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Government Regulation on Trade Advertisement and Its Effect on Poverty Eradication in Nigeria

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Abstract

This study analyzed government regulation on trade advertisement and its effect on poverty eradication in Nigeria. The incessant introduction of policies regulating trade advertisement is seen to have adverse effect on trade system itself in the country. Especially the introduction of Trade systems determines the prices of goods and services for consumers, hence, restriction to the advert of goods and services, adversely affects prices and choice thresholds of consumers. The study adopted the qualitative research methodology in gathering and analyzing data used in the research. Findings made shows that there is high poverty level in Nigeria, and the citizens rely on advert information of prices of goods and services, so as to make effective decisions on their meagre incomes. Government regulation on trade advert is seen to limit the ability of consumers to make informed choices amidst price differentiation. This further compounds the poverty level in the country, as many citizens are forced to buy goods and services at the available prices even at higher price. The study recommends that the Nigerian government should limit the regulation of trade advertisement on goods and services vital to the survival of the citizens. This will enable the free flow of information on various prices available in the market. This would also enable consumers to make effective choices in managing the high level of poverty in the country.

Keywords: : Advertise, Eradication, Poverty, Regulation, Trade

Introduction

According to Obi (2023), in 2022, the Nigerian government made efforts to improve the country economy, thereby establishing the Advertising Regulatory Council of Nigeria (ARCON) to regulate trade advertising. Prior to its establishment, advertising in Nigeria industry faced a lot of issues including media debt, agency-client master relationship, absence of pitch fee, penchant for shooting advertisements abroad with its implications on capital flight and job loss, publication of unvetted advertisements, especially on social media, unethical competition among

players, among other challenges. Hence, ARCON's was created with the

primary responsibilities of regulating and controlling advertising in Nigeria, safeguarding the interests of the public and consumers, promoting local content, while improving the livelihood of the citizens (Obi, 2023).

Uju, Akpaibor, Sameria & Ehanire (2022) stated that the establishment of the Advertising Regulatory Council of Nigeria (ARCON) Act in 2022 has revolutionized the way of doing business in Nigeria. Prior to the passing of the ARCON Act of 2022, the Advertising Practitioners Council of Nigeria (APCON) Act of 1988 was regarded as Nigeria's advertising regulator.

However, the scope of APCON's regulatory powers and the applicability of the APCON Act and its accompanying regulations was largely limited to advertising practitioners. But the arrival of ARCON extended its reach to persons, businesses and trades that are not advertising practitioners. However, Engel & Lain (2022) noted that Nigeria has many policies that limits trade related economic growth and improvement of livelihoods in the country, despite that trade presents a vital, but often untapped pathway to poverty reduction. Through its effects on investment, technology transfer, and competition, trade can help boosting job creation, increasing domestic value added, and reducing the price of goods that Nigerians buy along the way.

According to Artuc, Porto & Rijkers (2021) trade policies determine the prices for products that households need to buy. But, the National Bureau of Statistics (2022) reported that as at 2022, 63% of persons living within Nigeria (133 million people) are in multidimensional poor status. This means that the poverty level negatively influences their households income-generating activities, and also reduces the quantity of goods that they purchase.

Obadan (2002) states that in early 2001, Nigeria government introduced the National Poverty Eradication Programme (NAPEP) which focuses on the provision of strategies for the eradication of absolute poverty in Nigeria. NAPEP is complemented by the National Poverty Eradication Council (NAPEC) which is to coordinate the poverty-reduction-related activities of all the relevant Ministries, Parastatals and Agencies. NAPEC was given the mandate to ensure that there are wide range of activities centrally planned,

coordinated and complement one another so that the objectives of policy continuity and sustainability are achieved. Since then, various programmes for improving the lives of citizen in the country has been vigorously pursued by different regimes. According to Ashakah (2022), the World Bank reported that about seven million Nigerians would be plugged into poverty in 2021 following the prevalence of high commodities prices in the market. The economic realities in Nigeria show that the majority of Nigerians are poor and malnourished. Economic policies have not favoured the majority in Nigeria. The poor and the middle class in Nigeria are suffering deprivations and inequalities caused by the government's poor economic policies. The sufferings of the majority have significant implications for growth and macroeconomic stability in the country (Ashakah, 2022).

The identified increasing incidence of poverty in Nigeria, in spite of various policies and efforts exerted on poverty-related programmes in the country, suggests that government policies and schemes were ineffective and ineffectual. This paper therefore, examines the Nigerian government regulatory policy on trade advertising in Nigeria, focusing on its effects poverty eradication measures in the country.

Conceptual Framework

Trade Advertising

According to Fennis & Stroebe (2010) trade advertising is the practice and techniques employed to bring attention to a product or service. Advertising aims to put a product or service in the spotlight in hopes of drawing it attention from consumers. It is typically used to promote a specific good or service, but there are

wide range of uses, the most common being the commercial advertisement. According to Acar & Temiz (2017), advertising is a marketing drive that improves customer perceptions through an improvement in a couple of drivers of customer equity. This then leads to increased customer attraction and retention, which increase customer lifetime value and customer equity, and this increase in customer equity also results in a return on marketing investment.

Advertising may also help to reassure employees or shareholders that a company is viable or successful. Kotler, (2002) stated that advertising can be in digital forms such as television advertising and Music in advertising. With rapid growth of information technology and electronic media, television (TV) has topped the list among the media of advertising. TV has the most effective impact as it appeals to both eye and the ear. Certain forms of advertising such as TV advertising typically require a large budget. It can also be in radio, that is, using radio signals to turn marketing allocation into promotions, as a radio advertisement is used to inform the consumer of the promotion.

According to Kotler (2002) a prominent and fast grown form is the online advertising. This is a form of promotion that uses the Internet and World Wide Web (www) for the expressed purpose of delivering marketing messages to attract customers. With traditional advertising, an individual can pay for space on the printed newspaper or magazine page or you pay for time on radio or television airwaves. Consumers largely use email to contact customer service on pre- and post-sale

Bennett (2010) stated that advertising can be in physical forms such as press advertising. This is a form that involves printed medium such as a newspaper, magazine, or trade journal. Newspapers are a good medium for targeting individuals at or near the purchase decision. Magazines, through their editorial features and pictures, forge relationships with their readers that often last over time. There are several types of magazines: consumer or business and vertical or horizontal. There are hundreds of consumer magazines targeting every demographic and psychographic segment.

Mobile billboards are devices that expand on the concept of roadside billboards as a means of advertising various goods and services. Mobile billboard advertising involves the strategic use of moving vehicles to promote different products to a wider range of potential clients. Rather than relying on consumers to pass a stationary billboard posted along a highway, the mobile billboard ad is constantly moving over roadways and hopefully introducing the advertised products to consumers who may never have seen the ad otherwise. Mobile billboards are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by clients, they can also be specially equipped cargo trucks or, in some cases, large banners strewn from planes.

The billboards are often lighted; some being backlit, and others employing spotlights. Some billboard displays are static, while others change; for example, continuously or periodically rotating among a set of advertisements. Mobile displays are used for various situations in

metropolitan areas throughout the world, including: target advertising, one-day, and long-term campaigns, conventions, sporting events, store openings and similar promotional events, and big advertisements from smaller companies (Bennett, 2010).

Advertising Regulatory Council of Nigeria (ARCON)

The Advertising Regulatory Council of Nigeria (ARCON), formerly called the Advertising Practitioners Council of Nigeria, is a regulatory body established by the Nigerian Government in 2022. It was formed to regulate and control advertising in Nigeria, replacing the Advertising Practitioners Council of Nigeria Act (APCON) with the Advertising Regulatory Council of Nigeria Act, 2022 (Gbolahan, Jikenghan & Nkwor, 2023).

According to Oyewole, (2022), the Advertising Regulatory Council Act, 2022 (the “Act”) has recently been promulgated into law. The new Act effectively repeals the Advertising Practitioners (Registration, etc.) Act, Cap. A7, Laws of the Federation of Nigeria, 2004. Oyewole, (2022) stated that some of the key provisions of the Act includes:

- **The establishment of the Advertising Regulatory Council of Nigeria:** The Act establishes ARCON as the supervisory authority which regulates the practice of advertising and marketing communications in Nigeria.
- **The Regulation of Online Advertising:** The purview of the Act, extends to the regulation of advertisements on online media and platforms.
- **Provision of Penalties to Defaulters:** The Act prohibits and

prescribes prison terms and fines for persons and organizations who falsely profess to be advertising practitioners and or advertise in contravention of the Act.

Poverty

According to UNESCO (2019), poverty is a state or condition in which one lacks the financial resources and essentials for a certain standard of living. Poverty can have diverse environmental, legal, social, economic, and political causes and effects. When evaluating poverty in statistics or economics there are two main measures are considered, absolute poverty which compares income against the amount needed to meet basic personal needs, such as food, clothing, and shelter, and relative poverty which measures when a person cannot meet a minimum level of living standards, compared to others in the same time and place. Although, the definition of relative poverty varies from one country to another, or from one society to another.

There are several definitions of poverty depending on the context of the situation it is placed in. The United Nations (2011) states fundamentally that poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile

environments, without access to clean water or sanitation.

According to World Bank (2011), poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life. According to Dvorak (2015), the European Union's definition of poverty is significantly different from definitions in other parts of the world, and consequently policy measures introduced to combat poverty in EU countries also differ from measures in other nations. Poverty is measured in relation to the distribution of income in each member country using relative income poverty lines. Relative-income poverty rates in the EU are compiled by the Eurostat, in charge of coordinating, gathering, and disseminating member country statistics using European Union Survey of Income and Living Conditions (EU-SILC) surveys.

Obadan (2002) reports that poverty in Nigeria remains significant despite high economic growth. Nigeria has one of the world's highest economic growth rates (averaging 7.4% over the last decade), an underdeveloped economy, and plenty of natural resources such as oil. However, it retains a high level of poverty, with 41% of the population classified as poor by the National Bureau of Statistics (2022) in 2019 (63% were living on less than \$1 per day back in 2001). There have been governmental attempts at poverty alleviation, of which the National Poverty

Eradication Programme (NAPEP) and National Poverty Eradication Council (NAPEC) are the most recent ones.

The National Poverty Eradication Programme (NAPEP) is a 2001 program by the Nigerian government aiming at poverty reduction, in particular, reduction of absolute poverty. It was designed to replace the Poverty Alleviation Program. NAPEP and NAPEC coordinate and oversee various other institutions, including ministries, and develop plans and guidelines for them to follow with regards to poverty reduction. NAPEP goals include training youths in vocational trades, to support internship, to support micro-credit, create employment in the automobile industry. The program is seen as an improvement over the previous Nigerian government poverty-reduction programmes (Obadan, 2002).

Theoretical Framework

The theory of Economic, Political, and Social Discrimination

According To Bradshaw (2006), the theory of economic, political, and social discrimination attribute the source of poverty to economic, political, and social system which cause people to have limited opportunities and resources with which to achieve income and well-being. The theory postulates that capitalism creates conditions that promote poverty, and that irrespective of individuals' effort; (hard work, skills and competencies), the structure of some economies ensures that the poor fall behind regardless of how competent they may be (Bradshaw, 2006). The theory also asserts that within a market-based competitive economic system, unequal initial endowments of talents, skills and capital which determine productivity of an individual, can also

cause poverty. That is, certain positions in society require special and at times unique talents, skills and knowledge. The conversion of an individual talent into such special skills and knowledge requires a training period during which the individuals undergoing such training must sacrifice their time, money and other resources. Therefore, individuals have to sacrificed and undergo such training with reward such as higher wages and privileges, otherwise society will suffer.

In the application of the theory of economic, political, and social discrimination to this study, it could be seen that the provisions of government policies on advertisement, prevents the individual from attaining opportunities and resources with which to achieve income and well-being. Trade advertisement is supposed to provide avenues for growth and improved livelihood, but when there are unwarranted regulations, the citizens suffer and may relapse into poverty level.

Research Methodology

The methodology applied in this study is qualitative research method. This involves the use of secondary data sourced from journals, text books, libraries and internet sources. The analysis of data was done qualitatively by textual analysis.

Empirical Review

Awosika (2016) presented a report on regulation in post-digital age advertising, the paper shows that statutory regulation represents governmental intervention in a largely private sector environment with the purpose of protecting public interest and wellbeing. It removes regulation from businesses

(usually because businesses have proved unable to properly regulate their conduct or could not be trusted to do so) and places it in the hands of independent agency of government. Awosika (2016) justifies such intervention by government as the exercise of its mandate to protect society from the effects of practices that are harmful to its people and society, being the organ elected by society, to conduct its affairs' adding that 'only when this is for the common good that the regulator derives its legitimacy'.

In the case of Nigeria, however, deliberately or unintentionally, government engages representatives of businesses to formulate and implement its regulations, using the strength of the law to give effect to regulations that are essentially initiated by businesses themselves. This medley of statutory and self-regulation mechanisms has been applauded by many commentators and criticized by many others. In the system of self-regulation discussed earlier, rules of engagement (acceptable standards of advertisements and restrictions) are set out and popularized among all stakeholders who are then expected to comply (Awosika, 2016).

The Association of National Advertisers (ANA) (2014) presented a report from study conducted on impact of advertising on American economy. According to the report, advertising contributed \$3.4 trillion to the United States (U.S.) GDP in 2014, comprising 19 percent of the nation's total economic output. The research provides a comprehensive assessment of the contribution of advertising to national, State, and regional economic activity across 17 industries. The data details the impact of advertising on the economy of

the U.S., the 50 states and each of the nation's 435 congressional districts. This study underscores the essential nature of advertising in promoting both business and economic growth in the country. The advertising industry contributes nearly 20 percent to the nation's GDP sends a powerful reminder to policymakers that advertising is an essential stimulus to the U.S economy that is promoted and not subjected to a tax. The economic value of advertising extends into other sectors like manufacturing, agriculture, health care, retail, and numerous other areas of the economy.

Onuorah (2017) conducted a study on the imperatives of advertising regulation in Nigeria. The study found that the question about how Advertising should be regulated is the question about who should regulate Advertising. It would appear, from the foregoing, that a regime of self-regulation would require that those who practice (engage in) Advertising, namely, advertisers, advert agencies and advert media operators, should be the ones to regulate it. Because these 'practitioners' of advertising are engaged in a business with intention to make profit and, at the same time, engaged in competition among themselves, their capacity to 'regulate' objectively and altruistically can be greatly impaired. It is for this reason that in countries where the self-regulation mechanism is entrenched, even if funded by the industry, but it will operate independently of the industry. In essence, and in practice, self-regulation implies establishment by the industry, of a system of regulation free of government involvement and interference but independent of the industry (operators) in the conduct of its operations. On the other hand, a regime of statutory regulation would require that government

assumes responsibility for setting out and enforcing rules of engagement with a view to protecting the interests of consumers and the public as well as ensuring a fair and equitable environment for competition in the industry (Onuorah, 2017).

Fan (2022) researched on the impact of advertisement on consumer behavior in America. The study found that the impact of advertisement on consumer behavior has played an essential role in enabling organizations to reach out to broad and diverse categories of consumers and gain loyalty to the consumers based on the quality of products and services offered in the marketplace. The current advertisement platforms acknowledged in today's business environment embrace the existence of digital technology. Hence, the focus on social media and the online marketplace has played a crucial role in helping an organization understand the preferences of its targeted customers. The perception of establishing businesses in a free-market economy calls for the initiative to invest in digital marketing since a significant percentage of the targeted customers consider the online marketplace as the most convenient platform to order products. The company's marketing and advertising managers have to draw the consumers' attention through sales promotions and advertisements. The main aim of the advertisers is to reach the consumer and influence their attitudes, buying behavior, and awareness regarding particular services or goods. The primary purpose of advertisers is to influence the consumer's decisions and decision-making process based on the advertisement and marketing goals

Conclusion

This study examines the Nigerian government regulatory policies on trade advertising in Nigeria, focusing on its effects on poverty eradication measures in the country. Findings made from the review of literatures consulted in the study, show that the Nigerian government made several attempts in the regulation of trade advertisement in the country. This led to the creation of the Advertising Regulatory Council of Nigeria (ARCON), and ARCON has been able to regulate trade advertisement in the areas of online advert and imposition of penalties to defaulters. However, the study found that incessant regulation of trade processes in the country affects the prices of goods and services to the consumers.

This is as trade policies determine the prices for products that households consumes. There is abject poverty in the country and the citizens rely on information on the existing prices of goods and services for effective spending of their meagre incomes. The study found that there is high impact of advertisement on consumer behavior, as it plays essential role in enabling consumers to make effective decisions, based on the quality of products and services offered in the marketplace. Also, marketers use various media advert platforms to influence consumer behavior and maintain customer loyalty in the market. Therefore, the government regulation of trade adverts, limits the ability of consumers to make choices in the purchase of goods and services, and this situation further compounds the poverty level faced in the country.

Recommendations

Based on the findings made in this study, the following recommendations are made:

- The Nigerian government should reduce the number of restrictions placed on trade advertising, so as to enable for free flow of information on the availability of goods and services in the country.
- Efforts should be made by producers to ensure that prices of goods and services are updated for easy comprehension by consumers to make effective choices.
- The Advertising Regulatory Council of Nigeria (ARCON), should be re-organized so as to make it serve the current realities of Nigeria.
- Government should intervene to ensure proper regulation of price of goods and services, so as to reduce poverty level in the country.
- Producers should be encouraged to access cost effective measures in the production of goods and services, so as to be able to present moderate prices to consumers.
- Advert agencies and advert media operators should be allowed to form associations that can regulate their activities, instead of government clamp down

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