

Analysis of Relational Loyalty Strategies in Informal Trade: A Study of Small Retailers Practices in Lubumbashi

Mushibwe Kapansa Lilianne

Senior Lecturer at the University of Lubumbashi

Abstract: *This study highlights the significance of informal trade in Lubumbashi and its role in the economic survival of local populations. It employs a mixed-methods approach combining surveys, interviews, and observations to analyze customer loyalty strategies. The results indicate that dominant practices revolve around welcoming customers, service quality, attentive listening, and customer relationships. These findings align with loyalty theories, particularly those of Lehu and Barouch, which emphasize customer satisfaction and orientation. Laethem's one-to-one marketing approach is also confirmed through the informal personalization of offers. Ducret's theory regarding micro and small enterprises is validated by the merchants' adaptability despite limited resources. However, a gap exists between theory and practice, mainly due to the lack of formalization and modern tools. The study also reveals that strategies are largely intuitive rather than structured. Data triangulation enhances the reliability of the results by demonstrating convergence between qualitative and quantitative findings.*

Keywords: relational loyalty strategies, informal trade

1. Introduction

In Lubumbashi, informal trade plays a central role in local economic dynamics. In a context marked by scarce formal employment in the Democratic Republic of the Congo, many residents turn to informal commercial activities to secure their livelihoods. This sector thus represents a pragmatic response to socio-economic challenges and significantly contributes to the vibrancy of urban exchanges. In this highly competitive environment, informal traders develop various strategies to attract and retain their clientele.

Such strategies notably include flexible price adjustments, discounts for regular customers, personalized offers, and particular attention to service quality. These practices reflect a commercial expertise based on proximity and trust between sellers and buyers. Studying these mechanisms allows for a better understanding of the operational logic structuring informal trade and highlights the skills developed by actors in this sector. It can also provide valuable insights for guiding public policies aimed at supporting and enhancing informal economic activities.

2. Theoretical Foundations

This section is devoted to the theoretical foundations of the study. It presents the main concepts, approaches, and analytical frameworks that enable an understanding of customer loyalty strategies in informal trade. By defining key terms, reviewing relevant theories, and outlining the state of research, it provides an essential scientific basis for interpreting the results and situating the study within existing literature.

2.1. Definition of Concepts

This section provides definitions of the primary concepts used in this study to clarify their meaning and facilitate the comprehension of the analysis.

2.1.1. Relational Loyalty Strategies

According to Berry (1983), relational loyalty strategies are based on establishing durable relationships between businesses and their customers. They aim to create trust through continuous and personalized interactions. The author emphasizes that the quality of the relationship takes precedence over mere transactions. Loyalty is thus understood as a long-term process centered on customer satisfaction and engagement.

For Grönroos (1994), relational strategies fall within a relationship marketing framework, where the objective is to maintain and strengthen relationships with existing customers. He highlights the importance of interactions and communication in building loyalty. Customer-perceived value plays a crucial role in this process, meaning that loyalty depends on the ability to continuously meet customer expectations.

According to Kotler and Keller (2016), relational loyalty strategies encompass all actions aimed at developing strong and lasting relationships with clients. These include personalized offers, customer follow-up, and improving the overall customer experience. The authors emphasize the importance of understanding the customer to tailor services effectively. Consequently, effective customer relationship management enhances both loyalty and long-term profitability.

2.1.2. Informal Trade

Hart (1973) defines informal trade as all economic activities conducted outside formal economic structures, without regulation or institutional protection. It includes individual initiatives often based on resourcefulness and self-employment. The author notes that this sector addresses the shortage of formal employment, playing a crucial role in urban populations' survival.

According to the International Labour Organization (ILO, 2002), informal trade comprises unregistered production units, characterized by weak organization and the absence of social protection. It is distinguished by flexible operations and easy entry for actors. The ILO highlights its importance in job creation despite its precariousness, contributing significantly to the economies of developing countries.

De Soto (1989) argues that informal trade arises from administrative and legal constraints limiting access to the formal economy. Actors thus operate on the margins of the official system to avoid costs and regulatory burdens. He emphasizes the dynamism and economic potential of this sector, viewing informality as more a strategy of adaptation than mere economic disorder.

2.2. Theories of the Study

This section presents the main theories employed in this study to provide an analytical framework for interpreting the results.

2.2.1. Customer Marketing or One-to-One Marketing Theory (Laethem, 2005)

Proposed by Laethem in 2005, customer marketing, also known as one-to-one marketing, highlights the importance of a personalized approach in managing customer relationships. It is based on the idea that each consumer has specific needs that require tailored responses. This approach involves using innovative tools and techniques to better understand customer preferences and adjust offerings accordingly. Its aim is to establish a durable relationship built on trust and satisfaction. In this perspective, loyalty becomes a central strategic objective for businesses. By enhancing the customer experience and valuing relational proximity, this theory helps strengthen consumer loyalty. It provides a relevant framework for understanding loyalty mechanisms across different economic contexts.

2.2.2. Customer Loyalty Theory (Lehu, 2003)

Lehu's (2003) loyalty theory emphasizes the importance of retaining existing customers rather than focusing solely on acquiring new ones. According to the author, loyalty constitutes a key strategic lever as it is often more profitable and contributes to business stability, especially in competitive environments. He distinguishes two main approaches: the behaviorist approach, based on analyzing purchasing behaviors, and the cognitive approach, which considers consumer attitudes and perceptions toward the brand. Furthermore, Lehu identifies two forms of loyalty: induced loyalty, resulting from constraint or lock-in mechanisms, and sought-after loyalty, which aims to attract and satisfy the customer sustainably. This theory thus highlights the different dimensions of loyalty and the strategies to strengthen it.

2.2.3. Ducret's Theory (2016) on Very Small Enterprises

Ducret's theory (2016) focuses on the challenges and characteristics of very small enterprises (VSEs), defined as businesses employing fewer than ten employees. It highlights the central role of the owner, who often manages the business alone or with minimal support, and emphasizes the importance of versatility. According to Ducret, the success of these enterprises depends on the owner's ability to efficiently

manage time, financial resources, and skills. The theory also underscores the need for adaptability and innovation to cope with constraints arising from limited size and competitive environments.

2.3. State of the Research

Tettey, Aggrey, and Acheampong (2022) examined the impact of relationship marketing on customer loyalty in Ghana's informal economy. Their quantitative study of 229 clients of informal operators in Accra revealed that commitment is the primary driver of loyalty, while trust and conflict management are significantly strengthened by perceived customer value. This study underscores the importance of relational practices in informal contexts, where direct interactions influence customer retention.

Eliakira Nnko and John (2023) explored client retention practices in micro and small agri-food enterprises in Tanzania. Using data from 302 business owners, they observed that practices focused on customer needs, competitive analysis, and positive relational behaviors enhance loyalty. The study emphasizes that even in highly competitive sectors, relational practices help strengthen customer ties.

A study on retention practices and performance in micro and small enterprises in rural Ethiopia showed that customer relationship strategies, service quality, and staff training positively influence loyalty and performance. Although focused on micro-markets—formal and informal—this research demonstrates that attention to relationships and customer satisfaction remains crucial for sustaining business activities in contexts similar to informal trade.

Boudreaux et al. (2021) investigated the role of social capital in the productivity of informal small businesses, highlighting the link between customer relationships and business performance. Surveying nearly 2,000 entrepreneurs in Zambia, they found that strong customer relationships mediate the connection between internal resources and economic outcomes, reinforcing the idea that quality relationships promote loyalty and stability in small informal enterprises.

3. Presentation of Lubumbashi

Lubumbashi, the second-largest city in the Democratic Republic of the Congo, is the capital of Haut-Katanga Province. Located in the southeast near the Zambian border, it serves as a strategic economic and commercial hub. The city's history is closely tied to mining, particularly copper and cobalt, which drives its economy. Its industrial development attracts numerous workers and entrepreneurs, contributing to vibrant markets and a flourishing informal trade sector.

Lubumbashi's population is young and predominantly urban, with a high proportion engaged in the informal sector. Faced with scarce formal employment and high unemployment rates, many residents turn to small-scale commercial activities for livelihood. Street vending, local markets, and micro-enterprises thus form an essential part of the local economy, offering flexibility and opportunities for self-employment.

They also reflect the ingenuity of merchants in meeting the population's daily needs.

Informal trade in Lubumbashi is characterized by the diversity of products and services offered, ranging from food to everyday consumer goods. Interactions between merchants and customers are often based on proximity, trust, and personalized service. In this context, customer loyalty becomes central to business sustainability. Merchants develop relational strategies to attract and retain clients, including warm reception, attentive listening, product quality, and sometimes credit or promotions.

Lubumbashi's cultural and economic diversity fosters a competitive environment, requiring merchants to continuously adapt their practices. The city provides a fertile ground for commercial innovation and experimentation with relational strategies. Micro-entrepreneurs combine skills, interpersonal relationships, and local market knowledge as an asset for strengthening customer loyalty. Studying these practices in informal trade thus helps to better understand the city's economic and social dynamics.

4. Methodological Framework

This study employed a survey method supported by multiple data collection techniques. Structured interviews were conducted with informal traders to gather detailed information on their customer loyalty practices and their business experiences. Additionally, site visits to sales points were carried out to directly observe interactions between merchants and customers, as well as the various strategies used to attract and maintain clientele. Complementary questionnaires were administered to a sample of traders to collect quantitative data for identifying and measuring factors influencing customer loyalty.

Collected data were subjected to rigorous analysis. Thematic coding was first performed to identify recurring themes in qualitative data and highlight key trends. Data triangulation was then applied, cross-referencing information obtained from different collection methods to enhance the reliability and validity of the results. For statistical processing, principal component analysis was used to synthesize information and reveal relationships between variables. These methodological approaches aimed to provide a comprehensive understanding of customer loyalty practices in Lubumbashi's informal sector.

5. Data Presentation and Analysis

This study focuses on the gap between current knowledge and the needs of Lubumbashi's informal traders regarding customer loyalty. It seeks to identify informal commercial practices such as personalized offers, reception, attentive listening, and personal interactions- that influence customer loyalty and to determine the most effective methods to strengthen it. The hypotheses posit that these practices, combined with affordable pricing and skill development among traders, improve customer retention. The primary objective is to analyze the impact of relational strategies and catalog the most relevant techniques for sustaining small-scale trade in an informal context.

Objective 1: *Identify specific practices that promote loyalty and analyze the impact of informal commercial practices on customer retention in Lubumbashi's small trade sector.*

The analysis of loyalty practices across Lubumbashi's communes highlights several key approaches. Warm reception, politeness, and courteous language are emphasized in all communes studied, while product quality at affordable prices is particularly noted in Katuba, Kenya, Kamalondo, and Lubumbashi. Consistent product availability is also central in Katuba, Kenya, Kamalondo, Lubumbashi, and Kampemba. Certain communes, such as Kenya, Katuba, Kampemba, and Ruashi, offer special deals, discounts, or gifts to retain clients, while payment facilitation or credit is used in Kampemba, Kamalondo, Katuba, and Lubumbashi. Active listening and feedback incorporation are observed throughout, while after-sales service is present in Katuba, Kampemba, and Kamalondo, and offer personalization appears in Kampemba and Commune Annexe.

Objective 2: *Identify the most effective techniques used by informal sector traders to enhance customer loyalty and recommend those best suited to strengthening loyalty and sustaining their activities.*

Effective methods (from survey and interview data) include:

- Courteous reception and polite language, cited across all communes as determinants of loyalty.
- Loyalty programs, bonuses, and cards, mentioned in Kamalondo, Kampemba, and Katuba.
- Post-purchase follow-up and regular contact in Kampemba, Kenya, and Katuba.
- Regular discounts and promotions in Lubumbashi, Kenya, and Katuba.
- Adaptation to customer needs through listening, personalization, and offer adjustment, confirmed by survey responses.
- Efficient complaint management, including records and continuous improvement, observed in Ruashi, Kenya, Katuba, and Kamalondo.

Lubumbashi's communes implement varied loyalty strategies, centered on service quality, reception, politeness, communication, and product availability. Promotions, discounts, loyalty cards, and special events are frequently used to strengthen client relationships. Each commune adapts its practices based on its profile and customer expectations.

Regarding returns and customer satisfaction, merchants prioritize listening, post-purchase follow-up, after-sales service, and systematic recording of complaints. Responses to complaints are generally proactive, ranging from simple resolution to personalized solutions, fostering durable trust-based relationships.

Overall, observed approaches reveal a strong customer orientation in all communes, combining humanity, transparency, and responsiveness. Strategies, although sometimes informal, effectively reinforce loyalty, improve satisfaction, and create a competitive advantage in local trade. Each commune thus demonstrates a balance between service quality, innovation in customer relations, and adaptation to local realities.

5.1. Interpretation of Results

1) Lubumbashi

The study shows that 61 out of 96 merchants do not possess any official documents, confirming the informality of their activities despite a young and educated population. Customer loyalty relies primarily on responsiveness, client relationships, credit, bonuses, and occasional price reductions, while warm reception, courteous language, and service quality remain the most decisive factors. However, merchants face resource constraints, competition, and changing customer expectations, highlighting the need for training and marketing tools.

2) Katuba

The findings reveal a high level of informal commercial practices, with 29 out of 39 merchants lacking official documentation. Client retention relies mainly on relational strategies, particularly customer relations and responsiveness, while bonuses, credit, and price adjustments are used to a lesser extent. Key influential factors include warm reception, product quality, and courteous language, although competitive pricing is also mentioned. Merchants face challenges such as limited funding, competition, and difficulty evaluating their strategies, which explains their desire for training, suitable tools, and marketing guidance.

3) Kapemba

The study indicates a high degree of informal commercial practices, with 18 out of 30 merchants lacking legal documentation. Customer loyalty depends primarily on client relationships and responsiveness, while credit, bonuses, post-sale follow-up, and cleanliness are occasionally cited. The most influential factors remain product quality and warm reception, followed by courteous language. Challenges include limited resources, competition, and changing customer preferences, demonstrating the need for appropriate tools, training, and marketing strategies.

4) Ruashi

The study shows that 12 out of 30 merchants have no official documentation, reflecting persistent informality. Customer loyalty mainly relies on responsiveness and positive client relationships, while credit and price adjustments are minimally used. Key factors include product quality, warm reception, and personal relationships, while price and proximity play a secondary role. Main challenges are lack of funding and rapidly changing markets, explaining the priority given to marketing guidance and training.

5) Kamalondo

The study reveals pronounced informality, with 11 out of 28 merchants lacking legal documents and limited engagement in formalization through local taxes or environmental compliance. Loyalty relies primarily on responsiveness and positive client relations, while bonuses and credit are seldom used. Influential factors include product/service quality, warm reception, and courteous language, whereas main challenges involve strong competition, limited financial resources, and adapting to changing client preferences. This explains the merchants' interest in training, loyalty tools, and marketing advice.

6) Kenya

The study indicates that business management is conducted directly with clients, with no explicit reference to informality. Loyalty mainly depends on customer relationships and responsiveness, while bonuses and price reductions are secondary. Key factors are warm reception and product quality, complemented by courteous language and competitive pricing. Merchants face strong competition, rapid changes, and limited financial resources, which explains their high demand for marketing advice and loyalty-focused training.

7) Annexe

The study reveals very high administrative informality, with 84 out of 129 merchants operating without legal documents, reflecting a largely informal economy where survival takes precedence over formalization and access to official management tools. Customer loyalty relies primarily on relational and spontaneous practices, such as warm reception, courteous language, prompt responsiveness, occasional credit, and sporadic bonuses, whereas formal marketing strategies like points programs, loyalty cards, or CRM systems are absent. Merchants face resource constraints, competition, and changing client expectations, explaining their interest in training, loyalty tools, and marketing advice to structure their practices.

Overall, the data highlight several effective loyalty drivers focused on human interaction and customer experience, such as warm reception, courteous language, product/service quality, maintaining good relationships, prompt responsiveness, and attentive listening. Other practices, such as credit, discounts, or bonuses, are less frequent but effective when applied, while adaptation to local realities could be further strengthened. Weaknesses include low differentiation, limited structuring of loyalty approaches, and a lack of training and financial resources. Suggested improvements include training in loyalty management, marketing and communication guidance, access to modern tools, and networking to share best practices.

5.2. Data Triangulation

Data triangulation was employed to analyze informal commercial practices and loyalty strategies by cross-referencing quantitative questionnaire results with qualitative interview data. This approach strengthens the validity of observations by confronting different perspectives and methods, offering a more comprehensive view of informal trade in Lubumbashi.

The data reveal a high level of informality, with many merchants operating without official documents, while interviews emphasize service quality, reception, and client relationships. This normalization of informality reflects an environment where legal practices are scarce, but human interactions and trust are central to commercial survival.

Regarding loyalty, observed strategies are primarily relational: maintaining good client relationships, active listening, personalized offers, and after-sales service. Interviews complement these findings by highlighting concrete practices such as promotions, gifts, and post-

purchase follow-up. Professionalization through training and the use of client management tools appears essential to strengthen loyalty and sustain business activities.

6. Contribution of the Study

This study provides a better understanding of loyalty practices in Lubumbashi's informal trade, highlighting the central role of human interaction, trust, and service quality in maintaining a loyal customer base. The results show that despite informal operations, merchants intuitively develop effective relational strategies.

It offers practical guidance for merchants by identifying the most effective drivers, such as warm reception, active listening, prompt response to needs, and personalized offers. Identified weaknesses, including the lack of modern tools and training, suggest avenues for improvement to enhance loyalty and optimize commercial practices.

The research provides a useful framework for policymakers and stakeholders in the informal sector, encouraging professionalization, support in relationship marketing, and access to appropriate tools. Sharing best practices among merchants and supporting training constitute levers to sustain and energize informal trade.

7. Discussion of Results

The results are discussed in relation to loyalty and entrepreneurship theories, drawing on key concepts from the literature.

Lehu's Loyalty Theory (2003)

Lehu emphasizes the importance of loyalty through customer satisfaction and value creation. In the context of the findings, it is crucial to examine how businesses personalize their offers and build lasting customer relationships. For example, high client satisfaction may indicate effective loyalty strategies, such as loyalty programs or adjustments based on customer feedback.

Barouch's Loyalty Theory (2010)

Barouch stresses customer orientation and listening to client needs. In the results, when businesses face activity fluctuations, it is relevant to assess whether they adopt a proactive approach to understanding and meeting client expectations. Satisfaction evaluation tools, such as surveys, can be key indicators of the effectiveness of loyalty strategies.

Ducret's Theory (2016) on VSEs

Ducret highlights that leaders of very small enterprises must be versatile and strategic to navigate a competitive environment. The results reveal whether these leaders can adapt to market needs and innovate in their business model. For instance, analyzing the strengths and weaknesses of their offerings indicates whether leaders are aware of areas to improve in order to retain customers.

8. Conclusion

The results should be analyzed in light of these theories to assess the effectiveness of the loyalty strategies implemented

by businesses. A customer-centered approach, combined with a deep understanding of the business model and market expectations, is essential for ensuring the sustainability and profitability of very small enterprises. By integrating these theories, micro-enterprises can better navigate a competitive environment and maximize commercial success.

To compare the effectiveness of loyalty and entrepreneurship theories with the study findings, one should examine similarities, divergences, and conclude on their practical applicability.

References

- [1] Barouch, G. (2010). *Fidéliser et gagner vos clients par l'écoute : des outils à votre portée*. Livres à Vivre.
- [2] Blanchet, A., & Gotman, A. (2010). *L'enquête et ses méthodes, l'entretien* (2^e éd.). Paris: Armand Colin.
- [3] Claude, G. (2019, décembre 4). *La méthode d'observation pour vos recherches: définition, types et exemples*.
- [4] Cliquet, G., Fady, A., & Basset, G. (2006). *Management de la distribution* (2^e éd.). Paris: Dunod.
- [5] De Villers, G. (2002). *Manières de vivre: Économie de la "débrouille" dans les villes du Congo/Zaire*. Dans D. v. Gauthier, B. Jewsiewicki, & L. Monnier (Introduction, p.11). Paris: L'Harmattan.
- [6] Ducret, R. (2016). *Les très petites entreprises : Gestion, défis et caractéristiques*. Paris: Éditions Management et Société.
- [7] Laethem, P. (2005). *Marketing one-to-one et fidélisation client*. Paris: Pearson Education.
- [8] Lehu, J.-M. (2003). *La fidélisation client: Stratégies et enjeux*. Paris: Dunod.
- [9] République Démocratique du Congo. (2020, mars). *Ordonnance loi numéro 20/017 du 27 mars fixant les attributions des ministres*. Inédite.
- [10] République Populaire du Congo. (1990, août 8). *Ordonnance loi numéro 90-046 portant réglementation du petit commerce*. Inédit.
- [11] Boudreaux, C., Nikolaev, B., & Méon, P.-G. (2021). *Social capital and the performance of informal small businesses: Evidence from Zambia*. arXiv.
- [12] Eliakira, N., & John, S. (2023). *Customer retention practices in micro and small food agro-processing enterprises in Tanzania*. ResearchGate.
- [13] Tettey, A., Aggrey, J., & Acheampong, K. (2022). *Relational marketing and customer loyalty in informal enterprises in Accra, Ghana*. *Journal of Relationship Marketing*, 21(4), 273–290.