

Unmasking the Naija lifestyle

By Chris Githaiga, Meme Osuocha and Ayodele Lawani



In this article, we explore the changing lifestyle of a 'typical' Nigerian. Our perspective is based on insights from recent Ipsos studies conducted in Nigeria, such as the Naija Lens and African Lions. We also view these realities through the eyes of three diverse but typical Nigerians, and tell their story.

African Lions is a bold research study undertaken by the University of Cape Town Unilever Institute of Strategic Marketing in partnership with Ipsos in 2017/18. The broad objective was to define and quantify aspects of the African Middle Class across the continent,

but specifically looking at 10 key cities, including Lagos and Kano. The study captured information on demographics, growth trends, technology use, decision-making and aspirations, lifestyles, spending choices, cultural and traditional influences of the people as well as market challenges, local complexities and consumption patterns.

Naija Lens is a bi-annual general opinion survey conducted by Ipsos Nigeria with a sample drawn across the country's different regions. The current results are based on 2018/19 study.

INTRODUCING AND DEFINING CLASSES IN NIGERIA

Our African Lions study used the definition of middle class (and all classes) from the African Development Bank (AFB), as shown below:

Defining African socio-economic classes is difficult, and it is no different in Nigeria. Taking the upper class as an example, while this represents only 6% of the population, it is extraordinarily broad, income-wise, ranging from Aliko Dangote (the richest man in Africa) to mid-level managers at Ipsos Nigeria, for example. Similarly, the definitions of upper and lower middle-classes are extremely broad and diverse, including the better paid drivers alongside what most would consider more conventional “middle classers” such as mid-level professionals and corporates. One consistent categorization is that a huge majority of those in the upper and middle classes live in urban areas. The urban

population of Nigeria was reported at 51.4 % in 2018, according to the World Bank collection of development indicators compiled from official sources.

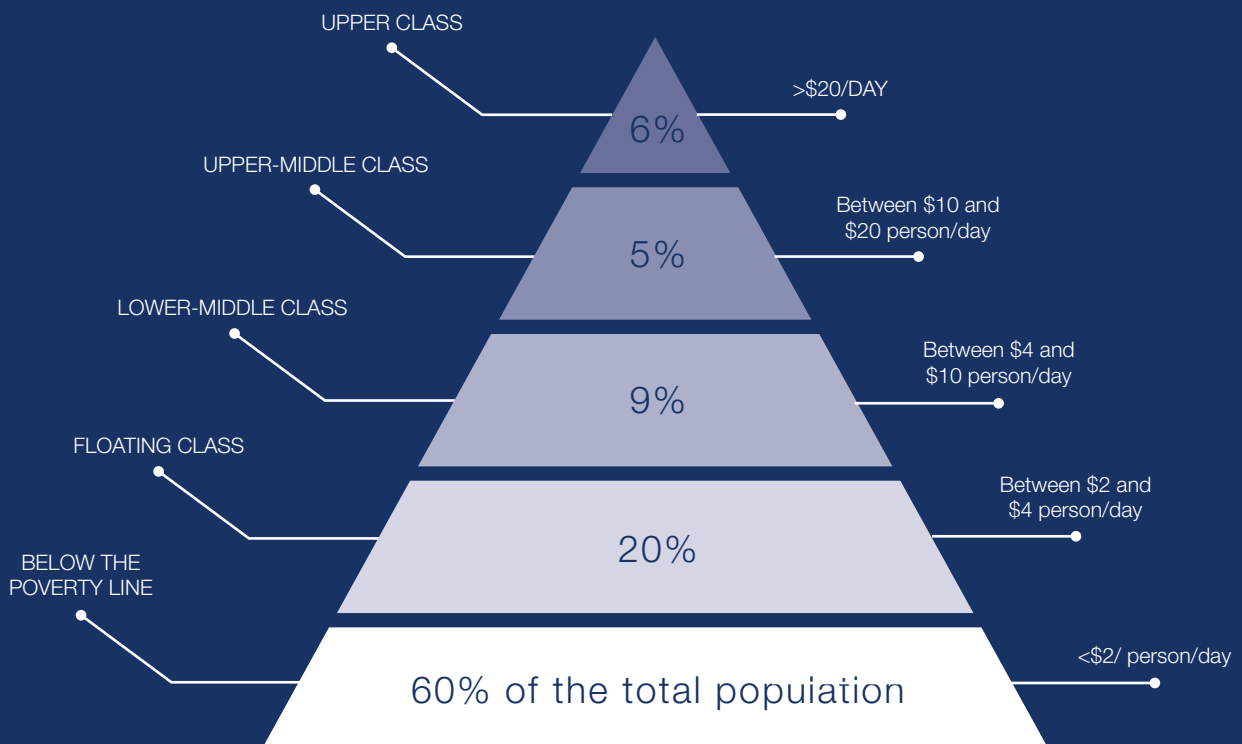
Having said this, the AFB definition is as good as any, and works well as a starting point for improving our understanding of the citizens that are driving the Nigerian economy.

This paper will attempt to bring some of these class definitions to life by describing the lives of three Nigerians; one categorized as lower middle class, another as upper middle class, and a third in the upper class. All three are working in well-established international or multinational organizations.

Finally, we will look at how the economy has changed since 2015, finding out the impact that has had on these three Nigerians specifically, and Nigerians in general.

The middle class as a share of the total population, according to ADB criteria

Working with the definition criteria used by the African Development Bank (which has become a baseline for subsequent research), it is possible to determine the size of the middle class in relation to the total African population.



MEET OFURE - UPPER MIDDLE CLASS NIGERIAN

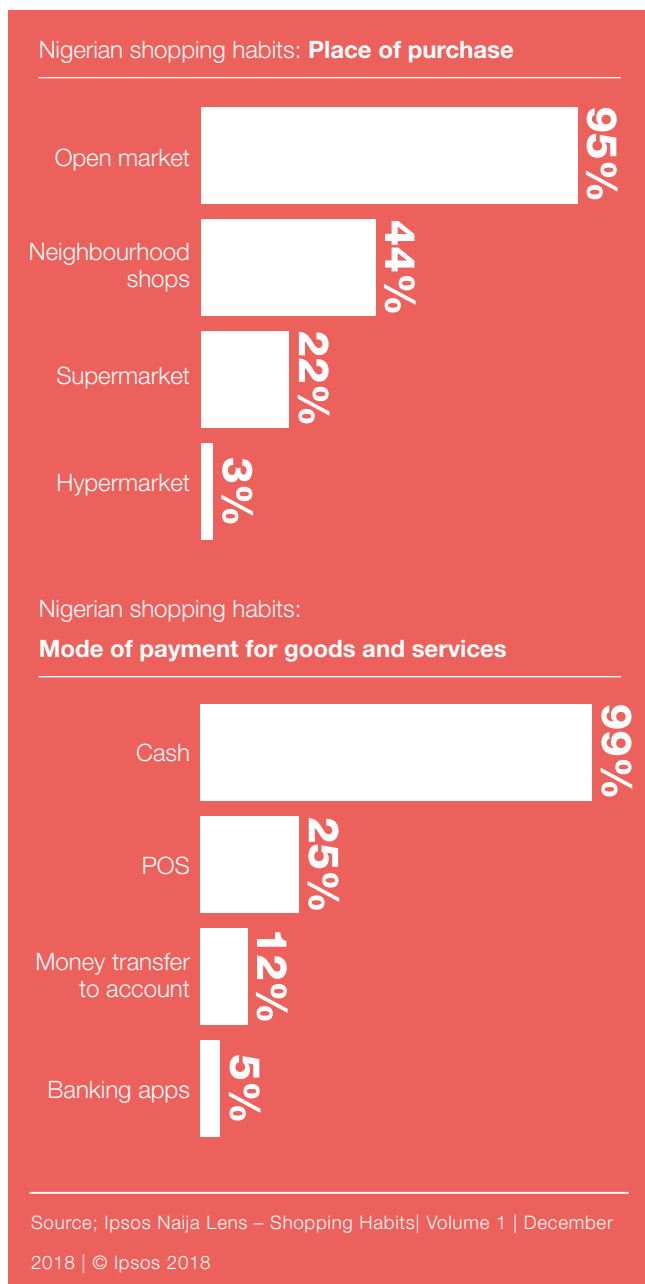
Ofure is a junior middle-level manager at a global research and consultancy firm and is 25 years old. Yet, by income, she qualifies near the top of the upper middle class.

Work takes up a large portion of her life, as it does for young professionals in her age bracket around the world. This is her first potential long-term career position she values success very highly. Her average working week is at least 50 hours, including a substantial number of hours working at home.

She lives alone, and in her neighborhood she gets about 2-3 hours of electricity each day. When that comes on, she cranks up the A/C, her small fridge and anything else she needs.

Her generator is big enough to run the major appliances and the AC. It cost around \$300, and she has had it for years. Almost all Nigerians, from the lower middle class and up, typically own generators (or “gens” as they are called here.) She runs the gen in the few waking hours when she is at home if there is no power, which is the norm.

Every day she cooks for herself, and just enough for that day because the fridge is mostly off during the night and can’t be depended upon to keep food fresh, so is used mainly for drinks. She shops at a local grocery store but would shop in the open market if the location were convenient.



According to the National Bureau of Statistics, almost 58% of vehicles commuting on Nigerian roads are commercial vehicles.

She does not own a car and relies on Uber or Taxify to get to and from work. Given the very heavy traffic in Lagos, she often uses a motorbike – or Okada – for short trips. She has no fear of using an Okada, as is the case with most Nigerians, despite being unquestionably dangerous. (While the Okada drivers are reckless, the cars surrounding them are even more reckless!) But you can travel a couple of miles on an Okada for around N250 or about \$ 0.70.

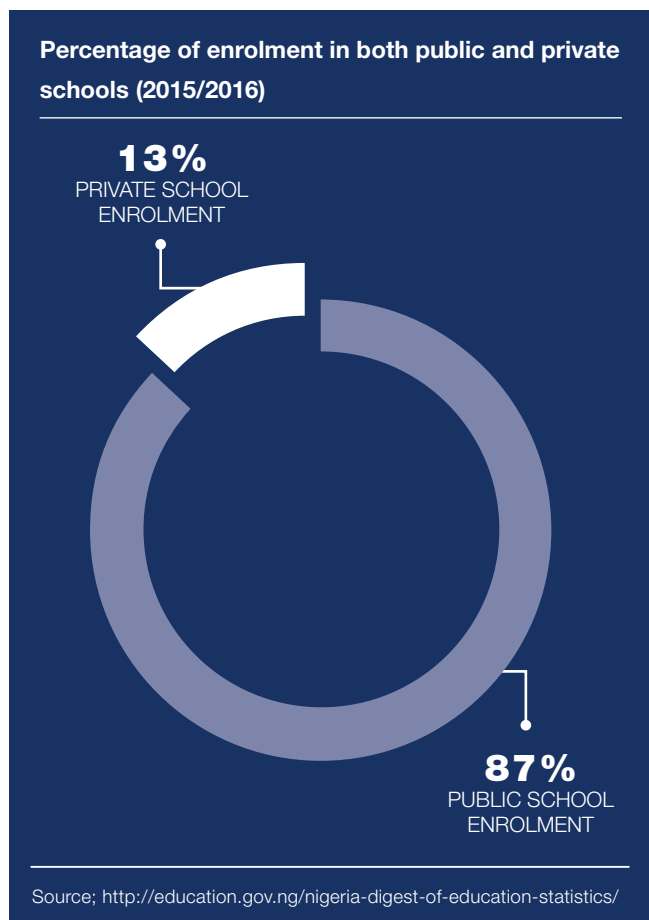
She rarely goes out for fun, maybe once every 2-3 months. When she does, she goes with her girlfriends to a bar or club to “watch the people.” Although considered of marital age, she says she has no time for a boyfriend!

She is not able to put away much money but saves for rent which costs her N500,000 per year, or around \$125 per month. This expense does not worry her for now but makes it more important that she “moves up the ladder” at work.

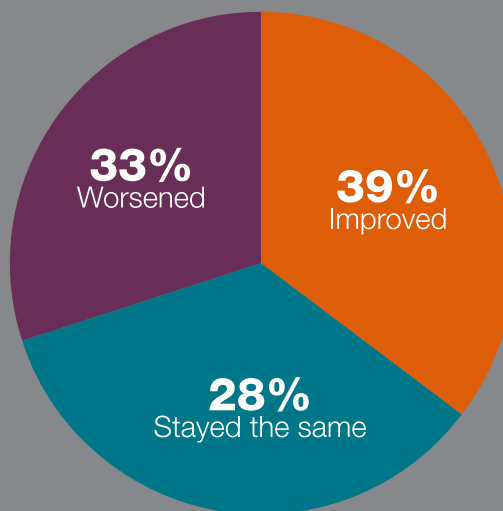
She can get DSTV (a subscription-based TV channels provider) but has not paid it for months. She tends to download movies from friends and watch them by herself at night.

Ofure is a heavy data user and spends around N10,000 per month (around 5% of her income) to stay connected. Her employer pays for some of this as she uses a lot of data for work, including when at home.

Her salary puts her in almost the top 7% of Nigerians, and her disposable income is even higher as she does not have a family to support – as most Nigerians in this bracket would.



How would you describe power supply in your local area over the last 3 months?



Source; Ipsos Naija Lens | Volume 1 | December 2018 | © Ipsos 2018
 Nb; Power availability in Nigeria is highly volatile and changes over very short time span

THIS IS KOSI - LOWER MIDDLE CLASS NIGERIAN

Kosi is a senior driver for an upper middle manager working at one of the multi-nationals in Nigeria. His income (around \$10 per day) puts him almost exactly between the lower and the upper middle class.

He has a flat in Ikeja with a parlour, a bedroom, a small kitchen with one gas burner and a toilet. He has three children aged 3, 7 and 10 years. He and his wife sleep in the bedroom and the three kids sleep together in the living room.

They get nine hours of power each day, usually from 12pm to 3pm and then from 12am through the night until 6am. He has an air conditioner, but it does not work because the power he gets is inconsistent. He needs a “stabilizer” but cannot afford one, so he uses fans. Without the stabilizer, he risks blowing up his air conditioner. Many deadly fires start in Nigeria because of electrical surges-or when the power comes on after it has been off a while.

He also has a small generator that he can fill up with fuel for N500 (\$1.38) and it runs for 12 hours, powering the lights, TV, fans but not the AC.

Kosi sends all three of his children to a private school. The total cost for this is just over N100,000 (\$278) per year. This is common among Nigerians, even those lower on the economic ladder. The public schools are considered poor quality and education is seen as critical to success. Additionally, he sends his parents N10,000 (\$28) a month as they have no income beyond what their grown children can provide. His younger brother is the only other member of his family with a job, and he also contributes.

Kosi has time for fun-but spends it mostly by himself, watching football on GO TV, a cheaper alternative to DSTV which gets him most of what he wants for N1,900/\$5.28. (A top-of-the-line DSTV subscription is around N18,000/\$50). He sometimes drinks alcohol to unwind and has switched from beer to spirits because of the “sugar” in beer. For the past five years or so, beer marketing has been all about sugar and which products have the lowest. One main effect of this is that all beers are now perceived to contain sugar while spirits are seen as a healthy alternative.

Beer consumption in Africa was estimated to grow by 5% annually between 2015 and 2020 – the highest annual growth rate across all continents in the world. (Nairametrics)

MEET SEGUN - UPPER CLASS NIGERIAN

Segun is a senior manager at another global FMCG company. His income puts him squarely in the upper class.

Segun has a wife and three children, which he sends to private school. Tuition comes to around N600,000 per year (around \$1,700). He rents a three-bedroom apartment for N600,000 annually.

His power situation is better than that of most urban Nigerians – he gets around 15 hours per day. He has a generator for backup, but it is only used if it is needed when the power is out between around 6pm-10pm and uses around 18 litres of fuel a week for it.

Segun has a DSTV subscription but does not pay during the school year to avoid having the kids watching TV rather than studying. (And of course, he appreciates the savings!)

Media consumption in Nigeria.



Watch TV stations at least once during the week



Listen to any radio stations at least once a week



Use the internet at least once a week



Read daily newspapers at least once a week



Read any magazines at least once a month



Visit cinema at least once every 6 months

Source: Ipsos Naija Lens – Media Habits | Volume 1 | December 2018 | © Ipsos 2018

He also has two fridges and a deep freezer. Deep freezer technology in Nigeria is advanced: some models can keep food frozen for more than 48 hours after the power has been turned off.

Generally, there is a great deal of innovation that originates in Nigeria and other African countries, to help people get through tough life situations, such as going long periods without electricity in 35-degree Celsius heat with almost 100% humidity. Nigeria is also the number one country in the world for electric power generators.

The World Bank estimates that Nigeria spends approximately \$250 million annually to import gensets and their spare parts. (Frost & Sullivan, 2011)

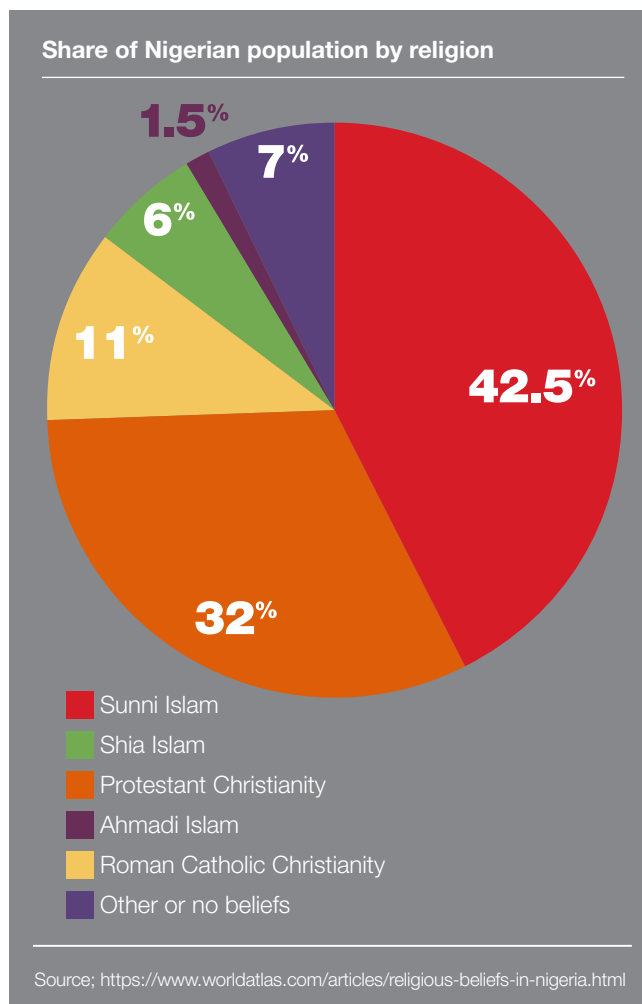
Inverters (small boxes that store small amounts of electricity) are another product seen in few places other than Nigeria. If you plug your TV or fridge into the inverter and the inverter into the wall, when the power goes out it can keep going... for an hour or so. These range from \$50 to \$200, with the more expensive ones lasting longer without power.

Segun is extremely ambitious. Despite his heavy workload, he is enrolled in a master's degree program at the University of Lagos where he attends 10 hours of lectures a week and then studies another 10 hours. This is a typically Nigerian situation: Nigerians have a strong desire to advance their careers and will work hard to achieve their goals.

Segun's efforts are particularly impressive in view of the traffic situation here, as attending 10 hours of lectures likely involves another 10 hours of driving time. So, at best, he spends a minimum of 50 hours at work, and 30 hours devoted to school. This equates to 13-hour day, assuming a six-day week.

Add to that the fact that church requires four hours on Sunday (and is almost "mandatory") and you will understand that our third Nigerian individual does not devote much time to leisure. Occasionally (less than once a month), he and the family go to the Ikeja Mall for fun.

Segun also sends money to his parents every month and has two sisters-in-law and a cousin living with him and his family. Supporting members of the extended family is very common across Africa, and especially Nigeria. In fact, this is how many lower-class citizens are able to survive.



SUMMARY

What do all three of the Nigerians above have in common? Firstly, a strong work ethic. Even though Segun is doing well at work, he is striving for more by committing a significant amount of time and effort to pursuing a degree. Ofure works at least 50 hours a week and puts everything into her career. Kosi is always on the lookout for extra opportunities to make additional money.

Second, they all believe education is key, and are investing in it. Segun and Kosi, although quite far apart on the economic spectrum, have enrolled their children into private school.

Additionally, supporting members of their extended families is expected, and help is provided without resentment. While Ofure is not supporting anyone, this is primarily because she is fortunate enough not to have to. But if asked, she would do so without question.

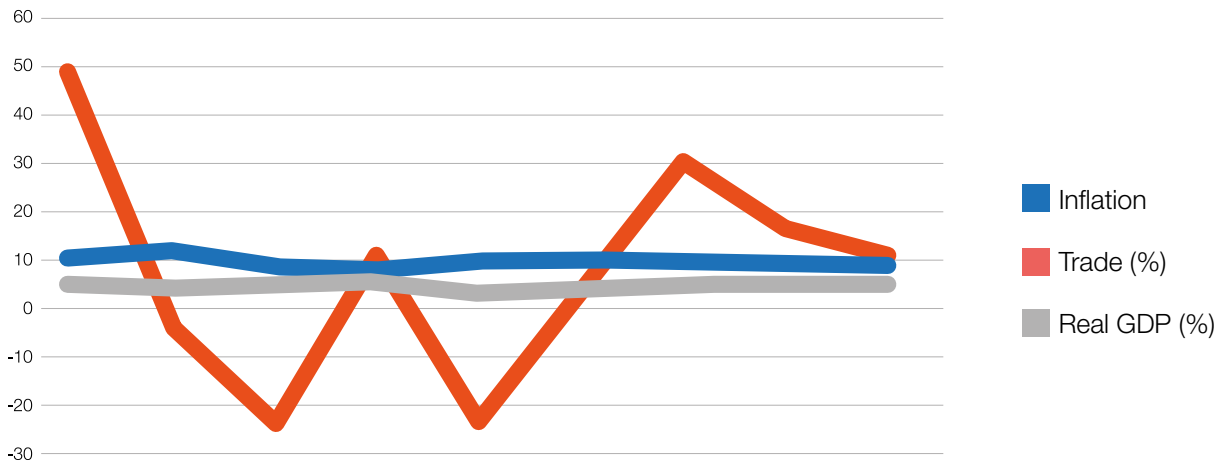
These three middle- and upper-class individuals share these cultural traits with people even outside of their social class, as they are things that makes Nigerians "Nigerian".

HOW HAS THE MIDDLE CLASS FARED SINCE THE AFRICAN LIONS STUDY?

The economy has performed poorly over the past five years, after at least 20 years of steady – and sometimes stellar – growth. From 1993 through to 2014, Nigerians

did not see a year without growth. And on many occasions, that growth was more than 5%.

Economic outlook for Nigeria, 2011–2019

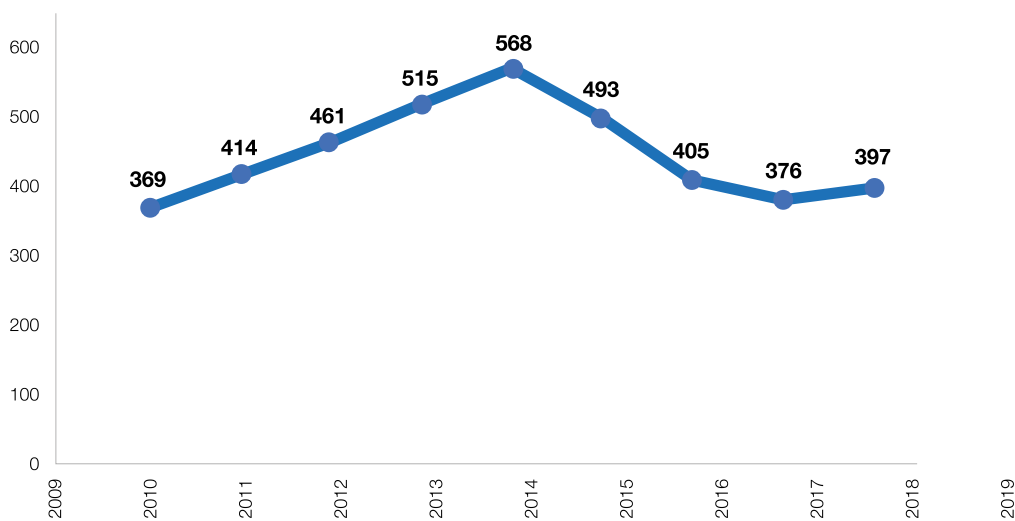


Source: <http://nigeria.opendataforafrica.org/gdcmcbg/economic-outlook-for-nigeria-2011-2019>

In the decade leading up to 2014, Nigeria, because of its huge population, energetic people and bright prospects, was the often the number one target for investment for the big multi-nationals such as Diageo, Procter & Gamble and Nestle. Those with a presence were investing and those not yet in Nigeria were making plans to enter.

This all changed after 2014, partly due to the sharp decline in oil prices, but also many other contributing factors. Below are some GDP figures for the past decade, showing the differences up to and beyond 2014.

GDP, current prices billion \$US



(Business Day June 1, 2018-IMF)

Income per capita in Nigeria declined 39% in the period between 2014 and 2017 (the latest year this data is available). All evidence indicates that this decline has continued and probably accelerated. Conservatively, per capita income in dollars is now probably around \$1,600, which means the average Nigerian has lost 50% of their income in the past five years.

It is also almost certain mathematically that the people with the largest declines have been those making the most money: members of the middle and upper classes. Those low on the economic ladder have may have seen more opportunities for irregular, casual income. And, of course, the relative loss if you are already only \$2 per day, for example, is much less than for higher earners.

DOWN-TRADING AND DECLINING CONSUMPTION

Due to these difficult economic realities, the main consumer trend in Nigeria today is down-trading and decreasing consumption, particularly among those in the higher income brackets.

This is occurring in all categories, from soft drinks, where cheap brands like Biggy and Big Cola are taking share from the global leaders, to beer where the low-price brands are now dominating the market, to disposable baby diapers.

Cheap local alcohol sold on the streets in sachets also reflects this trend. Leading brands such as Chelsea Gin (which sells in a 30ml sachet for 9 cents) are losing out to even cheaper brands like One Corner, Baby Oku and hundreds of others.

More expensive items such as vehicles are down 90% from 2014 as “Tokunbo” used vehicles, (often smuggled through Benin) now dominate the market. Champagne sales are also down 24% since 2014.

Since 2014, Nigeria has overtaken India as the country with the largest number of people in poverty by a wide margin; 87 million people are now making less than \$2 per day, compared to 72 million in India.



THE BIG PICTURE AND THE FUTURE

In response to Nigeria's recent economic downturn, over the past five years Nigerians in all social classes are economizing, either by reducing consumption or down-trading.

Encouragingly, however, there is some optimism: 70% of Nigerians believe the economy will improve in 2019, and an even higher proportion of – 87% – expect to see their living standards rise. Our Naija lens survey also finds the actions that Nigerians want the government to take in order to improve the economy and living conditions.

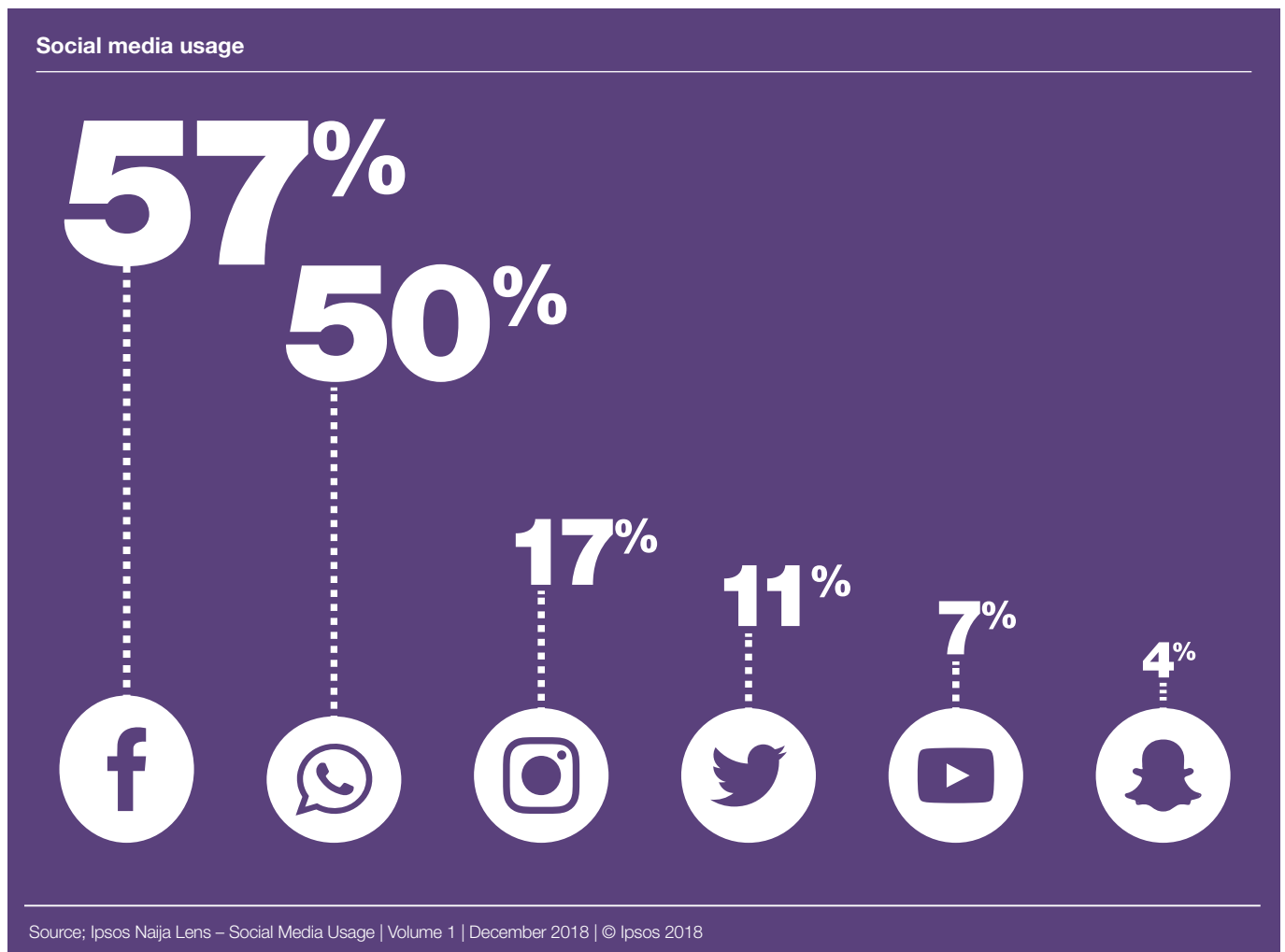
A growing trend is the adoption of digital media and social media platforms such as Facebook, Twitter, Instagram and WhatsApp. See below for recent statistics showing the proportion of social media subscribers in Nigeria, which are by far the highest in

the continent. The vast majority of users access these platforms using mobile, including 80% of Twitter and 83% of Facebook users.

There is no doubt that Nigeria is at the forefront of the digital revolution happening across the world, which explains the frequent visits of people like Mark Zuckerberg and Bill Gates.

As a result, one of the few fast-growing categories is data. Nigerians often say that, given the choice between food and data, they would choose data.

Nigerians still want to know what is going on in the world, and for this they go to their phones. This means they are well informed about the causes of their problems and can see that most other African countries, (such as Ethiopia and Kenya), are doing much better than Nigeria economically, which is hard for Nigerians who are typically very proud. The success of Ethiopia is regularly on the front page of Business Day,



and social media is alive with discussions about why Nigeria cannot be equally successful. Last year, Ghana (about one fifth or sixth the size of Nigeria) attracted more foreign direct investment than Nigeria.

In summary, Nigerians are at a crossroads, both as a country and in their own minds. They are frustrated that the economy is suffering so severely while other African countries seem to be prospering and some wonder why the government seems unable to fix it. This dilemma dominates discussion in Nigeria; from Facebook to the back seats of Uber and other taxi cabs.

Kosi, the driver, is not too hopeful but his goal for every day is just to feed and educate his family.

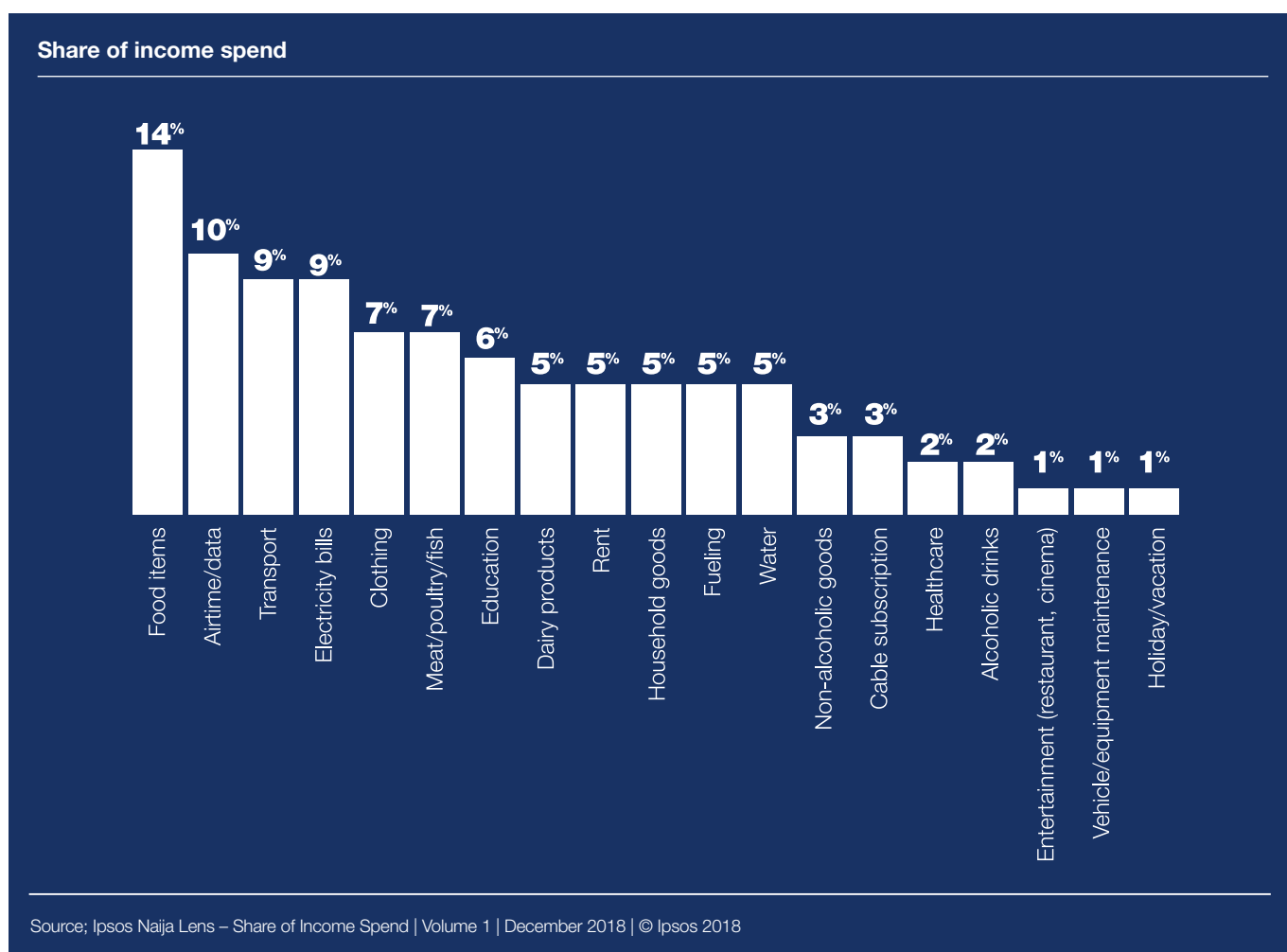
Segun, the senior manager, understands how well he is doing in this tough environment but saves money

at every opportunity in case the situation does not get better – or gets worse.

Ofure has all her bets on her company: everything depends on moving up the ladder – and she works extremely hard to ensure this happens.

All three employees are economizing. This means skipping their DSTV subscriptions, looking for better deals, down-trading, forgoing opportunities for fun, or anything else that stretches the family budget.

The best way to summarize their current attitudes is that they are “hunkering down”, hoping for the best but planning for the worst. And differently from the past, hoping for the best is getting more difficult every day.



This article was written by Chris Githaiga, Meme Osuocha and Ayodele Lawani from Ipsos Nigeria, with contributions from Tim Swift, Quarterhouse Nigeria and former Managing Director of Ipsos Nigeria.

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