

How brands can gain access to the \$10tn informal economy

The Chief Marketing Officer (CMO) Council recently raised the question; "Who is going to win the race to digitally transform the world's informal economy?" in the latest edition of its quarterly *PeerSphere* digital magazine.



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The CMO Council notes that omnichannel experience management, a hot button of big brands in today's connected economy, has yet to resonate in the \$10tn informal sector, which ranks second only to the US, the world's largest consumer market in terms of transactional volume.

Typically, the shadow or underground economy includes street vendors, merchants in open-air bazaars, hawkers, peddlers, food cart/truck operators, sidewalk artists/performers, counterfeit product or trinket sellers, rural traders, drug dealers, and domestic or sex trade workers. In India alone, there are 10 million street vendors.

More sales from informal retailers

Few, if any, have bank accounts. Many are illegals, exiles or migrants. Most don't pay taxes and only transact with cash. Payment options are limited. There is little or no regulation, merchant protection or controls. Perhaps they might trade merchandise for cell phone time or in-kind services. Few have formal business identities and commercial licenses. Customer care and handling can range from personal and intimate to hostile and wary.

New FinTech start-ups are seeking to address the informal economy with innovative forms of mobile payment and money transfer (remittances) in emerging markets. Globally, some 2 billion people lack access to formal financial services, and both banks and category disruptors are scrambling to figure out ways to reach and engage the under-served in emerging markets.

According to third-party research, Procter & Gamble derives more sales from informal retailers than it does from Walmart. Corporates like Unilever and GSK are now using SMS-based, data-enabled systems to manage distribution to street merchants.

Effective partnerships and maximise omnichannel success

Ironically, in a recent study by the Chief Marketing Officer (CMO) Council—titled “Getting Serious About the Omni-Channel Experience: Making Customer Value Creation the New Competitive Equation”—a survey concluded that more than 80 percent of marketers felt their brands rely heavily on global connectivity, secure digital communications, real-time interaction with customers and multi-channel content delivery.

The cover story in the latest issue of *PeerSphere* – the CMO Council’s quarterly *eJournal* – explores perspectives from both telco and non-telco brand marketers around the opportunities that exist when it comes to amplifying omnichannel experiences and creating deeper connections with their customers. It also focuses on the findings of the full report – now available for purchase – and shares the requirements for the full ecosystem in order to establish effective partnerships and maximise omnichannel success.

PeerSphere is available on a complimentary basis to CMO Council members courtesy of our sponsor, Thomson Reuters. For more information or to view the issue [here](#).

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