



**AFRICA
FASHION
LAW**



**Informal to Formal: Driving
the Nigerian Fashion
Industry in 2024**

I. INTRODUCTION

Rooted in historical informal practices, the Nigerian fashion industry has undergone a remarkable evolution, making a compelling case for a more formalized structure. Over time, it has not only gained international recognition but has also emerged as a significant contributor to the economic growth of the country. The industry has played a pivotal role in **reducing unemployment and creating new job opportunities.**

Despite its transformative journey, the fashion industry, along with the businesses within it, has yet to fully harness its immense potential. The dynamic changes and advancements have undoubtedly propelled the sector forward, but there is still untapped potential waiting to be explored. Further efforts are needed to capitalize on the industry's growth, ensuring that it continues to drive economic development, foster innovation, and provide sustainable employment opportunities for the workforce.

By embracing a more formalized structure and addressing any existing gaps, the fashion industry can position itself for even greater success in the year 2024



This publication has the following key objectives;

1. Analyze the economic viability of the Nigerian fashion industry
2. Exploring the legal framework accessible in driving the transformation of the Nigerian fashion Industry

2. THE ECONOMIC VIABILITY OF THE NIGERIAN FASHION INDUSTRY

The economic viability and overall success of an industry hinge on its ability to thrive or show promising signs of growth. Several critical factors contribute to the thriving nature of an industry, paving the way for businesses within it to flourish.

Here, we explore a key element that underpin a thriving fashion industry.

This is the Market Demand.

Market Demand: A thriving industry often meets or creates high demand for its products or services. In the fashion industry, there is the demand for Nigerian fashion brands as indigenous Nigerians are gearing towards an appreciation of Nigerian fashion. Despite the interest of Nigerians in purchasing Nigerian fashion, there are several limiting factors to this intention.

Nigeria, with its substantial population, holds promise for industries catering to local preferences. However, the sheer number of consumers does not translate to widespread purchasing power. The minimum wage, stagnant at N30,000 since 2019, and the average monthly salary of N338,966 (as per World Salaries) highlight the financial constraints faced by many Nigerians.

A critical aspect of the economic challenge is the allocation of funds by consumers, with at least 57% of earnings directed towards food, according to the Nigerian Bureau of Statistics. This leaves limited room for discretionary spending, particularly on items such as fashion, beauty products, and electronics.

Despite a surge in creativity within the Nigerian fashion scene, the lack of sufficient disposable income impedes potential growth. Cash-strapped consumers find high-end retail fashion boutiques unaffordable, leading to a notable trend of flocking to markets in Katangwa, Yaba and Asuwani. Here, they seek to maximize their Naira by predominantly purchasing second-hand clothing, extending this practice to other items like hair, cosmetics, and electronics.

A stark reality is that nearly two-thirds of Nigeria's 200 million people live on less than \$2 a day, emphasizing the widespread financial struggles. Compounding the issue is the soaring inflation rate, reaching an unprecedented 22.41% in May 2023, according to the Nigerian Bureau of Statistics. This alarming figure is a result of various factors, including the devaluation of the Naira, challenges in currency exchange, and the recent fuel subsidy crisis.

While the demand for Nigerian fashion is evident, the industry's growth is hampered by economic realities. The struggle with limited disposable income, exacerbated by inflation and other economic challenges, underscores the need for strategic interventions and innovative solutions within the fashion sector.

Balancing creativity with accessibility is crucial for ensuring the sustained growth and inclusivity of the Nigerian fashion industry.

In addressing the limitation as to the economic realities, both businesses within the fashion industry and the government have a part to play in providing accessibility within the fashion industry.



Businesses Actions

To enhance purchasing power and capitalize on the existing market demand, businesses in the fashion industry can employ various strategies to retain the market demand;

a. Investing in Business Improvement Initiatives – Enhance internal processes and overall business efficiency to offer better value to customers. These processes will include;

- i. Implementing technology upgrades, such as inventory management systems and point-of-sale solutions, to streamline operations,
- ii. Providing employee training programs to improve customer service and enhance the overall shopping experience,
- iii. Conducting regular assessments of production processes to identify areas for improvement in terms of speed, cost, and sustainability,
- iv. Generally Investing in Brand Management and Organisation Evolution
- v. Exploring sustainable and cost-effective sourcing options for materials and production.

b. Strategically Leveraging on E-Commerce and Digital Marketing – Properly Implementing effective digital marketing campaigns to create awareness and generate interest. These campaigns would include;

- i. Developing a user-friendly e-commerce website or mobile app for seamless online shopping experiences locally and globally,
- ii. Implementing digital marketing campaigns across various platforms, including social media, search engines, and email marketing,
- iii. Collaborating with influencers or celebrities whose values align with the brand, leveraging their reach and credibility to promote products,
- iv. Utilizing data analytics to understand customer preferences and tailor marketing strategies accordingly.

c. Consumer Education – Implementing programs that educate consumers on budgeting, financial planning, and making informed purchasing decisions. These programs will include;

- i. Collaborating with financial experts to create educational content on what amounts to a good purchase in fashion
- ii. Launching loyalty programs that reward customers for investing in timeless and durable pieces
- iii. Creating informative content on social media platforms highlighting the longevity and value of high-quality fashion items.

Government Actions

In charting the course for the continued growth and transformation of the Nigerian fashion industry, the role of government actions becomes pivotal. From developing institutional frameworks to advocating for "Buy Nigeria," each element is a crucial piece in the puzzle of fostering sustainable growth, promoting innovation, and positioning the Nigerian fashion industry on the global stage. Let's delve into the diverse array of actions that can shape the future landscape of Nigerian fashion in 2024.

a. Developing Strategic Interventions: By developing an economic setting for the fashion industry, this economic setting will encompass;

i. Developing an institutional arrangement– Establishing a framework responsible for overseeing and implementing the strategic interventions. The objective of this institutional arrangement will be to; Ensure coordinated efforts and effective implementation of policies, Provide a centralized platform for stakeholders to engage and collaborate, Monitor and evaluate the impact of interventions over time.

ii. Developing Industrial Policies– Developing and implementing Policies specifically tailored to support and regulate the fashion industry. Such policies will involve encouraging local production and manufacturing, Facilitating innovation and creativity within the industry, Addressing challenges around intellectual property protection and labor standards.



iii. Develop Preferential policy on Trade and Foreign Direct Investment – Developing and implementing Policies that provide preferential treatment to locally produced fashion goods in trade activities. This will include; Increasing market access for domestic fashion products, Promoting exports of locally designed and manufactured fashion items, Encouraging international recognition and demand for Nigerian fashion.

iv. Developing Policies on Foreign Direct Investment – Developing and Implementing Policies designed to attract and regulate foreign investments in the fashion industry. This includes; encouraging foreign investors to invest in local fashion businesses, Facilitating technology transfer and knowledge exchange, Strengthen the financial and operational capabilities of local fashion enterprises.

v. Incentive Provisions – Providing necessary financial Incentives, subsidies to businesses within the fashion industry. This will include; stimulating investment in technology, infrastructure, and research and development, reducing operational costs for local businesses, encouraging sustainable and socially responsible practices.

vi. Global Production Value Chain Sharing – Creating opportunities for Collaboration and integration of Nigerian fashion businesses into the global production value chains. This will include; Enabling local businesses to participate in global manufacturing networks, Facilitating the sharing of resources, expertise, and best practices.

vii. Meso-organization Creation – Establish intermediary organizations or meso-level structures to facilitate coordination, communication, and collaboration among various stakeholders within the fashion industry. This will include; Coordination: Enhance communication and collaboration between different entities such as designers, manufacturers, retailers, and policymakers, Resource Mobilization: Pool resources, both financial and non-financial, to address common challenges and support industry-wide initiatives, Capacity Building: Provide platforms for skill development, knowledge sharing, and training programs to strengthen the capabilities of industry participants, Advocacy: Represent the collective interests of the fashion industry to policymakers and regulatory bodies.

viii. Policy Evaluation and Adjustment – Regularly assessing the effectiveness of implemented policies and making necessary adjustments. This will include; Ensuring that existing policies remain relevant to the evolving needs of the fashion industry, Identifying areas for improvement or modification based on industry feedback and changing economic conditions, Sustaining a dynamic and adaptive framework for supporting the industry.

b. Investing in Infrastructure: The government can strategically invest in infrastructure development. The key required infrastructure development needed in the Nigerian fashion industry includes;

- i. Energy Infrastructure**– Invest in reliable and stable power infrastructure to reduce production costs and enhance the efficiency of fashion businesses. This includes upgrading the national power grid and exploring alternative energy sources.
- ii. Transportation Infrastructure** – Investing in roads and developing and implementing standard of operations for logistics hubs, warehouses, and transportation systems to facilitate the smooth movement of raw materials and finished goods within the country and across borders. Also, Improving seaport and airport facilities to streamline the import and export processes for materials and finished products.



c. Advocating for “Buy Nigeria”– According to Omoyemi Akerele, founder of the Lagos Fashion Week in the UNESCO Report on the The African Fashion Sector,

“ Africans want to wear Africa. It’s really beautiful to see because it hasn’t always been like this. When we launched Lagos Fashion Week, we had to create a campaign around “Buy Nigerian”, “Buy African” just to encourage people to start buying Nigerian or buying African. But fast forward, a decade after, that’s all people want to wear. The only challenge is, can they afford it? Because African fashion unfortunately comes at a price. It comes at a price because of the problems or the bottlenecks that exist when it comes to producing African fashion.”

The campaign on Buy Nigerian and Buy African should be a continuous campaign which is meant to equally be advocated by the government.



Other factors that make a thriving industry includes; Innovation and Adaptability, Access to capital, Access to affordable raw materials, and Access to an In-depth knowledge on market research, among several other factors.

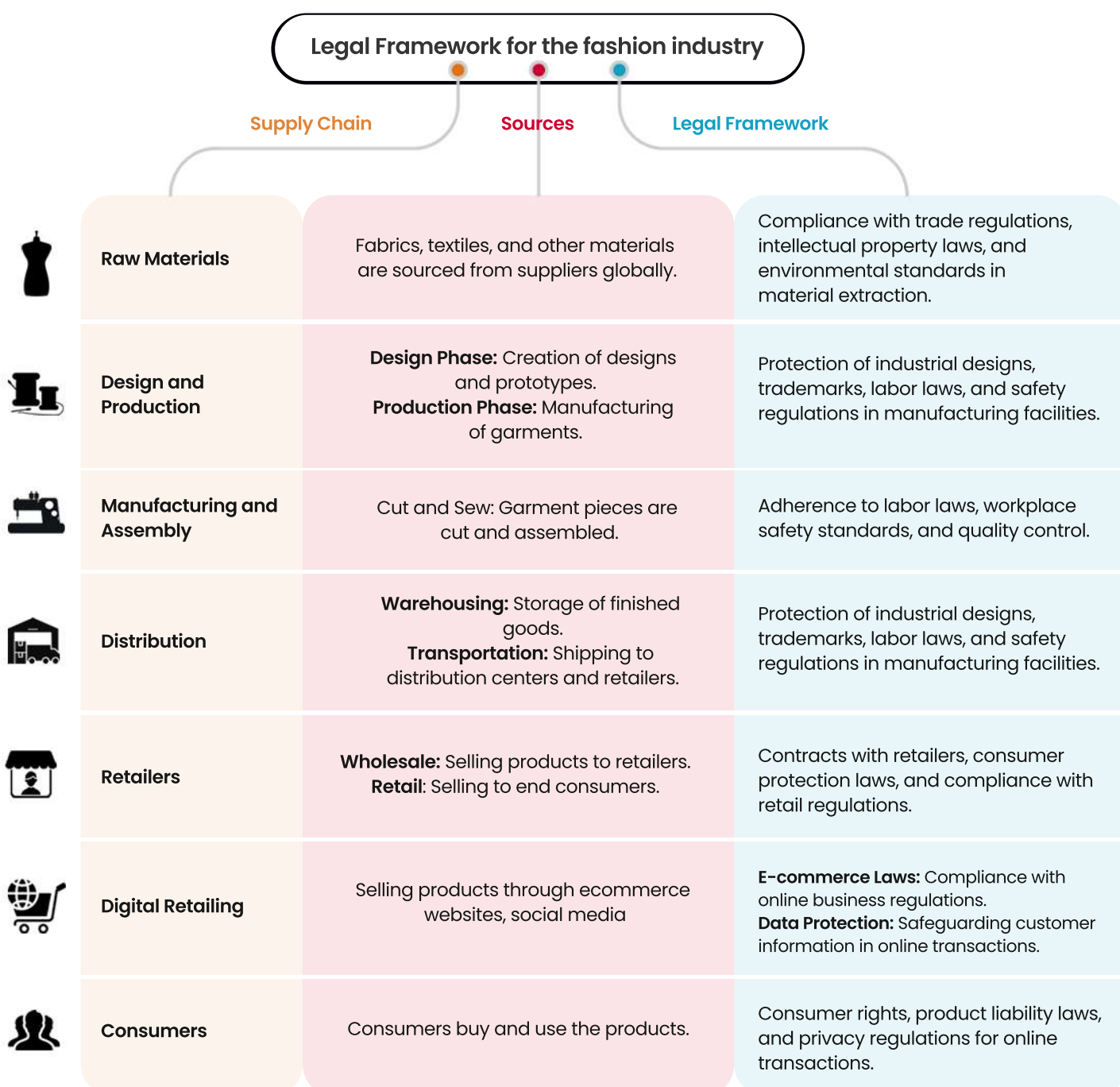
The progression of the Nigerian Fashion Industry necessitates intentional efforts from its stakeholders to advance comprehensively. For this industry to achieve its full formality, businesses must establish and adhere to a well-defined legal framework. A solid legal foundation is essential for businesses to attain and maintain their formal status, ensuring holistic growth and development within the industry.



3. THE LEGAL FRAMEWORK ACCESSIBLE IN DRIVING THE TRANSFORMATION OF THE NIGERIAN FASHION INDUSTRY

The holistic success of the Nigerian fashion industry hinges on a well-crafted legal framework and strategically implemented business practices across its entire supply chain. By embedding a robust legal framework across these facets, the Nigerian fashion industry can foster growth, innovation, and sustainability, creating an environment conducive to both business success and consumer satisfaction.

The Nigerian Fashion Industry comprises a spectrum of businesses, ranging from SMEs and startups to joint ventures, retail establishments, and large enterprises. For these businesses to achieve substantial growth, a comprehensive legal framework is essential throughout the supply chain. This encompasses:



Beyond the intricacies of the supply chain, a critical facet of comprehensive legal implementation lies in corporate governance within a fashion organization. Corporate governance encapsulates the structures, policies, and practices steering the direction and control of a company. These legal considerations constitute pivotal elements shaping the governance landscape in any organization:

Legal Factors	Considerations
Compliance with Laws and Regulations	Ensuring compliance with local, national, and international laws and regulations affecting the fashion industry. This includes employment laws, environmental regulations, and product safety standards.
Intellectual Property Protection	Safeguarding the organization's intellectual property, including trademarks, copyrights, and patents. Establishing and enforcing policies to protect against intellectual property infringement.
Contracts and Commercial Law	Adhering to contract laws in the creation and execution of agreements with suppliers, manufacturers, distributors, and other stakeholders. Ensuring fair and legal business practices.
Consumer Protection Laws	Complying with laws that protect consumers, including regulations related to product labeling, advertising, and customer rights. Providing accurate information about products and services.
Data Protection and Privacy	Adhering to data protection and privacy laws, especially when collecting and handling customer information. Implementing measures to secure sensitive data and respecting individuals' privacy rights.
Antitrust and Competition Laws	Ensuring compliance with antitrust and competition laws to prevent monopolistic practices and promote fair competition within the fashion industry.
Labor and Employment Laws	Adhering to employment laws governing issues such as working conditions, wages, employee rights, and diversity and inclusion. Establishing fair and ethical employment practices.
Corporate Disclosure and Transparency	Abiding by laws related to corporate disclosure and transparency. Providing accurate and timely information to shareholders and the public.
Board Structure and Composition	Complying with legal requirements for board structure and composition. Ensuring diversity and independence within the board of directors.

Crisis Management and Business Continuity	Establishing legal frameworks for crisis management and business continuity, including risk assessment, disaster recovery plans, and response protocols.
E-Commerce and Digital Compliance	Complying with laws governing e-commerce, online transactions, and digital marketing. Addressing issues related to cybersecurity and consumer protection in the digital space.

4. CONCLUSION

In conclusion, the evolution of the Nigerian Fashion Industry from informal to formal in 2024 is a testament to its resilience and potential for growth. The crucial interplay of a robust legal framework and the adoption of best business practices has become the cornerstone of this transformation.

By prioritizing a well-defined legal structure, businesses within the industry not only ensure compliance but also create a foundation for sustainable growth. Embracing best business practices, from supply chain management to corporate governance, further propels the industry towards excellence.

In this journey, collaboration between businesses and the government becomes pivotal. Strategic interventions, backed by well-crafted industrial policies, preferential trade agreements, and incentive provisions, form the scaffolding for a thriving fashion ecosystem.

As the Nigerian Fashion Industry navigates the intricacies of formality, it paves the way for innovation, accessibility, and global recognition. By uniting legal foundations with business acumen, the industry is poised to drive economic development, foster creativity, and set new benchmarks in the global fashion landscape.

The year 2024 holds the promise of a flourishing fashion industry that not only meets international standards but becomes a beacon of inspiration and transformation.

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