

# Why markets matter

Rural markets are important traditional institutional frameworks which perform a number of key functions in rural societies. Our author presents the major ones in Nigeria.

A rural market (also referred to as a 'farmers' market') is one of many varieties of systems, institutions, procedures, social relations and infrastructures whereby parties engage in exchange. While parties may exchange goods and services by barter, most rural markets in Nigeria rely on sellers offering their goods or services (including labour) in exchange for money from buyers. The rural market is a physical retail market featuring foods sold directly by farmers and farmers' wives to consumers and wholesalers/aggregators from the urban centres. Typically, it consists of booths, tables or stands, outdoors or indoors, where farmers sell fruits, vegetables, meats, and sometimes prepared foods and beverages. Rural markets can be classified on the basis of their periodicity, namely: daily markets, special markets, and periodic markets. The periodic markets take place regularly on one or more fixed days each week or month and are characteristics of smaller/rural market centres.

According to Braun et al. (1998), arrangement of rural markets over space takes into cognizance the distribution of population and settlement, degree of mobility of traders and buyers, and local variations in productive capacity and resource endowment. This space-time arrangement of periodic markets ensures a premium return from waiting for demand and supply of goods and services. Rural markets exist worldwide and reflect the local culture and

economy of a particular community. The reflection of the local culture sometimes determines the location and the name of a rural market. Thus, "The King's Market" is often located near a king's palace. The sizes of rural markets range from a few stalls to several blocks of stalls. In some cultures, live animals, imported, locally unavailable delicacies and personal goods and crafts are sold.

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## ■ Functions of rural markets in Nigeria

The rural markets in Nigeria are rarely static entities. They tend to change and evolve depending on the needs of the buyers and sellers participating in them, the nature of competitive forces, and the availability of technology.

Rural marketing is sometimes simply thought of as the process of buying and selling. In reality however, its tasks are much more extensive than this. Basically, the significance of periodic markets is pivoted on a diversity of functions performed out of which the economic, social and political functions have been identified as the major ones.

**Economic functions.** The economic function can be explained under three major sub-functions which are:

**Exchange functions:** This involves finding a buyer or a seller, negotiating a price and transferring ownership. These functions take place at the physical meeting point for buyers and sellers (market), at the point of production or via some other means of communication. At this point, formal or informal property rights are important to ensure the reliable transfer of ownership and to guarantee legality (e.g. to ensure that

animals on sale were not stolen and will not be reclaimed). The performance of this exchange function often involves 'interesting' bargaining (haggling), the mode of which varies from one culture to the other. A participant in a rural market must understand the mode of transactions to operate optimally in the market.

**Physical functions:** This enables the actual flow of commodities through space and time from producer to consumer and their transformation to a form desirable to the consumer. Assembling or concentrating the product at convenient points allows its economical transport (e.g. yams from different owners are aggregated in a particular point for joint transportation). Storage allows the commodity to be held until peak season demand, thereby stabilising supply. Processing adds value by transforming the commodity into the products desired by the consumers. Grading and standardisation allow the consumer to be more confident of the

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**Adegboyega Eytayo Oguntade**  
Associate Professor of  
Agricultural Economics  
Federal University of Technology  
Akure, Nigeria  
oguntadeade@yahoo.co.uk



characteristics of the good being purchased. Most rural markets in Nigeria perform these functions, and in the process, they link the rural with the urban economy. On the market days, agricultural products are aggregated, sorted/graded and minimally cleaned (for grains). Little or no storage function is performed in the rural markets. Thus, agricultural products that are not sold by the close of the market day, for markets that are not daily, are sold out at giveaway prices, otherwise they will gradually rot away.

**Financing and risk-bearing:** These are two important facilitating functions performed by rural markets. The owner of goods at any marketing stage must sacrifice the opportunity to use the working capital needed to buy those goods elsewhere. Or the owner must borrow that capital. In either case, capital must be provided by the trader or by some lending source. There is also an implicit cost in the risk of losing all or part of that capital through theft, spoilage, mortality or changing market conditions. Rural market women (aggregators) who often act as intermediaries between farmers and other buyers must provide the capital to aggregate products and bear the risk of spoilage and/or theft. In Nigeria's rural market, spoilage is a

major cost because of poor handling and/or storage facilities for fresh agricultural products. Without the willingness to provide the capital and to bear these costs, no stage of the market chain could function.

**Social functions.** Apart from the economic functions, rural markets help maintain important social ties, linking rural and urban populations and even close neighbours in mutually rewarding exchange. Also, buying at markets encourages attention to the surrounding area and ongoing activities. By providing outlets for 'local' products, rural markets help create distinction and uniqueness, which can increase pride and encourage visitors to return. The Nigerian rural markets are points of cultural mix in which people of different tribes come together from the different parts of the country to interact. The Hausa kolanut buyers come from Northern Nigeria to aggregate kolanuts in the southern markets while the Yoruba yam wholesalers travel to Northern Nigeria to aggregate yams that are later transported to the southern markets. Rural markets therefore create the framework for cultural blending in Nigeria, a nation with great cultural diversity.

Rural markets also provide opportunities to meet neighbours while getting the required household food supplies. They serve as focal points of rural interactions where people can meet and form social groups and associations. In Nigerian society, traders such as yam sellers, garri sellers, etc. form trade/social groupings. These groupings support members socially, combining efforts to celebrate weddings, burials, etc.

**Political functions.** In a typical Nigerian rural market setting, social groups and associations formed basically for

socio-cultural benefits in the rural communities also serve as strong units/groups of political associations that are mostly relevant during electioneering campaigns and the election of political office holders. These market groups, which come in different forms, such as market women associations, yam sellers' associations, etc., are organised into structures that are headed by formally recognised leaders or traditional chiefs in the community (e.g. Iyaloja – leader of market women).

Market groups were at the forefront of resistance to colonial rule protesting against some obnoxious impositions by the colonial administration. It is also on record that Egba market women led by the late Mrs. Funmilayo Rnsome Kuti rejected a flat rate tax for women and forced the Alake (traditional ruler) of Egbaland to abdicate in 1948. In Lagos, market women worked closely with the early nationalists, especially the great Herbert Macaulay, who encouraged them to form a central organisation under the leadership of Madam Alimotu Pelewura in 1923. The current (female and male) leaderships of the market operators in Nigeria have been active players in Nigerian politics. Although they usually do not seek public offices, successive administrations have used them to mobilise market groups to support their various programmes.

## ■ Conclusion

Rural markets, otherwise called farmers' markets in Nigeria, are important traditional institutional frameworks which perform a number of key economic, social and political functions in Nigerian society. The economic functions are similar to those of other markets in other parts of the world while the social functions are influenced by the traditional socio-cultural settings in the Nigerian society. The political functions are historical and have their roots in the nation's colonial past and its resistance to colonial rule.



Photo: J. Boethling

Market day in a village in Mali.