# Social-cultural trends in nigeria

Business, Marketing

## INTRODUCTION

This essay identifies the social-cultural trends, including demographic and life style changes in Nigeria over the last decade (1999-2009) and an examination of the activities undertaken by Sahara Group to scan and monitor its environment.

The design of the essay is as follows: the first part is an introduction, the second part defines environmental scanning and identifies the social-cultural trends, including demographic and life style changes in Nigeria. The third part uses Guinness Nigeria Plc as a manufacturing organisation, and MTN Nigeria as a service organisation case study of how these identified trends and changes in the second part affected demand of existing products and services and how the companies reacted to the change. The fourth part examines the activities that Sahara group undertook to scan/ monitor its marketing environment and a suggestion of how the strategy can be improved. The essay ends with a summarised conclusion

## NIGERIAN SOCIAL-CULTURAL TRENDS, DEMOGRAPHIC AND LIFE STYLE DEVELOPMENTS OVER THE LAST DECADE (1999-2009).

Albright (2004) defines environmental scanning as a means of internal communication of external information about issues which may potentially influence organisational decision making processes, that focus on identification of emerging issues, situation and potential pitfalls that may affect the future, and it is used to evaluate an organisation's strengths and weakness in response to external threats and opportunities. Due to the rapid changes in today's marketplace and new emerging business practices, it is

easy for an organisation to fall behind if it does not analyse its macro-environment such as demographic, economic, social-cultural, natural, technological and political-legal environments. Choo (1999) further described environmental scanning as the acquisition and use of information about events, trends and relationship in an organization's external environment, the knowledge of which will assist management course of action. Organisations scan the environment in order to understand external forces of change so that they can develop effective responses that secure or improve their position in the future.

Kotler. (2009), states that society plays a critical role in shaping beliefs, values and norms which in turn largely defines consumer's tastes and preferences. In analysing the macro-environment, Kotler(2009) introduced the concepts of fad, trends and megatrends. Fad is described as unpredictable, short-lived without social, economic and political significance, trend as direction or sequence of events that has some momentum and durability, and megatrends as large social, economic, political and technology changes that are slow to form, and once in place, they influence us for a long time (Naisibit, 1990 cited in Kotler, 2009). This further shapes how we view ourselves, others, organisations, society nature and the universe.

Pol(1986) in an examination of marketing and demographic perspective states that many marketers view demographics as a body of information to be used in an applied manner, much of which concerns age, income,

education and other characteristics in a static form, to determine along which dimensions to segment a larger market. Which has evolved to a demographic perspective in a manner in which surrounding worlds can be viewed by relating basic information to theories about how the world operates, meaning how the demographic changes affect market place opportunities and problems. Having such perspective involves among other things, an understanding of the demographic process. For example how a population the ages grow or grows younger or otherwise changes in composition increase or decrease in size, and /or become geographically redistributed.

Nigeria's social-cultural environment is made of three major tribes - Hausa and Fulani of the north, Yoruba's of the southwest and Ibos of the southeast. These three tribes makeup 65 percent of the population, the rest of the population consists of the minor ethnic groups in the north central, south-south and north east. English is the official language, in addition to the major tribal languages of Hausa, Yoruba and Ibo, there are other 250 tribal languages spoken in various parts of the country (Sawyerr, 2003). In the last decade, the key social-cultural trends, demographic and lifestyle development include higher percentage of female education which has resulted in more women in the economically active class and extended family dependency. The Nigerian primary education was characterised by low female enrolment ratios and significant gender gaps. Total female enrolment figures showed a negative growth of 78 percent in 1986 and increased by 285 percent in 1987, the trend in the secondary education

improved from 42. 1 percent in 1986 to 48 percent in 2002, and as for universities, the trend in the persistent rise in female enrolment continued, it rose from 24. 7 percent in 1986 to 43 percent in 2004 (Dauda, 2007, Federal office of statistics, 1995, 1997, 200, Central Bank of Nigeria, 1995, 1997 2001 cited in Dauda 2007). These in turn has increased the number of eligible women in the white-collar workforce, although there are more unemployed women than men in Nigeria because the work environment remains favourable towards men. Women prefer to stay at home and take care of their children instead of taking paid employment because this is the traditional role of women in Nigerian society. Though this is changing, it is still a widely held belief. This led to many women being self-employed in the informal sectors, which has increased the average disposable income of females by 85 percent between 2000 and 2005 (https://www. portal. euromonitor. com/Portal/Magazines/GeographiesHeavy. aspx).

The educated females are more exposed to the western way of life and have created a new economically active class, this is evident with the average annual disposable income of females in Nigeria which rose by 85. 21 percent between the years of 2000 and 2005 (Euromonitor International). This has also increase the trend in migration from rural to urban centres where most of the white-collar jobs are located, and likewise, a lifestyle trend change of single female dwellers.

The social-cultural trend of dependency is prominent and is less a analysed trend in Nigeria. The Nigerian culture of close-knit family structure and ties,

which not only includes the nuclear family, but also includes the extended family as well. For instance it is not uncommon in Nigeria for an employed person to be responsible for the up keep of parents, siblings, uncles, aunties, cousin, nephews and nieces. These dependants would not necessarily be supported by one person but various people, for instance parents that have five children would be supported usually by all the children. This culture of dependency is necessitated by the lack of social security in the country. Although the dependency ratio decreased marginally over the last decade, it is still very high. During the period, the dependency ratio percentage reduced from 88. 9% to 84. 1% (Euromonitor International).

## CULTURAL TRENDS, DEMOGRAPHIC AND LIFE STYLE DEVELOPMENTS EFFECTS ON MANUFACTURING AND SERVICE INDUSTRIES

In this part Guinness Nigeria Plc shall be used to illustrate the effect on a manufacturer and MTN Nigeria on a service company. Guinness Nigeria is a subsidiary of Diageo, incorporated in Nigeria in 1962, it is a major player in the Nigeria beverage market, it brews, packages and markets it own brands and international brands. Drinking alcohol is considered an enjoyable form of leisure and entertainment by most Nigerians, the lack of alternatives makes drinking one of the most readily forms of entertainment and leisure available. Alcohol consumption in Nigeria is relatively high compared to other West African countries. (Euromonitor International, Business Monitor International, 2009). Guinness Nigeria adapted to the changing social-cultural trend of increased female education, who are now more enlightened by the introduction of ready to drink / flavoured alcohols to the Nigerian market. Guiness introduced Gordon's Spark in 2001 which is a blend of dry

gin and crisp flavour and followed the success by introducing Smirnoff Ice which is a blend of vodka and lemon in 2006. This ready to drink products are targeted at the young consumers between the age range of 18 and 34 years (the maiden age in Nigeria was 17. 4 years at the time of introduction of the product) which make up the class of young professionals with well paid entry level jobs. Although not specifically marketed as a female drink because it might affect sales being labelled as such, it has attracted a high percentage of female consumer's thereby making way for the introduction of Smirnoff ice as a different flavour of ready to drink, and making Guinness Nigeria a market leader in this respect. Guinness Nigeria took advantage of the lifestyle change associated with the increased percentage of female education levels in Nigeria. Guinness Nigeria remains the only manufacturer of ready to drink brews of alcohol in Nigeria having little competition from imported brands that do not possess the distribution network to compete effectively. Guinness Nigeria's introduction of the ready to drink products is widely distributed in the urban areas of Nigeria, that houses majority of the new social class of the educated females. It priced the products at par with the existing widely consumed alcohol (beer) and packaged the drink in 33 centilitres bottles as opposed to the 60 centilitres of the usual brands of beer widely consumed, and maintained the alcohol percentage level of 5 percent of the volume. This is targeted at the alcohol consumers who wouldn't mind consuming less volume and new consumers that may not predisposed to the consuming large volumes. The size of the packaging of 33 centilitres is also designed for ease of handling to meet the lifestyle changes, of a generation predisposed to hanging-out at clubs, bars and parties. Although the ready to

drink products haven't affected the market of other alcoholic drinks substantially, it has created a new market for the flavoured alcohol.

For the service industry, MTN Nigeria will be used as a case study and relating it to the social-cultural trend of dependency. MTN Nigeria is part of the MTN Group of South Africa. MTN started commercial operation in Nigeria in 2001 (http://www. mtnonline. com/index. php/about-mtn. html. In 1999, communication infrastructure in Nigeria were grossly inadequate, the data are as follows; internet users were 50, 000, fixed telephone lines were 475, 000, mobile telephone were 25, 000( Euromonitor International ) and there was 1, 600 payphones, this meant 1 payphone for every 77, 500 persons in the country for a population of over 120 million, which put Nigeria's teledensity as a telephone lines per 100 Nigerians at 0. 38 ( Doyle, 2001) . This created an opportunity for market expansion which was presented by the regulators announcing bids for mobile telephone licensing in 2001. Market analysts form companies like Vodacom South Africa, MSI-Celtel, Orasocom Telecoms of Egypt who were interested in market expansion into Nigeria but were using economic indicators of Nigeria's GDP per capita at USD 473, which was low and below the sub-Saharan Africa of USD 490, and the unequal distribution of income whereby the richest 10 percent of the population accounted for 40. 8 percent of the gross national income. They failed to take into conisderation the social-cultural trend of high dependency in Nigeria, and predicted Nigeria mobile telephony trend to follow that of Uganda in East Africa, which had similar demographic profile, literacy structure and per capita GDP (Doyle, 2001, Hoff 2006). The dependency

culture necessitated the top 10 percent earners buying more than one mobile line; while some buy as much as 10 mobile lines. MTN's entry into the Nigerian market introduced services that indicated the social-cultural nature of dependency, like the MTN's share and sell; where by subscribers to their network could share top-up airtime amongst each other (http://www. mtnonline. com/index. php/sharesell. html), and MTN's family and friends which registers frequently called numbers of family and friends on the network and are charged at 50 percent of the usual call rates (http://www. mtnonline. com/index. php/familyandfriends. html) . Also MTN has made available their top ups for sale in various parts of the world like the United Kingdom, United States of America, Canada, Ireland and Italy. These places have a high Nigerian population. This product is targeted at Nigerians living in these locations to be able to buy top up for people in Nigeria on the MTN Network (http://www. mtntopup. com/faqs. aspx). The growth record in the communication sector over the last decade has been tremendous, the trends are: expenditure on communication grew by 726 percent, mobile telephone subscription by 309, 624 percent , internet used by 27, 420 % ( Euro monitor ).

MTN is a market leader in the mobile communication sector in Nigeria with a 40. 54 percent of the over 77 million subscribers of the market share in Nigeria (Fadeyibi, 2009). Other marketing mix that have contributed to the growth, include the cost of subscription which was at USD 400 dollars as at 1999 and was reduced by MTN to USD 150 by 2001 and is next to zero now, also tariff has reduced by 50 % over the decade, these have encouraged

dependants to acquire and use these mobile phones. MTN market strategy of not just concentrating their network availability to the commercial and urban areas but extend their services to the rural areas where the dependants live. These affected the patronage of the existing providers of telecommunication services who concentrated in the commercial areas only. Customers switched network providers to MTN which had a wider network coverage of Nigeria, and attracted new subscribers in the rural area that had only MTN as the telecommunication service provider, this left others to play catch up in the expansion to these areas.

**SAHARA GROUP'S ENVIRONMENTAL SCANNING ACTIVITIES.**
The extent of an organisation's ability to adapt to its environment depends on knowing and interpreting the external changes that are taking place, which constitutes the primary mode of organisational learning ( Choo, 1999).

Sahara Group comprises of various companies with majority of the subsidiaries in the vertical chain of the oil and gas industry, the scanning activities is the close monitoring of both the internal and external environment in making management decisions. The company is particularly inclined to close monitoring of the oil and gas industry/ market and also thrive on effective relationship management with regulatory agencies. This is because the oil and gas industry in Nigeria is partially deregulated. For the deregulated petroleum products, whereby the market forces determine the pricing. The Group uses customers and competitors intelligence in determining the various profiles of players in the industry and creates a

strategy by monitoring the changes that both customers and competitors might make. The sales team is mostly responsible for the business intelligence scanning activity.

Close relationship management with the regulatory authorities is essential in the regulated sector in energy industries in Nigeria, this is because there are ongoing reforms to deregulate such parts of the industry and the regulatory authorities determine the form and shape the industry will take when it is fully deregulated. This is carried out by keeping a close relationship and monitoring of the regulator's, there having heads of on the direction in which the industry shape will take, thereby the company can strategically plan to position itself to take advantage of such information gathered.

The company's environmental scanning activity has been quite successful, but not formalised and has room for improvement. For instance the Group's oil trading unit which supplies five out of seven retailers of aviation fuel in Nigeria, through the use of information from our customer intelligence, the group successfully monitored the aviation retail sector in setting up its own aviation retail unit. One example of monitoring the regulatory environment was a policy to privatise and commercialize public power utility companies to enhance efficiency, the group realized there was going to be an opportunity in investing in these assets. This was bound to affect the oil and gas industry because a substantial percentage of petrol and diesel used in Nigeria was to power generating machines to act as an alternative to the public electricity supply, this is a potential threat to the demand f��or this products and our

sales volume will be affected, and likewise create an opportunity in the Power business. The Group's strategy on environmental scanning can be improved by learning form best practice by planning and managing scanning as a strategic activity by a specialized unit for the gathering and analysing information that will be scanned. This shall be used as an organisational learning engine, with a long term agenda, which would take about three to five years to mature. This is to be planned, sustained and coordinated. The Planning will ensure the gathering of information is based on organisational goals and critical information needs. Continuous monitoring will enable the organization to detect deviation from the norms and sense early warning signals, and sustained monitoring allows the system to grow its information networks and build knowledge base. Having a formal unit responsible for this will enable coordination which will in turn minimise duplication and maximise the scope and efficiency of information gathering. The formal unit created by the management after identifying the environmental scanning needs of the group, shall gather the information according to the organisational needs by translating it into specific information that will be required. The information gathered is to cover the external environment impacting the group which would include; the market/ industry where the organisation is in, and potential markets that may also influence the organisation., political and legal, social-cultural trends, economic, regulatory and technological trends. The source of this information will be external sources (personal contact, books, journals, customers and commercial databases etc) and internal sources (internal reports and memoranda, sales staff, employees and managers of various units etc).

The unit analyses the information gathered for issues and trends that may influence the organisation. The analysed information results are to be communicated into potential effects (opportunities and threats) to the appropriate decision makers to making informed decisions ( Kotler 2009, Choo, 1999, Albright 2004, Flud, 1995, cited in Choo 1999).

## CONCLUSION

This essay has e has examined the key social-cultural trend, including demographic and lifestyle development as a higher percentage of female education and dependency, and used Guinness Nigeria PLC and MTN Nigeria as case studies for a manufacturer and service organisation respectively. Also the essay examines the activities which Sahara Group undertakes to scan and monitor its marketing environment, evaluated its success and proffered suggestions of how the strategy could be improved by creating a formal unit to scan and monitor its marketing environment.

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