



Economic recession and changing consumption patterns: Evidence from Lagos metropolis.

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Abstract. After two consecutive quarters of a negative growth rate in the Nigeria's gross domestic products (GDP), Nigeria was declared to be technically in a recession by the end of the second quarter of 2016. In addition to the review of the literature, a survey was also undertaken, involving 421 shoppers in the three outlets of Shoprite in Lagos metropolis, selected by a systematic sampling technique. Based on a dataset from the 421 respondents, the paper conducted a statistical analysis to detect the changes in the consumption patterns of the shoppers due to the current economic crisis in the country. Results of the correlation analysis showed that the current economic crisis in the country has significantly affected consumption patterns of majority of the respondents. The crisis has led a large number of respondents to substantially reduce consumption of luxury products and a simple majority to slightly reduce consumption of necessities. It was concluded that the recession has affected the purchasing power of consumers thus, leading to the changes in their consumption patterns. Both the policy and managerial implications of the finding were highlighted in the paper.

Keywords: Business cycle, consumption patterns, consumers and economic recession.

1. Introduction

Generally, a country's economic performance is affected by a business cycle, which consists of: prosperity (characterised by an economic boom); recession (characterised by a slow-down in economic activities); depression (characterised by an extended period of recession); and recovery (characterised by rebounding economic activities). A major feature of a business cycle is movement of gross domestic product (GDP), which determines the health of a country's economy. GDP is the total monetary value of goods and services produced in an economy within a specific time, usually a year.

A GDP growth rate direction is a major determinant of a country's stage in the cycle. A positive growth rate of GDP indicates a healthy economy (the desire of every country), while a negative growth rate reflects a poor health condition of the economy (this is despised by all countries by may be inevitable). This condition

is referred to as economic recession, economic downturn or economic contraction. Economic recession is a period of economy contraction in a country, reflected by a negative growth in the country's GDP for a period of two consecutive quarters. Understandably, governments and their people are much more concerned about a recession because of its adverse impacts on the socio-economic activities in the society. Mazurek and Mielcová (2013, p. 182) stated that "The most discussed part of the business cycle is a recession." This is a focus of this paper.

Nigeria, due to the long history of corruption, crash in the international prices of crude oil, declined crude oil output (stemming from the sabotage by the Niger Delta Avengers, NDA), depreciating naira value and the slow actions and/or inactions of the present Buhari Administration, showed a symptom of a sick economy few months after Buhari Administration was inaugurated in May, 2015. Official government statistics showed that the economy recorded -0.36 and -2.6 GDP growth rates in the first and second quarters of 2016 respectively (National Bureau of Statistics, NBS, 2016a). By the end of second quarter, Nigeria was declared to be in a technical recession (Adeosun, 2016). The growth of the economy remained negative for the rest of 2016: -2.24 in the third quarter (NBS, 2016b) and -1.3 in the last quarter (NBS, 2017a) and contracted by -0.5 in the first quarter of 2017 (NBS, 2017b).

A major adverse effect of a recession is declining Consumer Confidence Index (CCI) resulting from a widespread decline in consumers' purchasing power. CCI is described as an indicator, which uses consumers' optimism about the economy to measure their confidence in the economy (Karagöz, 2015). The more optimistic consumers are about the economy, the higher is their ability and propensity to spend and grow the economy. In Nigeria, since the economy recorded a negative GDP growth rate in the first quarter of 2016, the CCI has either been declining or very weak. For example, surveys indicated that CCI fell from 64.8 points in the last quarter of 2015 to 59.9 points in the first quarter of 2016, dropping by 4.9 points (NOIPolls, 2016a); the index further dropped by

3.5 points in the second quarter, recording 56.4 points (NOIPolls, 2016b); it remained low at 56.79 in the third quarter (NOIPolls, 2016c); and 58.1 points in the fourth quarter of the year (NOIPolls, 2016d). Agri, Mailafia, and Umejiaku (2016) concluded that consumers in Nigeria lost confidence and have bad faith in the economy and the government during a recession.

The recession in Nigeria is unusually characterised by a high inflation rate with costs of goods and services shot up to the 'roof top' and consumers' purchasing power significantly depressed. This situation is described as stagflation, a period of rising prices and falling output (Lansing, 2001; Sargent, 1999 cited in Nelson & Nikolov, 2001). This is similar to a situation in South Africa during the 2008-2009 recession. The recession led to the higher prices of food and transportation in the country (Zulu, 2011).

The consequence of the recession in Nigeria is inability of many consumers to maintain their previous levels of consumption due to a depressed purchasing power. There is consensus among scholars that consumers' spending is severely affected by a recession (Central Bank of Nigeria, CBN, 2012; Gittins & Luke, 2012; Hurd & Rohwedder, 2010; Quelch, 2008; Quelch & Jocz, 2009). In reaction, many consumers in Nigeria may have altered their consumption patterns by abandoning consumption of luxury goods for necessities, buying less of goods, changing apartments to low-cost ones, driving less and switching to public transport as a mode of commuting, changing children's schools to low-cost schools, abandoning or reducing ostentatious social life and so on.

The recession in the country presents an opportunity to investigate the changing consumption patterns of Nigerians, especially those living in Lagos state. According to Crossley, Low and O'Dea (2012, p. 1), "Consumption is both the largest component of GDP and the component most immediately connected to the welfare of individuals and households." A pertinent question is: How have consumers reacted to the recession in Nigeria, in

terms of their consumption patterns? The paper is significant in two ways: one, it was conducted at the time the effects of recession on consumers were biting harder in the country; two, it will be one of the first studies in this area since the country entered a recession in the second quarter of 2016. Generally, research on changing consumer behaviour in a recession in Nigeria is very scarce. The finding of this paper will inform both policy and managerial implications. The paper has five parts. Part two reviews related literature; part three presents the methods adopted in collecting and analysing data; part four is concerned with results and discussion of findings; and part five concludes the paper.

2. Literature Review

2.1 Overview of Economic Recession

The National Bureau of Economic Research (NBER) (2010) provided a longer definition of recession, incorporating a number of macroeconomic variables as a large decline in economic activity permeating the entire economy, over many months and heavily impacting production, employment, real income, and other indicators. Unlike NBER, other definitions of recession are specific about the period of contraction before an economy can slide into a recession. For example, CBN (2012) viewed recession as a business cycle contraction, indicating a general slowdown in a country's economic activity for two consecutive quarters. Recession is usually characterised by a decline in GDP, employment, investment spending, capacity utilization, household income, business income, and inflation, with the attendant increase in the rate of unemployment (CBN, 2012). In the absence of appropriate policy response to tackle recession, these macroeconomic indicators will worsen, plunging the economy into a depression (Agri et al., 2016). Generally, a recession is caused by multiple factors. These include: increase in the prices of input used in the production of goods and services, contractionary monetary or fiscal policies adopted to address the problem of inflation in a country and financial market turbulence (Gabriela, 2010; Stijn, Kose, & Terrones, 2008).

Recession evokes negative associations like depression, unemployment, loss of jobs and alike (Kolar, Žabkar, Brkic, & Omeragic, 2012). A study found that the effects of a recession were widespread in the US. For example, between November 2008 and April 2010 about 39 per cent of households had either been unemployed, had negative equity in their house or had been in arrears in their house payments (Hurd & Rohwedder, 2010). Another survey indicated that 55 per cent of adult workers in the US admitted they have lost jobs, suffered salary reduction, have reduced number of hours worked and have become unwilling part-time workers (Pew Research Centre, 2010).
Nigeria in recession

Historically, many countries, including advanced, emerging and developing countries, have been hit by recession, suggesting that no country is insulated against recession. For example, "There were 122 completed recessions in 21 advanced economies over the 1960-2007 period" (Stijn et al., 2008, p. 58).⁶⁹Nigeria, a developing country, has had its share of recession, and has recently undergone one. According to Dexter Analytics (2017), Nigeria's economy is in recession. The economy contracted in 2016 by -1.5% (NBS, 2017a), the lowest since 1991 (Dexter Analytics, 2017). The current recession in Nigeria is caused by a number of factors, fuelled largely by its economic structural deficiencies. A study asserted that "The present economic recession in Nigeria is a manifestation of long-term ills in the structure of the economy that became full-blown under the present government" (Agri et al., 2016, p. 2). Some important macroeconomic variables have been severely affected. For example, unemployment has worsened, increasing from 7.6% in first quarter of 2014 to 13.9% in quarter 3 of 2016 (NBS, 2017b), while inflation has increased from 8% in January 2014 to 18.72% in January 2017 and dropped to 17.26% in March (CBN, 2017).

The three most severe and immediate factors that drove the country into a recession are examined below:

Fallen prices of crude oil in international market: Beginning from the middle of 2014, the international prices of crude oil fell precipitously from \$115/barrel to a record low of less than \$35/barrel at the end of February 2016 (Rogoff, 2016). This stemmed from a weak global demand for crude oil, supply glut due to increased output of shale oil from the US, stronger US dollar and refusal of Saudi Arabia and its Gulf allies to cut oil production (PwC, 2015a, 2015b; Rogoff, 2016). Unfortunately, because Nigerian oil accounted for 90% of export revenues, around 70% of the government's income and nearly 11% of the GDP in 2013 (PwC, 2015a), the effect of oil price shock on the country is very devastating, resulting in sharp export and government revenues drop, exit of foreign investors from domestic financial markets, and imposing significant downward pressure on fixed or managed currencies (PwC, 2015b).

Weak Naira and uncertainties with foreign currencies: With the low crude oil price in the international market came the pressure on the Nigerian government to devalue the naira (Osagie, 2016; PwC, 2015a). Unlike other oil exporters, Nigeria left naira-dollar exchange rates unchanged (at N197-199) for many months, leading to reduction in the country's foreign reserves (PwC, 2015b; Wallace, 2016), capital flight (Proshare, 2015; Wallace, 2016) and currency speculation (Proshare, 2015). Ultimately, the naira was devalued in November, 2014 and February, 2015 (PwC, 2015b). The low forex earnings creates a problem of inadequate funding of the foreign exchange market, making individuals and organisations turn to the black market for their forex needs. By the second quarter of 2017, the naira-dollar exchange rate had shot up above N500 in the parallel market, causing low industrial output, high inflation, firms' closure, job losses and general hardships for the masses.

Declined crude oil production: The series of pipelines vandalism by a new militant group, Niger Delta Avengers (NDA), severely reduced oil output to a very low level, further reducing oil earnings and contributing to the recession in the country. This is a result of a festering crisis by the people of the Niger Delta against the

Nigerian government (Aminu, 2013). NBS (2017a, p. 4) stated that "For the full year 2016, oil production was estimated to be 1.833 million bpd, compared to 2.13 million bpd in 2015." "This has compounded government revenue losses caused by the fall in global oil prices since mid-2014" (Igbani, Okoli, & Okpu, 2017, p. 1, 317). For example, Nigeria's 2016 budget proposal was anchored on an oil price of \$38/barrel and production of 2.2 million bpd (Punch, 2016). Unfortunately, the low budget benchmark of \$38/barrel, a crude price below the benchmark in the first quarter of 2016 and the widespread sabotage activities of the NDA greatly undermined the implementation of the 2016 ambitious budget.

2.2 Recession and Consumers' Spending / Consumption

During an economic boom, most people should expect approximately stable spending over a six month period. Any anticipated changes in spending are expected to be positive because spending increases with age until old age (Hurd & Rohwedder, 2010). Unfortunately, spending in a recession is adversely affected because of eroding purchasing power of most people. For example, a survey revealed that 48% said their household's current financial situation in the US was worse in the period of the 2008-2009 recession than it was before the recession started (Pew Research Centre, 2010). In another survey of the American Life Panel (ALP) during the 2008 recession and involving two waves, 73% of respondents in wave 1 admitted that they reduced spending because of the financial problems in the economy. In Wave 2, 30% said spending was lower compared to the level in November 2008 (Hurd & Rohwedder, 2010). Surveys in Nigeria showed that CCI fell persistently in the first three quarters of 2016, indicating a weak consumers' purchasing power (NOIPolls, 2016a, 2016b, 2016c, 2016d).

During recessions, consumers set stricter priorities and reduce their spending (Quelch & Jocz, 2009), families usually adjust budget due to job losses (CBN, 2012) and become more frugal and cautious in their spending (Quelch, 2008). Consequently, 62% of the respondents in

a survey admitted becoming more frugal in their spending in a recession (Pew Research Centre, 2010). Similarly, the great recession of 2008-2009 led to the fall in the aggregate amount of money spent by households in the UK for about six quarters (Gittins & Luke, 2012).

Ultimately, in a recession, "consumption may fall as a direct consequence of a fall in income induced by job loss, reduced hours or productivity, and negative returns from assets, and more so if these are long-term changes to a household's economic resources" (Petev, Pistaferri, & Eksten, 2011, p. 4).

Economic recession and changing consumption patterns

Recession reduces the disposable income of consumers, thus limiting their purchasing power. For example, the 2008-2009 recession in the US eroded consumer confidence and purchasing ability, leading to significant and permanent changes in their behaviour (Quelch & Jocz, 2009). Therefore, consumer buying behaviour is not static but reflects the stage of the business cycle a country finds itself. Reed and Crawford (2014, p. 1) explained that "during economic booms, recessions, and recovery periods, consumers' purchasing behaviour changes." In particular, recession makes consumers to change their current buying behaviour due to the associated financial problems (Gabriela, 2010). Families usually adjust budget due to job losses (CBN, 2012) and become more frugal and cautious in their spending (Leinwand, Moeller, & Shriram, 2008; Pew Research Centre, 2010; Quelch, 2008) and selective, purchasing only essential products (Gabriela, 2010).

For example, about 32% of Americans in a survey in 2008 said the recession had made them become more frugal in spending and shopping. Another 22% said they would become more frugal going forward (Leinwand et al., 2008). This is because recession affects all aspects of national life, including social life (CBN, 2012) and general living standard, education, health care and consumption of the people (Agri et al., 2016). Consequently, consumers react to the purchase and consumption of goods and services in different manners.

Studies have supported "the notion that consumers cut their consumption during recessions, usually in proportion to their wealth and/or income, and that expenditure on luxuries are more susceptible to being cut" (Nunes, Drèze, & Han, 2010, p. 2). This suggests that luxury goods and ostentatious lifestyles are severely affected by a recession than necessities and modest lifestyles. This is affirmed by existing studies (Gittins & Luke, 2012; Kumar & Singh, 2014; Nistorescu & Puiu, 2009; Valásková & Kliestik, 2015). Consumers often postpone consumption of luxury goods (Valásková and Kliestik, 2015) or eliminate consuming them (Masarrat & Jhu, 2015) because they consider the expenses on these goods not necessary (Zurawicki & Braidot, 2006 cited in Gabriela, 2010) even if they could afford to buy them (Nistorescu & Puiu, 2009). It was found that "the consumption of the wealthy fell more than that of the less wealthy during the recession" (Petev et al., 2011, p. 31).

Specifically, a recent survey found that the relative importance of durables (e.g. vehicles, furniture and appliances) in the consumer price index (CPI) in the USA dropped nearly 20% from the boom to the recession of 2008. Much of the decline was from vehicles (Reed & Crawford, 2014). Conversely, empirical evidence showed that two of the world's most famous luxury brands, Gucci and Louis Vuitton increased both the conspicuousness of their handbag brands and the prices across their product lines and ultimately, sales (Nunes et al., 2010). This suggests that not all luxury goods were affected by the recession.

Recession has negative impacts on the purchase of new vehicles and driving of vehicles. While the relative importance of new vehicles dropped dramatically during the recession of 2008-2009, falling by about a third, the relative importance of used cars and trucks rose modestly (Reed & Crawford, 2014). Exactly 50% of Americans said they reduced the amount they owe on mortgages, credit cards, car loans and other borrowing (Pew Research Centre, 2010). More than 20% of American consumers deferred automobile purchases (Leinwand et al., 2008). Also, the economic recession was

partly responsible for some of the reduction in driving recorded in the USA, though the biggest cities in the country were less affected (Davis & Baxandall, 2013). Average people preferred to park their cars, except where very necessary, and commuted in public transportation (Agri et al., 2016). About 37% of vehicle owners in the USA said the recession made them scale down driving while another 20% admitted they would reduce driving in the future (Leinwand et al., 2008).

Recession also makes consumers to trade down to cheaper products with some not returning to the expensive products even after improvement in their financial situation. Quelch and Jocz (2009) explained that the 2008-2009 recession in the US eroded consumer confidence and purchasing ability, leading to significant and permanent changes in their behaviour. A study found that 15% of Americans traded down to cheaper or more fuel-efficient vehicles during the 2008 recession (Leinwand et al., 2008). Another study found that in any given category, an average of 18% of consumer-packaged-goods consumers bought cheaper products and no longer preferred expensive products (Bohlen, Carlotti, & Mihas, 2009).

Similarly, consumption of necessity goods is also affected by recession though not by the same proportion. Gittins and Luke (2012) stated that consumers bought mostly essential products and non-essentials that gave them value for money during the 2008 recession in the UK. The authors found that purchases of food and non-alcoholic beverages, and housing, water and energy expenses, between the recession and recovery periods in the UK, showed that households reduced consumption a little, before levelling off (Gittins & Luke, 2012). A survey by Women in Informal Employment: Globalisation and Organising (WIEGO) on the impact of the recession at the household and personal level in 10 countries showed that some respondents gave up leisure and clothing for necessities such as children's education, food and shelter (cited in Zulu, 2011).

Due to the importance of food, its relative importance in the family spending during

recession may go up. A survey indicated that during the 2008 recession, the relative importance of food in the US increased to a level higher than the pre-recession period. The survey also found that consumers in the US ate out less and ate at cheaper places when they ate out (Reeds & Crawford, 2014). In some poor households, recession significantly affects the quantity of food available at home. The survey by WIEGO showed that some poor households reduced the number of meals from three times a day to two times and some from two times to once. Others did away with meat and milk from their meals and replaced them with relatively cheaper items such as eggs and offal. In some instances, adults abandoned the little food at home for their children (cited in Zulu, 2011). In an ALP's survey, many respondents reduced spending on health care such as doctor visits and prescription drugs (Hurd & Rohwedder, 2010).

Recession also impacts adversely the buying behaviour of consumers of goods and services that satisfy social needs. For example, from the previous recessions, consumers reduced, postponed or eliminated consumption of products such as restaurant dining, travel, arts and entertainment (Masarrat & Jhu, 2015). Reductions in eating out have resulted in sharp declines in restaurants' performance (Leinwand et al., 2008). About 35% of Americans said they spent more time at home and less outside to cushion the effects of the 2008 recession. A whopping 55% said they would spend more time at home if the recession persists (Leinwand et al., 2008). In response to the 2009-2010 recession in the UK, consumers in the three rural areas of Kildress, Newhaven and Oldham in the UK, said they were spending less on their social lives, entertaining at home and having more modest weddings and festival celebrations (Hossain, Byrne, Campbell, Harrison, McKinley, & Shah, 2011).

Finally, purchasing decisions for houses and children's schools are also affected by recessions with many households changing apartments and children's schools to reflect the new economic realities. Kamakura and Du (2012) noted that at the later part of recessions in 2009, consumers in the U.S. are forced to relocate to cheaper houses

and engage in less travelling and leisure activities. Empirical evidence affirmed that 8% of the respondents in the US changed apartments, moving closer to work or to a smaller home, while 4% had a plan to change houses if the effects of the 2008 recession continued (Leinwand et al., 2008).

The foregoing reviews suggest that there is no research that has examined the relationship between economic recession and changing consumption patterns in Nigeria. In fact, most of the existing studies were undertaken in the West, mostly in the U.S. This is a gap filled by this paper.

3. Methodology

The paper adopted a survey design, employing a self-administered questionnaire. The questionnaire was developed from the contents of extant literature. The survey was undertaken in three outlets of Shoprite, a South African large supermarket in three locations in Lagos State, including Surulere, Maryland and Ikeja. The population of the study was all shoppers who visited the three stores during the period of the survey. Data were collected from a valid sample of 421 respondents chosen by a systematic sampling technique. Data were collected from every third shopper that came out of the stores via a mall intercept. The questionnaire had a total of 14 items on an adapted Likert Scale with four points: 1 = strongly agree (SA); 2 = agree (A); 3 = disagree (D); and 4 = strongly disagree (SD).

The questionnaire was piloted on a sample of 87 respondents at the Festac outlet of Shoprite. Prior to this, the scale was subjected to a content validity to ensure that all the items validly measured the two constructs in the scale. Our colleagues in economics and marketing professions validated the scale. Corrections to the questionnaire were made to reflect their suggestions and comments. The analysis of the pilot data enabled the researchers to measure the internal consistency (a form of a reliability test) of the scale. Table 1 below shows the Cronbach’s Alpha values for the scale. Cronbach’s Alpha reliability coefficient normally ranges between 0 and 1 with higher values indicating higher reliability among the indicators (Cronbach, 1951). This means that the closer Cronbach’s Alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale (Aminu, 2013). Alpha values for the sub-scales and the overall scale are in excess of a minimum value of 0.60 recommended by Nunnally (1978).

Finally, the main dataset of the paper was analysed using both descriptive and inferential statistics. The paper's hypothesis is:

The current recession in Nigeria has not led to significant changes in consumption patterns in Lagos metropolis.

Pearson Product Moment Correlation was used to test the hypothesis at a 0.01 level of significance, using SPSS version 20.

Table 1: Reliability of the scale

Constructs	Number of Items	Cronbach’s Alpha
Perception about recession (PAR)	6	.820
Changes in household consumption patterns (CCP)	8	.835
Overall coefficient Alpha	14	.823

Source: Pilot data, 2017.

4. Results and discussion

Results

Table 2: Descriptive statistics

Variables	Frequency	Percentage	Variables	Frequency	Percentage
Sex:			Educational qualification:		
Male	174	41%	WAEC	61	14%
Female	247	59%	ND/NCE/A' LEVEL	104	25%
Total	421	100%	BA/B.Sc./HND	210	50%
			Post-Graduate	46	11%
			Total	421	100%
Age:			Occupation:		
21-30 years	65	16%	Public sector	87	21%
31-40 years	186	44%	Private sector	263	62%
41-50 years	110	26%	Self-employed	71	17%
Above 50 years	60	14%	Total	421	100%
Total	421	100%			
Marital status:			Location of Shoprite outlets		
Single	101	24%	Surulere	149	36%
Married	320	76%	Maryland	111	26%
Total	421	100%	Ikeja	161	38%
			Total	421	100%

Source: Fieldwork, 2017.

From table 2, a simple majority of the respondents, 247 (59%) are female while the rest, 174 (41%) are male. A large majority of the respondents, 196 (70%) fall into an age category of 31-50 years. An overwhelming majority of the participants, 320 (76%) are married while the remaining 101 (24%) are single. All the respondents have a minimum qualification of West Africa Examination Council (WAEC), with a majority, 210 (50%) possessing a first degree or equivalent and about half of these respondents, 104 (25%) possessing a national diploma certificate or equivalent. A large proportion of the subjects, 263 (62%) work in the private sector of the economy. Eighty seven respondents (21%) are self-employed while the rest, 71 (17%) are employees of governments. Finally, 161 respondents (38%) shop at the Ikeja mall of Shoptite, followed by 149 (36%) that shop at Surulere store, and 111 (26%) who do their shopping at the newly opened Maryland store.

Research Hypothesis: *The current recession in Nigeria has not led to significant changes in consumption patterns in Lagos metropolis.*

		PAR	CCP
PAR	Pearson Correlation	1	.772**
	Sig. (2-tailed)		.000
	N	421	421
CCP	Pearson Correlation	.772**	1
	Sig. (2-tailed)	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output.

Table 3 shows the correlation of economic recession with changes in household consumption patterns in Lagos metropolis. The correlation co-efficient (r) is .772 and the level

of significance is 0.01 (p<.01). The table shows that the p-value is 0.000, which is less than 0.01. Therefore, the hypothesis is rejected and it is concluded that there is a significant (p < .001)

and strong ($r = .772$) relationship between economic recession and changes in consumer consumption patterns in Lagos metropolis. The co-efficient of determination ($r^2 = (.772)^2 = 0.5959$). This indicates that approximately 60 per cent of the variance in changes in consumer consumption patterns in the metropolis can be explained by variance in the economic recession in the country, while the remaining variance (40%) cannot be explained by this factor, but may be accounted for by other factors not covered in the paper.

5. Discussion of the finding

The objective of the paper is to investigate the relationship between the current economic recession and changing consumption patterns in Lagos metropolis. The result shows that the correlation is significant and strong, implying that the current recession has significantly made consumers in the metropolis frugal and cautious (Leinwand et al., 2008; Pew Research Centre, 2010) and selective, buying only goods and services they consider essential for survival (Gabriela, 2010). A large number of respondents (78%) said they have substantially reduced consumption of luxury products while a simple majority (52%) said they have also reduced consumption of necessities. This means consumption of luxury goods is severely affected by recession than that of necessities. This finding is an actual reflection of the reality many Nigerians across the country are facing. They reflect weak CCI in the country.

This finding is consistent with the findings of many studies conducted in the Western countries (Agri et al., 2016; Bohlen et al., 2009; Davis & Baxandall, 2013; Leinwand et al., 2008; Petev et al., 2011; Pew Research Centre, 2010; Reed & Crawford, 2014). Leinwand et al. found that about 32% of Americans in a survey in 2008 said the recession had made them become more frugal in spending and shopping. The wealthy in the U.S. reduced their consumption more than that of the less wealthy during the recession (Petev et al., 2011). A study by Reed and Crawford showed that purchase of durables such as vehicles and furniture dropped significantly in the U.S. when compared the boom to the

recession periods. More than 20% of American consumers said they deferred automobile purchases during the period (Leinwand et al., 2008). Average people preferred to park their cars, except where very necessary, and traveled in public transportation (Agri et al., 2016). About 37% of vehicle owners in the USA said the recession made them scale down driving while another 20% admitted they would reduce driving in the future (Leinwand et al., 2008).

6. Conclusion and implications of the finding

Nigerian economy was declared to be in a technical recession by the end of the second quarter of 2016 having recorded a negative growth rate for two consecutive quarters. Since then, the major macroeconomic indicators, including, foreign exchange rate, industrial output, employment and inflation have worsened. In particular, many firms have shut down operations and laid-off millions of workers. Those that are still operating have scaled down production and operations. The inevitable consequences are loss of income and fall in disposable income by many Nigerians, negatively affecting CCI, which measures consumer sentiment to spend in an economy. The occasion of the current economic crisis in Nigeria provides a unique opportunity to empirically assess the impact of the crisis on the consumption patterns of consumers in Lagos metropolis. The result of the correlation analysis indicates that the current economic downturn in Nigeria significantly affects the consumption patterns of consumers in some parts of Lagos State, the most cosmopolitan state in the country.

Our finding informs both policy and managerial implications. The single most important policy direction is vigorous implementation of a diversification policy. For years, every successive governments have paid a lip service to the policy. Punch (2016) suggested that the government should develop emergency plans to diversify the economy and create jobs and move the country away from depending on a single product for its survival. A major reason the country was plunged into recession was a crash in the international price of crude oil, the

mainstay of Nigerian economy. A factor key to achieving the diversification policy of the government in Nigeria is upgrading and expansion of infrastructures of all kinds in the country to improve business environment and attract investors.

"Unfortunately, infrastructure of all types is not well developed in Nigeria" (Aminu et al., 2013, p. 69) due to a lack of investment on national infrastructure in the country (Aminu et al., 2013). For example, inadequate supply of electricity has resulted in Nigeria being ranked 178th out of 185 in getting electricity (World Bank, 2013) because power firms could not supply the required electricity (Aminu, 2015). FDI's will continue to elude Nigeria as long as the infrastructures remain in their current dilapidated state and not upgraded and expanded. Recently, Volvo concluded a plan to set up a parts warehouse and an assembly line for Volvo Trucks in Kenya, hinging its decision on the growing GDP and a high level of investment in infrastructure in the country (Ombok, 2017). Aminu (2016a) suggested that Nigeria - drawing from the experiences of Mexico, with auto assembly plants and Vietnam with electronics, appliances and mobile phones assembly plants - should attract assembly plants for local production and exports, and urged government to provide massive and high quality infrastructures.

Also, government should, as a matter of urgency, carry out a comprehensive reform of Nigeria's legal, financial and tax systems to attract foreign direct investments (FDI's), which may facilitate rapid industrialisation and economic growth of the country. For example, studies have suggested that Nigeria can attract more FDI by providing appropriate tax incentives to MNCs (Aminu, 2016a; Aminu, Salau, & Pearse, 2013). Another study suggested that the government should enunciate policies to attract leading textile mills from Asia to the country's free trade areas (FTAs) for export production (Aminu, 2016b). An empirical study also affirmed that in a study of 71 developing countries, fiscal incentives are the most popular form of incentives; accounting for 19 out of 29 most frequently used incentives to attract foreign

investment (Bora, 2002). Salako and Adebunsi (2001) found that exchange rate, infrastructure development and credit to the domestic economy were some of the main factors that influence FDI flows to Nigeria.

In terms of managerial implication, organisations in Nigeria should reflect on the current mood of the economy and change their marketing strategies to reflect the weak CCI and declining consumption patterns. They should engage in marketing research to discover the changes in consumer behaviour in these hard times and adapt their marketing mix elements to fit the declining economic climate and the emerging consumer behaviour in the country. Quelch and Jocz (2009) suggested that companies need to understand the evolving consumption patterns and fine-tune their strategies accordingly, while Gabriela affirmed that the change in consumer behaviour should influence companies to reassess their strategies on the market, in order to survive the hard economic times (Gabriela, 2010).

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