish a convergence of the ideas proposed by these four theories on street trading. The imperative is not to treat these views as mutually exclusive or stand-alone, with the assumption that a particular theory is dominant over others. The study carried out by Williams & Gurtoo (2012) revealed that none of the four theories applied singularly or generally in the case of street traders in Bangalore, India. The results showed different reasons, ranging from family tradition, lack of job opportunities, last resort, ease of setup in terms of capital and knowledge requirements, to a desire for flexibility and social support. According to the results, the percentage distribution of theoretical leanings of the reasons adduced by the respondents for the choice of street trading showed modernization at 15%, structuralism at 12%, neo-liberalism at 56%, and post-modernization at 17%, respectively. Apart from showing the diversity of the reasons for street trading, the result stressed that more people tended to go into street trading for economic reasons than for all other reasons put together. The study also revealed that the theories of street trading should be seen as complementary rather than competing. This will foster a better and broader understanding of the nature of street trading as an informal economic activity.
2.3. Theories on channels of distribution

Distribution is one element of the 4Ps of marketing, namely, product, price, promotion, and place. It is an important element that plays a vital role in the achievement of the place goals among these 4Ps. Getting the products to the place of purchase is the function of distribution, which place stands for among the 4Ps. This function is achieved through media or forms described as channels. Thus, distribution channels are used to describe how physical products get to final consumers. Indeed, organizations in the services sector also have channels through which they are patronized. We therefore must examine a couple of theories of channels of distribution to further set the tone for this study.

Exchange theory

The exchange theory of channels of distribution took its roots in sociology and psychology, which laid the foundation known as the Social Exchange Theory (SET). This theory applies the tools of economics to analyze the complex social structure and interactions of human beings in every sphere of life (Shiau & Luo, 2012). Its concerns were about the cost-benefit analysis that often arises in the course of interpersonal relationships between two or more people or groups. The theory’s main crust is the cost and rewards that parties in a relationship stand to lose or gain. The application of SET to institutions and organizations emphasized parties’ agreement to social norms and the interchange of benefits and economic gains (Shiau & Luo, 2012). Everyone, including organizations, seeks maximum benefits at minimal costs, a desirable outcome for FMCG companies whose products characteristically have low profit margins. The problem arises when it is perceived by one party that the benefits that are regarded as outcomes are not commensurate with the efforts or resources committed to the relationship.

Anderson and Narus (1984), in one of the early applications of social exchange theory to channels of distribution, discussed the implications of the theory for both the manufacturer and distributor. Their empirical study took the distributors’ perspective as it focused on distributors of small to medium-sized companies, in which the decisions on suppliers’ selection reside with the owners. The questionnaire adopted for this study had 24 measures and was pretested on four electronic distributors and the director of the Electronics Distributors Association. Questionnaires were sent to 437 electronic distribution companies, with a single respondent from each. The structural equation model (SEM) was adopted as the methodology for the evaluation of the distributors’ perspectives on the relationship with the manufacturer.
The authors believed that their model was in sync with earlier works by Cadotte and Stern (1979), and Robicheaux and El-Ansary (1976), both cited in Anderson and Narus (1984), which also influenced the constructs and relationships adopted in theirs. The research outcome suggested that reasonable manufacturers will modify their policies to be more suitable for their distributors. It was also found that the expectations of particular outcomes will lead to cooperation between the two key parties in the channel of distribution. It was found that when the distributor perceived that an outcome would surpass its initial expectations, it led to better cooperation and satisfaction with manufacturers. Likewise, where the outcomes from the relationship with a manufacturer tend to yield better results than those of its competitors, such a manufacturer will not have the cause to use threats, coerce, or sanction the distributors to elicit good performance from them.

The application of this theory to the current discourse lies in finding out if, indeed, the selected FMCG companies have given formal recognition to street trading. Furthermore, of particular interest is whether both the manufacturers in the FMCG category and street traders perceived their rewards to be commensurate with the commitments each made. These rewards to both groups are the volume of sales in terms of quantity and value attributable to street vending for manufacturers and the income and profit realized by the street traders, respectively.

**Transaction cost theory**

The transaction cost theory generally aims to achieve efficiency in distribution costs to make the goods affordable to the end consumer. It is a theory that tries to find a balance between the two extremes of a firm carrying out all marketing functions, including the distribution function, and the use of external merchants who resell the goods to other traders and final consumers (Klein et al., 1990). According to Davies (2001, pp. 13-49), the transaction cost theory rests on three factors: (i) the nature of a marketing channel; (ii) the implications of individual transactions; and (iii) how these transactions are carried out between market participants. Therefore, the transactions, the eco-system they create, and the channel members whose aim is to conduct efficient transactions are the components of the transaction cost theory.

Manufacturers or producers of goods often treat decisions on the appropriate marketing channel for their products as having strategic importance to their business (Stern & El-Ansary, 1988). This is particularly so because route-to-market involves different cost factors and enables different profit levels for the business concerned
(Hung & Khai, 2020). The choice of distribution channels also has an impact on the ability of the business to respond to market opportunities as well as the firm’s vulnerability in any market it chooses to enter (Klein et al., 1990).

Since the transaction cost theory was propounded, it has been explored from different angles by many studies. For instance, Klein et al. (1990) did a study on the applicability of the theory to firms seeking to play in international markets. The study reported that the transaction cost model was widely supported and suggested that firms that want to play in international or indeed any market under an integrated distribution channel must reduce the impacts of intermediaries, such as agents, wholesalers, and retailers. Also, Hung and Khai (2020), in their study carried out on Vietnamese farmers, found that transaction costs were a major factor considered by chilli farmers in the country in their selection of distribution channels between the cooperative and traditional or customary channels.

Another angle to the inexhaustible studies on transaction cost theory is the dual (Mols, 2000) or multi-channel perspective (Gbetchi & Perrigot, 2020). According to Mols (2000), researchers had predicted that dual or multiple channels of distribution would be widely adopted by manufacturers. A dual or multi-channel distribution system comprises a system of distribution of goods or products that relies both on the manufacturers’ owned distribution apparatuses and those of independent third-party owners. Mols (2000) went on to cite the example of McDonald’s Corporation, which, according to its 1995 annual report, had 84% of its restaurants in the US operated by either franchisees or affiliates and the remainder operated by the company itself. The same situation, although to a moderately lesser degree, was observed in the company’s restaurant business outside of the US during the same period. Thus, the dual or multi-channel approach to distribution can be considered as employing a combination of mechanisms to achieve the same goal.

On the place of dual channels in transaction cost theory, Mols (2000) disagreed with the view that they are incongruent and did not support their exclusion from many empirical tests of the theory. He further went on to demonstrate the linkage between the two constructs using eleven propositions. He concluded by highlighting the differences between dual-channel systems in heterogeneous and homogeneous environments. He argued that parties involved in the dual or multi-channel distribution system should be seen as ‘extensions of the firm’ or the firm’s external resources, while equally pointing out that the dual distribution system cannot be fully explained by a single theory.
Gbetchi and Perrigot (2020) affirmed that the adoption of a multi-channel strategy for the marketing of goods has gained ground. In fact, among the recommendations made was for companies to embrace the multi-channel strategy, as it boosts the visibility of products and is capable of enhancing their turnovers. The authors arrived at this conclusion from an empirical case study of Fan Milk, a dairy production and marketing company. It has manufacturing plants in four West African countries, and its products are widely distributed and sold across the sub-region. In this study of FAN Milk’s multi-channel distribution strategy, which depended on a combination of 31,000 street traders, supermarkets, and hypermarkets, as well as other types of points of sale, Gbetchi and Perrigot (2020) adopted a qualitative approach.

Data for the study was collected through in-depth interviews conducted with 23 customers, which included students, nurses, salespersons, and so on, from the four countries in which the company has production plants and are considered to be homogenous. The primary data were supplemented with secondary data sources from a few websites, including that of the company. The scope of the interviews covered the 4Ps of marketing and were conducted either in English or French to suit the country of origin of the interviewees. The responses were coded according to Saldana (2015), as cited in Gbetchi and Perrigot (2020).

The results from the study confirmed customers’ awareness of the multiple distribution channels and bought FAN Milk’s products from a combination of them. The study also established that itinerant sales, that is, street trading, complemented other channels through which the company distributed its products and indeed contributed to FAN Milk’s penetration of the market. Another major finding of the study was that prices were uniform across the different channels. Notwithstanding these positive findings about the adoption of multiple channels for the distribution of FAN Milk’s products, some issues were identified specifically with the itinerant sales channel.

The three main problems with the multiple distribution channels identified by the interviewees in the FAN Milk study were:
1) poor hygiene of street vendors, which could affect brand image;
2) the tendency of inappropriate storage of the products, which requires some level of freezing, and the consequent impact on wholesomeness for consumption; and
3) the inability of the street vendors to provide useful advice on the products.
2.4. African governments’ policies towards street trading

The governments of African countries have not adopted any singular policy measure, nor is one known to be in the works, on an acceptable approach to dealing with street trading. Each country on the African continent has its own approach to dealing with street traders. These approaches even vary among the sub-national governments in each country. However, what is quite noticeable is the lack of tolerance of many African national and sub-national governments towards street trading. Many governmental bodies perceived it as a menace, a societal ill that must be crushed by all means possible. Skinner (2010, pp. 213-230), described the policy approach of most African governments as eviction and/or preventing them from carrying on with their activities in urban public spaces.

Several examples abound of governments in Africa evicting street traders. Tibaijuka (2005) reported the large-scale and violent eviction of street traders by the Zimbabwean government. These left several thousand street traders and other informal sector players homeless and without any source of income. Similarly, Hansen Tranberg (2004, pp. 62-80), reported widespread evictions of street traders in Zambia. In these two cases, political undertones were identified among the precursors for the actions of the government in Zimbabwe (Tibaijuka, 2005) and changes in the leadership of local authorities in Zambia (Hansen Tranberg, 2004, pp. 62-80). According to King (2006, pp. 99-118), the Ghanaian case was not any different, as frequent changes in local authorities often resulted in street traders being evicted from public places to give a good impression to the public.

Another example was apartheid-era South Africa, where governments had laws banning street trading. According to Rogerson and Hart (1989), during the apartheid era, the rates of unemployment and poverty were high. Traders tried to find ways to operate amidst the tough anti-street trading measures in place, but government officials constantly harassed and removed them, even with violent means and prosecution. The no-tolerance policy measure towards street trading was and to a large extent remains a common feature in some African countries, from Tanzania (Nnkya, 2006, pp. 79-98) to Lesotho and Namibia (Setsabi, 2006 pp. 131-152). Lourenco-Lindell (2004, pp. 84-98), however, identified a slight deviation in the case of Guinea Bissau, where the government appeared to be more permissive of street trading after the adoption of the Structural Adjustment Programme (SAP) in 1986, although municipal agents were not quite welcoming of street traders.
Over the years, the attitude of various state governments in Nigeria towards street traders in general has been very hostile and less accommodating. The major reasons have been the need to maintain order and a clean environment, particularly in the city centres and well-planned business districts. Thus, state governments believed that street traders should be barred from plying their trades on major streets in the business districts and on intra- and intercity roads (Olaniyan, 1988). Media reports by Akinwotu (2016), Adewole (2022), and Kumolu and Adelaja (2016) showed this approach to dealing with street trading by governments in Nigeria. Other major news headlines of government apathy towards street trading were: Wike bans street trading in Rivers (Ojoye, 2016); Street trading ban: Diobu traders appeal for permanent shops in rivers (Dada, 2018); Lagos bans street trading to ease vehicular movement (Ripples Nigeria, 2019); and Residents lament as Oyo government issues a seven-day ultimatum to roadside hawkers (Kabir, 2020). Taiwo (2015) stated that the government’s perception of socio-economic and environmental dangers was largely responsible for the treatment meted out to street traders.

2.5. The positives of street trading

There are always two sides to every human issue: the good, or positive, side, and the bad, or negative, side. In evaluating street trading, much of the literature has, to a certain extent, focused on its negative impacts. The focus on the negative side would tempt one to doubt if there are any positives or advantages to street trading. Thus, questions such as Does street trading benefit anyone? Does it have any positive economic value? How large is the value of street trading?

In a study that attempted to determine the value of street vending, Anetor (2015) pointed out the shortage of studies aimed at understanding its value in Nigeria. This view did not reflect the fact that street trading is a major component of the informal sector. Anetor (2015) gave an expanded categorization of street vending, which included the selling of goods and services in regulated street and natural markets, transportation hubs, and sidewalks along the roads. If this expanded categorization is applied, one would be able to see the pervasiveness of street trading and better imagine its possible value. Skinner (2010, pp. 213-230), described the ubiquitous nature of street trading as one activity that is responsible for at least a quarter of the employment in the informal sector.
Consequent upon the expanded categorization of the activities constituting street trading and the perception that it offers the closest point of purchase to the end consumers and the large population of Nigeria, a study on the value of street trading was worthy. This is particularly so for the various tiers of government, as such studies may impact their perception and the treatment meted out to this group of economic agents. Similarly, the business communities, particularly those in the fast-moving consumer goods (FMCG) sector, could gain insights into the benefits of recognizing and integrating street trading into their channels of distribution.

Notwithstanding the identified negative effects and the few studies on the value of street trading, particularly in Nigeria, a couple of studies by Dipeolu et al. (2007) and Amoo et al. (2012), appeared to have provided some positive assessments of the subject matter, although their works were not completely focused on this specific objective. Dipeolu et al. (2007) examined the income-making capability of street food vendors in Ogun State and found it a very profitable venture from which the street vendors realized “substantial monthly income”. Amoo et al. (2012) also found a positive side to street trading, though not in financial terms. They found that through street trading, mothers obtained a means of livelihood and provided for their children.

Elsewhere in Botswana, Carol and Ongori (2013) found that street vending was both a source of income and employment for the urban poor. This finding was consistent with the structuralist and neo-liberal theories, as well as findings by Onodugo et al. (2016), and Adama (2020). The positive contribution of street trading to a country’s economic activity was also acknowledged by Bromley (2000). Thus, there seemed to be some consensus among research opinions that suggested that street trading is a valuable economic activity. Therefore, like every other economic activity that contributes to a country’s economy, street trading should be given room to contribute. It can be a good source of revenue for the government through the introduction of licensing fees and other forms of taxes.

Anetor (2015), in a study carried out using 10 purposely selected locations where street trading is prevalent in Lagos and a sample of 42 street vendors, made the following findings:
1. Street vendors sold a variety of merchandize and provided services that cut across different economic sectorial groupings.
2. Educational qualifications were not barriers to or differentiating factors among street traders.
3. Street trading was seen as a lifetime venture or career, with as many as 19% of respondents stating they have been in the business for between 10 and 20 years.
4. Street vendors often make multiples of the minimum wage of N30,000.00 (thirty thousand naira) monthly, depending on the nature of the goods traded in.

The research affirmed in its conclusion that the socio-economic lives of many Nigerians have been positively impacted by their active participation in street trading, which has allowed them to earn a livelihood. Street trading was also considered easy to start, thus making it possible for those who cannot find employment in the formal sector and can raise little financial capital to be economically productive, albeit informally.

Finally, Anetor (2015) suggested a few ways in which various government levels can integrate street trading into the wider economy. The suggestions included the need for governments to conduct a purposeful study of the areas where street trading is predominant to determine the population size of street vendors and to organize and accommodate them. It also suggested the provision of basic amenities to make the street markets hygienic and for governments to do all such things that will bring street traders into the tax net.

2.6. Statement of hypotheses

Thus, the following hypotheses were formulated and evaluated in the study:

**H1:** Salespersons employed by the chosen FMCG companies believe that street trading plays a part in enhancing their companies’ sales performance (Anetor, 2015; Otekhile & Matthew, 2017).

**H2:** The salespersons employed by the chosen FMCG companies consider street trading to be an established and essential component of their companies’ products distribution channels (Muthiani, 2009).

**H3:** The salespersons working for the chosen FMCG companies believe that their organizations have established well-defined criteria for assessing the impact of street trading on their sales targets (Adefulu et al., 2019; Thanga-raja, 2016).

**H4:** The salespersons within the chosen FMCG companies hold the perception that government policies have not acted as a hindrance to incorporating street trading as a distribution channel for their companies’ products (Adama, 2020; Akinwotu, 2016; Onodugo et al., 2016)

**H5:** The salespersons within the selected FMCG companies believe that collaboration efforts between FMCG companies and street trader groups could result in positive government policies regarding street trading (Otekhile & Matthew, 2017).
3. Methodology

3.1. Units of the study

The study adopted a survey approach to collect the necessary data. The participants were employees in the salesforce of six selected FMCG companies whose products have a nationwide reach. The focal companies were grouped by the Manufacturers Association of Nigeria (2019) into the Food, Beverage, and Tobacco (FBT) sub-sector. The products of these companies are mass-produced, low-cost, easily sold, and consumed in single or multiple-packaged units. Broadly, the finished products of companies in this group are packaged snacks, confectionery, baked products, water packed in either sachets or PET bottles, carbonated soft and sugared fizzy drinks, alcoholic and non-alcoholic beverages, cigarettes, and tobacco.

A major factor considered in selecting the FMCG companies for this study is the extent of the prevalence of their products among those carried by street vendors. It was observed that the street vendors tended to trade in fast-moving edible goods. These are items perceived to meet the needs of commuters held in vehicular traffic on the roads. Thus, six companies that fall into different categories of the broad FBT sub-sector were selected. The composition of the companies, their total workforce as of the time of the study, the number of persons in their respective salesforces, and the number of questionnaires distributed are presented in Table 1.

Table 1. Selected FMCG companies profiles and employees

<table>
<thead>
<tr>
<th>No.</th>
<th>* Company profiles</th>
<th>** Total employees</th>
<th>*** Salespersons</th>
<th>Research instrument distributed</th>
<th>Percentage of salespersons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Carbonated soft drinks</td>
<td>2700</td>
<td>86</td>
<td>54</td>
<td>63%</td>
</tr>
<tr>
<td>2</td>
<td>Snacks, baked products, and confectionery</td>
<td>472</td>
<td>61</td>
<td>35</td>
<td>57%</td>
</tr>
<tr>
<td>3</td>
<td>Sugared fizzy drinks</td>
<td>771</td>
<td>66</td>
<td>37</td>
<td>55%</td>
</tr>
<tr>
<td>4</td>
<td>Sugared fizzy drinks II</td>
<td>180</td>
<td>25</td>
<td>10</td>
<td>40%</td>
</tr>
<tr>
<td>5</td>
<td>Cigarettes and tobacco</td>
<td>641</td>
<td>58</td>
<td>32</td>
<td>55%</td>
</tr>
<tr>
<td>6</td>
<td>Packaged Water</td>
<td>34</td>
<td>12</td>
<td>6</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4798</td>
<td>308</td>
<td>174</td>
<td>56.5%</td>
</tr>
</tbody>
</table>

* Company profiles were used to mask the actual identities of the selected FMCG companies.
** Total number of employees obtained from the companies’ websites and Human Resources units.
*** Number of persons employed in the salesforce advised by the company’s HR units.

Source: Author’s own elaboration based on data obtained from companies’ websites and the Human Resources Units.
3.2. Sample size and sampling

The population of the study was limited to the employees of the six selected FMCG companies. However, study participants were only drawn from people employed in the sales departments of the selected FMCG companies. These participants cut across all levels, that is, non-supervisory, supervisory, managerial, and the directorate levels of the companies. The stratified random sampling approach was adopted to ensure the inclusion of sales employees across the various hierarchical levels and from each of these FMCG companies.

The research instrument was distributed with the support of the Human Resources Units (HRU) of the selected FMCG companies. Each of the HRUs had compiled a list of employees in their respective sales departments across all levels. The participants were thereafter selected from the stratified list of employees and directors. In all, a total of 174 participants participated in the study.

3.3. Research instrument

The research instrument was a 39-item Likert-scale questionnaire. The instrument was administered to 174 subjects drawn from the sales teams of the six selected FMCG companies. The sampling method was stratified random sampling, which ensured that participants cut across all hierarchical levels in these FMCG companies. Each research question had specific instrument items designed to elicit responses and contribute to answering them. The reliability test of the research instrument is depicted in Table 2.

**Table 2. Instrument reliability test**

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
<td>.910</td>
</tr>
</tbody>
</table>

Descriptive statistics were adopted for the analyses of the research questions based on which response category had the highest frequency. For the analysis, the five response options were ultimately grouped into three as follows:

Group 1: Disagree: those responses that were either “Disagree” or “Strongly disagree”.

Group 2: Neutral: those responses that were “Undecided”.

Group 3: Agree: those responses that were either “Agree” or “Strongly agree”.

3.4. Data analysis

The data analysis method adopted for the study was the chi-square test. This test method was adopted to establish the relationship in terms of the dependence or independence of variables. Based on the results (p values) obtained from the chi-square test, the formulated hypotheses were either accepted or rejected.

Furthermore, in carrying out the data analysis, the respondents were segmented by attributes such as gender, age, marital status, and so on. This segmentation approach was taken as all these attributes contribute to making the individual complete in this particular instance. They were also considered attributes that could shape the perceptions or theoretical understandings of these respondents on the subject matter.

3.5. Analysis of the research questions

There were five research questions that the study attempted to answer based on the responses from the participants. Each research question had specific questionnaire items designed to measure it, from which answers were drawn. The analyses were based on the responses obtained from 98 completed questionnaires out of the 174 that were administered. This implied a response rate of 56.32%.

**Research question 1: How do the salespersons perceive the contributions of street trading to the turnover performances of the selected FMCG companies?**

This research question was evaluated based on the responses obtained from the nine instrument items. A larger proportion of the respondents, i.e., 69.4%, essentially agreed with the National Bureau of Statistics (2016) on the size of the informal economy in Nigeria, in the sense that it is as large as the formal economy. A sizeable 88.8% of the respondents expressed an affirmative view that their organizations’ distribution channels consisted of both formal and informal players. The majority, which is 77.7% of the respondents, were aligned on the position that street trading enabled consumers to get access to goods at the right place when needed and at prices that were perceived to be right. Furthermore, street trading was considered by an overwhelming 80% of respondents to have positive impacts on the demand for FMCG products, thus resulting in increased sales volumes and higher turnover values.
A total of 70.4% of respondents were positive in their views that street vendors provided easy access for consumers to get their needed goods. About 65.3% of them agreed that street trading contributed to their ability to achieve their company’s sales target. It was observed from the responses that 79.6% of respondents alluded to street trading as being relevant to the distribution channels of FMCG companies.

Thus, it was deduced from the majority of responses obtained on all the questionnaire items that were designed to provide the answer to this research question that street trading as an informal economic activity has added value to FMCG companies’ businesses in Nigeria. Specifically, it was identified that street trading benefited FMCG companies in the following ways:

i. provided an active and reliable channel of distribution for FMCG companies’ products; and

ii. perceived to have contributed to the achievement of the overall sales objectives of these FMCG companies.

The summary of the chi-square results of respondents’ perceptions based on their segmentation attributes is presented in Table 3. Since all p values were > 0.05, the null hypothesis was accepted.

<table>
<thead>
<tr>
<th>Segmentation</th>
<th>Valid cases</th>
<th>p values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>98</td>
<td>0.636</td>
</tr>
<tr>
<td>Age</td>
<td>98</td>
<td>0.923</td>
</tr>
<tr>
<td>Marital status</td>
<td>98</td>
<td>0.973</td>
</tr>
<tr>
<td>Level of education</td>
<td>98</td>
<td>0.454</td>
</tr>
<tr>
<td>Job level within the organization</td>
<td>98</td>
<td>0.073</td>
</tr>
<tr>
<td>FMCG company</td>
<td>98</td>
<td>0.979</td>
</tr>
</tbody>
</table>

Research question 2: Do the salespersons consider street trading to be formally recognized and integrated as a distribution channel of the selected FMCG companies?

The views of a simple majority, represented by 57.2% of the respondents, were affirmative that FMCG companies tended to benefit from governments’ recognition of street traders. Those who expressed views in support of the integration of street traders into the formal distribution system of FMCG companies were 60.2% of the sales force respondents. A total of 75%, that is, 3 out of every 4 respondents, affirmed that street trading was very much integral to the distribution system of FMCG companies’ products.
Slightly more than half, that is, 52% of the study participants, asserted that it was cheaper to distribute their company’s products through street vendors than through other channels of distribution. This optimism was not shared by 13.3% of the respondents, who expressed opposing views. The remaining 34.7% were undecided on their position. On the recognition and integration of street traders as part of the distribution channels of the selected FMCG companies, a higher number of respondents expressed that their companies had done neither. Those who affirmed that their organizations already recognized street vendors as an integral part of their marketing distribution channels were 35.7% of the participants, thus a simple majority. Those who disagreed or maintained a neutral position on this were proportionately spread.

Those who dissented from street vendors being facilitators of the last mile consumer reach for their products were 7%, but the majority of respondents, represented by 68%, expressed supporting views. This implies that twice as many of the respondents who either disagreed or were undecided held the view that street trading benefited their companies by providing the link to the last mile consumer. Another attribute measured was whether distribution costs constituted the highest cost among the different elements of the marketing mix. A total of 60 respondents, representing 61.2%, agreed that distribution channel costs were the highest among the marketing mix elements. Almost three out of every four respondents, that is, 73.5% of the respondents, were positive about the preferences of their organizations for the adoption of relatively cheaper channels for the distribution of their products. The data previously presented implied that FMCG companies tended to lean more towards cheaper channels for the distribution of their products.

The likelihood for FMCG companies to integrate street trading into their channel of distribution was supported by the responses obtained on the recognition and inclusion of both formal and informal channels in the distribution of their products. The majority, represented by 79.6%, or four out of every five participants, expressed that FMCG companies should recognize and integrate formal and informal players into their distribution channels to make the distribution of their products efficient and effective.

Therefore, drawing from the above presentations, the observation concerning this research question appeared to be confirmatory. Although the FMCG companies have not given formal recognition to street trading as a channel of distribution, a high number of respondents affirmed that their organizations considered street trading to be a cheaper channel for the distribution of their prod-
ucts and would likely adopt any relatively cheaper channel. Furthermore, a larger proportion of respondents asserted that FMCG companies should seek to integrate both formal and informal players into their channels of distribution. These positions reinforced the positive impact of street trading in helping to get FMCG companies’ products to the last-mile consumers who may be in remote hinterlands.

The summary of the chi-square results of respondents’ perceptions based on their segmentation attributes is presented in Table 4. Since all p values were > 0.05, the null hypothesis was accepted.

### Table 4. Hypothesis 2 test results

<table>
<thead>
<tr>
<th>Segmentation</th>
<th>Valid cases</th>
<th>p values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>98</td>
<td>0.363</td>
</tr>
<tr>
<td>Age</td>
<td>98</td>
<td>0.681</td>
</tr>
<tr>
<td>Marital status</td>
<td>98</td>
<td>0.983</td>
</tr>
<tr>
<td>Level of education</td>
<td>98</td>
<td>0.5</td>
</tr>
<tr>
<td>Job level within the organization</td>
<td>98</td>
<td>0.817</td>
</tr>
<tr>
<td>FMCG company</td>
<td>98</td>
<td>0.346</td>
</tr>
</tbody>
</table>

**Research question 3:** Can the sales personnel affirm whether or not the selected FMCG companies have the necessary parameters for evaluating the contributions of street trading to their companies’ performances?

An overwhelming 89 that is, 90.8% of the participants, expressed different degrees of positive responses, indicating that channels of distribution must be monitored and contributions appraised. The opinions of participants were, however, almost evenly balanced between supporting and contrary views on the existence of performance measurement criteria for the evaluation of street traders’ contributions to the turnover and profit objectives of their organizations. Thirty-nine percent (39.8%) affirmed that their organizations had some parameters in place, whereas 37.8% of the respondents expressed views that suggested that their organizations had not put in place any performance measures to track the contributions of street vendors to their companies’ sales objectives. The slim difference notwithstanding, the affirmative views appeared to support the idea that FMCG companies evaluated or had established parameters for measuring the contributions of street traders to the achievement of their objectives.

A similar trend of responses was observed for the contribution of street trading to the retail sales of FMCG companies. The split was 42% that agreed and 39% that disagreed, with street vending contributing more than all other modes of retailing their products. Again, three out of every four respondents, that is, 73.5%, were affirmative in their perception of street trading as a major
contributor to the depths of penetration and in making the products of FMCG companies available in rural areas. Interestingly, it was observed from the responses of the majority (41.8%) of the respondents that the role played by street vendors in distributing their firms’ products did not in any way reduce their spending on periodic sales promotional activities. A third of the respondents, or 33.7%, expressed the view that street trading had helped their organizations reduce the amount spent on periodic sales promotion of their products.

The objective of research question 3 was to establish if they perceive or are aware that their organizations have parameters for measuring the contributions of street trading to their businesses. The responses reflected some degree of divergence, with slim differences between supporting and contrary views. The observation that respondents’ views slightly aligned favorably to lend support to the perception that FMCG had formalized criteria for measuring the contributions of street trading was deemed inadequate to take a categorical position.

The summary of the chi-square results of respondents perceptions based on their segmentation attributes is presented in Table 5.

**Table 5. Hypothesis 3 test results**

<table>
<thead>
<tr>
<th>Segmentation</th>
<th>Valid cases</th>
<th>p values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>98</td>
<td>0.347</td>
</tr>
<tr>
<td>Age</td>
<td>98</td>
<td>0.058</td>
</tr>
<tr>
<td>Marital status</td>
<td>98</td>
<td>0.000</td>
</tr>
<tr>
<td>Level of education</td>
<td>98</td>
<td>0.057</td>
</tr>
<tr>
<td>Job level within the organization</td>
<td>98</td>
<td>0.448</td>
</tr>
<tr>
<td>FMCG company</td>
<td>98</td>
<td>0.017</td>
</tr>
</tbody>
</table>

These results showed that two out of the six attributes of respondents returned P values that were < 0.05, whereas the other four attributes had p values that were > 0.05. As the results were mixed, the null hypothesis was rejected in this case. Consequently, the data did not fully support the respondents’ views that their FMCG companies may have put in place formalized criteria for the measurement of street trading’s impact on their sales.
Research question 4: What factors can the sales personnel adduce as impeding the selected FMCG companies from recognizing street trading as a channel of distribution for their products?

This research question aimed to get insights into the factors impeding the formal recognition and non-integration of street trading into the channels of distribution of FMCG companies. The measurement was carried out with five questionnaire items.

Forty-eight percent of the respondents, which was the highest response, countered that the imposition of a ban on street trading was a factor responsible for FMCG companies’ lack of recognition of street trading. This majority view was a departure from the notion or thoughts that prohibitive laws by governments prevented FMCG companies from formally engaging street traders to distribute their products. Similarly, 59% of the respondents disagreed that street trading did not play a positive role in the distribution of their goods. Thus, respondents expressed the view that other reasons, not the inability of street trading to impact their business positively, might be responsible for their organization’s non-recognition.

Similarly, the majority of respondents expressed that the perception or tagging of street trading as a menace did not inform their organization’s position on the recognition of street trading as a channel of distribution. More than half, that is 55% of the respondents, disagreed on the social menace factor as a barrier that their organizations considered, while a minority of 13% agreed on it. One-third of the respondents were, however, silent on this factor as an impediment to the recognition of street trading by FMCG companies. Consequently, going by the views expressed by the majority of the respondents, the perception that street trading constituted a social menace appeared not to be a major hindrance to FMCG companies recognizing it as a channel of distribution for their products.

A similar trend was observed in the responses on environmental pollution such as littering and indiscriminate dumping of refuse, which has been a factor preventing the FMCG companies from recognizing street trading. The observations showed that 53% did not support this view, whereas 18% agreed that environmental pollution considerations barred their companies from recognizing street trading as a channel of distribution, and 29% were undecided about the impact of this factor. Consequently, it can be posited from the observations that consideration of environmental pollution did not constitute a factor that prevented FMCG companies from recognizing street trading as a distribution channel.
Another factor that was considered a possible reason for FMCG companies not adopting street trading as a channel of distribution was the type of products marketed. The data gathered from respondents appeared to discountenance this factor. Of the respondents, 52% expressed varying degrees of disagreement that the nature of the products of the FMCG companies hindered their recognition of street trading. Those who considered the type of their products not suitable for street trading were 27.5%. The remaining one-fifth were undecided about whether product type constituted an impediment or not to the organization’s position on street trading.

The summary of the chi-square results of respondents’ perceptions based on their segmentation attributes is presented in Table 6.

<table>
<thead>
<tr>
<th>Segmentation</th>
<th>Valid cases</th>
<th>p values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>98</td>
<td>0.243</td>
</tr>
<tr>
<td>Age</td>
<td>98</td>
<td>0.087</td>
</tr>
<tr>
<td>Marital status</td>
<td>98</td>
<td>0.968</td>
</tr>
<tr>
<td>Level of education</td>
<td>98</td>
<td>0.343</td>
</tr>
<tr>
<td>Job level within the organization</td>
<td>98</td>
<td>0.665</td>
</tr>
<tr>
<td>FMCG company</td>
<td>98</td>
<td>0.002</td>
</tr>
</tbody>
</table>

One categorization attribute, that is, the FMCG company type to which respondents belonged, showed a result of $P = 0.002$ that was not statistically significant. However, all other attributes were largely statistically significant with their $p$ values $> 0.05$. This singular differential result from the major trend was deemed insufficient reason to warrant the rejection of the null hypothesis. Consequently, the null hypothesis was accepted.

**Research question 5:** What options do the sales personnel consider that street traders and FMCG companies can adopt to influence the government and their agencies for friendlier policies towards street trading?

This research question was evaluated with nine questionnaire items. The objective was to identify measures that the sales personnel of the selected FMCG companies perceive as favorable to street traders and that FMCG companies can adopt if governments adopt favorable and accommodating policies.

A total of 64% of respondents were positive in their responses, saying that collaboration between FMCG companies and street traders was desirable in pushing for the recognition of street trading by government regulatory agencies. Around the same number of respondents, that is, two-thirds (67.4%), further
agreed that such collaboration should be to enthrone positive regulatory measures. This affirmative trend was re-established with the majority of the respondents, 59.2%, agreeing that the recognition of street trading by governments and their regulatory agencies would make it more productive and sustainable than it is presently. It was also observed that more than half (55.4%) of the respondents wished for FMCG companies to actively lobby for the enactment of laws or policy measures that would favorably recognize street trading.

The advantages or disadvantages of organizing street traders into cooperative groups were evaluated. Those who supported the idea that such an idea would lead to improved management of street traders were 72% of the respondents. Almost 3 of 4 respondents, or 74.2%, agreed on collaboration between FMCG companies and government agencies for the design of systems that would align street trading with the UN sustainable development goals. The vocational entrepreneurship and job creation angle to lending credence for governments to recognize street trading was supported by 70.4% of the participants.

In the responses of participants on measures to address the environmental challenges posed by street trading, 69.4% of the participants supported the idea of FMCG companies and street traders implementing environmental cleanliness activities. Slightly more than a third, that is, 70.4% of the respondents, supported the idea that FMCG companies should push for government town planning agencies to incorporate authorized points where street trading will be permitted within urban developed areas.

The summary of the chi-square results of respondents’ perceptions based on their segmentation attributes is presented in Table 7.

Table 7. Hypothesis 5 test results

<table>
<thead>
<tr>
<th>Segmentation</th>
<th>Valid cases</th>
<th>p values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>98</td>
<td>0.076</td>
</tr>
<tr>
<td>Age</td>
<td>98</td>
<td>0.246</td>
</tr>
<tr>
<td>Marital status</td>
<td>98</td>
<td>0.766</td>
</tr>
<tr>
<td>Level of education</td>
<td>98</td>
<td>0.000</td>
</tr>
<tr>
<td>Job level within the organization</td>
<td>98</td>
<td>0.123</td>
</tr>
<tr>
<td>FMCG company</td>
<td>98</td>
<td>0.461</td>
</tr>
</tbody>
</table>

Again, the above result reflected that all but one categorical attribute had p values > 0.05. The only variation was with the categorization attribute, which has to do with the level of education possessed by respondents, which turned out to have a P value of 0.000. As the results were largely statistically significant, the null hypothesis was accepted.
4. Discussions and recommendations

4.1. Findings

The major findings of the study discussed in this section are now summarized in Table 8.

Table 8. Summary of findings

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Perception of some degree of relationship between street trading and sales revenue among the FMCG companies whose employees participated in the study.</td>
</tr>
<tr>
<td>2</td>
<td>The respondents’ perception was that street trading was already an integral part of the distribution channels of the FMCG companies they worked for.</td>
</tr>
<tr>
<td>3</td>
<td>Mixed views of the salespersons on the existence of parameters with which their firms measure the contributions of street trading.</td>
</tr>
<tr>
<td>4</td>
<td>Salespersons perceived that government policies towards street trading were not hindering factors in their companies’ recognition of street traders.</td>
</tr>
<tr>
<td>5</td>
<td>Salespersons suggested collaboration between FMCG companies and street traders groups to seek ways to influence the enactment of more favorable policies by government regulators.</td>
</tr>
</tbody>
</table>

Odupitan (2017) alluded to the first finding with the assertion that effective distribution strategies impact the turnover and profitability of FMCG companies. Similarly, Trihatmoko et al. (2018), posited that distribution strategy is a major determinant of the success of any product in the highly competitive FMCG market. Therefore, FMCG companies may consider and adopt street trading as part of their channels of distribution.

The second finding stated in the above table showed consistency with the observed trend of street traders’ activities. Street traders who ply their trade in vehicular traffic and by the roadside are observed to carry products of companies in the FMCG category. They predominantly participate in the retail sales of mass-produced, relatively cheap products and are, in fact, part of the retail chain. They break bulk for wholesalers and major distributors who are higher up in the distribution channels of FMCG companies. They also help the FMCG companies’ distribution networks in terms of their ability to penetrate remote areas where the bigger distributors may not reach.

Thirdly, the study revealed mixed results about the perception of salespersons about whether or not their organizations had set parameters to measure the contributions of street trading. The majority of the respondents were affirmative that the selected FMCG companies had criteria for the assessment of the contributions of street trading to their businesses. Although the null hypothesis was
rejected due to the result of the chi-square test, the views expressed by the sales employees aligned with those of Adefulu et al. (2019). The scholars suggested that consumer goods companies should have definite performance standards to measure the effectiveness of their distribution channel strategy.

Furthermore, the study found that the government’s policies, such as the prohibition of street trading, were not considered by the salespersons to be responsible for the non-inclusion of street trading in their companies’ recognized distribution channels. This finding was a departure from those of some previous literature and reports on the effects government prohibition laws have on street trading (Adama, 2020; Akinwotu, 2016; Onodugo et al., 2016). The finding reflected the position of Anetor (2015) that there are other reasons FMCG companies did not formally recognize street trading as a distribution channel, not as a result of the action of governments and their regulatory agencies.

An approach suggested by the study was for FMCG companies and street traders to collaborate. The salespersons expressed the perception that, with collaboration, FMCG companies and street traders groups can push for changes to governments’ perceptions and their treatment of street trading. Such changes could make it possible for street trading to be better integrated into the formal economic structure. The finding aligned with the post-modernist view that street trading should be considered a legitimate activity that provides economic growth (Cross, 2000).

4.2. Additional findings from the study

Street trading is a major component of the informal channel of distribution and provides a veritable medium that final consumers patronize. Street trading helps extend the reach of FMCG companies’ products to remote and rural areas. Consequently, FMCG companies should utilize both formal and informal channels for the distribution of their products.

The participants from the selected FMCG companies affirmed that distribution costs were the highest among the marketing mix elements. In the same vein, participants expressed that street trading is a relatively cheaper channel for the distribution of FMCG goods.

Study participants did not see any significant impact of street trading on lowering their organizations’ expenditures in the areas of sales promotions.

The salespersons suggested that companies in the FMCG category and any organized body of street traders should actively seek areas where they can work
with government agencies. Such collaborations will help harness the economic benefits of street trading in alignment with the tenets of the UN Sustainable Development Goals (SDGs). A major goal of the SDGs is to address social issues such as unemployment and the prevalence of poverty.

5. Conclusions

5.1. Final analysis

The following conclusions were drawn from the study. It is worthwhile for FMCG companies to consider the formal integration of street trading into their distribution channels. This can be done by FMCG companies through the development and implementation of models that suit their specific operations and desired goals. One such model could be the creation of clusters of street traders in specific locations assigned to other trade partners higher in the distribution chain. Alternatively, such clusters of street traders can be managed directly by an employee of the company assigned to oversee the channel. The model must be robust enough to ensure that policy issues on selling prices, operating boundaries, stability of tenure, and others are communicated, monitored for compliance, and possibly rewarded where necessary.

Performance evaluation criteria are necessary to assess the impact of street trading where it is recognized and utilized as a distribution channel. Individual FMCG companies should therefore establish and standardize the parameters that will suit their specific operations. Such parameters should be communicated to those who will be directly responsible for the management of this channel of distribution.

That the regulatory policies of the government are not to be seen as impediments to the adoption of street trading as a distribution channel. Other factors have prevented FMCG companies from fully embracing street trading. It will therefore be beneficial to the companies if they identify and address these inhibiting factors in the adoption of street trading.

Regardless of the informal nature of street trading, it is a viable economic activity that should be harnessed. Street traders themselves can make an impact by organizing themselves into groups. Such groups can help with putting some formal structure in place that will affect how street traders are perceived and treated by others, particularly the regulatory agencies.
It is feasible for both FMCG companies and street traders groups to collaborate and lobby the government for favorable policies towards street trading. Such collaborative efforts should seek to obtain the buy-in of regulators on the positive impacts of street trading.

The government, for its part, should see street trading as a worthy economic activity and find ways in which it can be accommodated. This is particularly so in the case of Nigeria, where the informal trade sector tends to be as large as the formal sector. Urban planning authorities can drive the idea of accommodating street trading by providing zones within urban areas where street trading is allowed.

### 5.2. Limitations of the study

There is no pretense that this study has its limitations, especially as it is considered a pioneering effort to synthesize the place of street trading as a distribution channel among the available literature. The first limitation is the scope of its coverage. The study could not have possibly covered the whole spectrum of the subject of the effectiveness of street trading as a channel of distribution. As stated earlier in this study, the phenomenon of street trading cuts across business concerns; street traders virtually carry the stocks of all forms of manufactured goods. Companies in the intangible goods sector have also found street trading to be a route for marketing their services. These, therefore, suggest that there are several angles to the study of this subject matter.

Another area of limitation is the design of the study. This drawback here will include issues such as the industry focused on, the size of the participants, and the number of FMCG companies they were drawn from. A longitudinal study focused on the same subject area but with more participants drawn from more companies may obtain different results from those of this study. Finally, considerations for environmental and socio-cultural factors and the sophistry of the locations of the FMCG companies may also place some limitations. The location of the companies selected for the study was Lagos State, in south-west Nigeria. The state can be considered the commercial nerve center of the country, and results from research conducted therein may be assumed to be applicable countrywide. However, this may not be so as a result of the aforementioned factors, which differ among the regions that make up the country.
5.3. Gaps in the literature and suggestions for future studies

Following from the limitations of the study as stated in the previous section, it is pertinent that suggestions be made to guide any future research interests on the subject matter of the foregoing studies.

There is no doubt that gaps exist in terms of the areas yet to be covered in street trading, even though it has been studied by various scholars from many different perspectives. Some of the perspectives of the study include its business and entrepreneurship opportunities, the health and safety issues affecting it, and other social implications. There are several study interests that focus on the demographics of street traders and the impacts street trading has on urban development planning. Other literature materials that explore the formal and informal dichotomy of street trading can also be found. Some of these previous studies, which showed the economic worth of street traders, suggested the integration of street trading into the formal economic system.

Studies on the subject matter of street trading have explored such angles as its contributions to the reduction of unemployment and poverty and the political and territorial considerations that influence regulatory and municipal agents’ dispositions. Similarly, there have been several studies on channels of distribution covering topics such as theories, types, and forms and their strategic factors for business success in terms of superior turnover, profitability, and long-term sustainability.

It is important to state that future studies in this area and related subject matter can provide more valuable contributions by expanding the number of companies covered or exploring other angles not covered by the scope of this study. Future studies can equally be conducted to explore the relationship and impact that street trading has on other participants in the distribution chain. They may also employ the use of more rigorous analytical methods for the evaluation of the impacts of street trading on the operations of those companies that have adopted or may adopt it as a distribution channel.

Other areas that future studies may explore are the perspectives of the street traders themselves and their thoughts regarding the impacts they make on the organizations whose goods they sell. Such perspectives could lead to a better understanding of the volume, product mix, and profitability of the FMCG products they sell. This can also provide insight into the stability of street trading as a distribution channel as well as strategies for the effective management of street traders. Finally, studies can also be conducted to compare the effectiveness of street trading with other channels of distribution.
Disclosure statement

No potential conflict of interest was reported by the author(s).

References


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