

Determinants of expenditures on foods in commercial eateries by households in Aba metropolis, Abia State, Nigeria

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Abstract

This study focused on the assessment of expenditures by households on food consumption in commercial eateries in Abia State, Nigeria. Fifty households were randomly selected each from Aba north and Aba south local government areas of the state which make up the metropolis. Results showed that the average age of the respondents was 48 years and they spent 11.5 years in school. It also revealed that an average of N1030 was spent monthly by the respondents eating in commercial eateries in places like “bukas” (local restaurants) and food hawkers; and foods eaten were mainly “garri”, “akpu” (fufu), rice, yam, fried plantain, snacks and spaghetti. Most of these foods were eaten during lunch time. Males’ especially single persons, educational status, monthly income and breakfast before leaving home, were the major factors that influenced the amount spent on eating in these convenient eateries at given levels. The study recommended that proactive measures such as *Mise en place* be adopted especially during lunch breaks to effectively manage demand and time spend by consumers. About 47% of the observed variables were explained in the regression means that food vendors should pay increasing attention to changes in demographic variables and other factors.

Keywords: consumption, convenience, food, opportunity cost.

Introduction

Food is one of the basic human needs; hence it is at the top of Maslow’s hierarchy of need. In order to satisfy its demand, an average Nigerian spends a whopping 72.97 percent of his earnings on food with little for discretionary spending (Nzeka, 2011). Food consumption pattern and behavior differ across nations and cultures. In traditional African setting, families gathered together at home to enjoy their “regular meals.” This lifestyle has been altered dramatically as many families face increasing economic pressures and uncertainties, making fewer households sit down to eat together. This scenario has created opportunities for businesses to provide healthy alternatives, in most cases with convenience attributes-Food Away From Home (FAFH). Without doubt, opportunity cost of time and cost is seen in the preference for “convenience” foods in commercial outlets. Until recently, food consumption in commercial outlets was a western lifestyle, but it has gradually gained momentum in Africa. In Nigeria, convenience food and beverage market has shown strong growth over the past 10 years (BGL, 2012). The rise in expenditure and

demand for FAFH in Nigeria is traceable to social impact of globalization and the rapid rate of urbanization. More importantly, the influence of a rise in the opportunity cost of time of home food production as more females take up formal employment; increase demand for variety among consumers and rising household income (Nayga and Capps, 1992; Yu and Hailu, 2010). From an economic perspective, increase in income has a significant relationship with improvement in certain items or food believed to increase health (Ceserain and Kinton, 2007). In addition, this change in consumer lifestyle was bolstered by the opportunities offered by the emergence of such economic policies as Structural Adjustment Programmes (SAP) in Nigeria in the 1980s. This period herald the emergence of fast food industry in Nigeria. The growth of fast food chains in Nigeria has contributed to the rapid increase in food consumption away from home. According to Shin (1989) and Yu and Hailu (2010), the increased demand for fast food has over the years been sustained by the development and introduction of convenience attributes. This is often referred to as the opportunity cost of time effects. With this, consumer can obtain food

preparation time and effort saving benefits from the purchase of convenience foods. For instance, the introduction of ready-to-prepare, ready-to-cook, heat and serve, and ready-to-eat foods provide time and effort saving benefits to households with higher opportunity cost of time in labour market. The recent launch of Indomie noodles brand of heat and serve captures the essence of FAFH in Nigeria.

It is obvious that the commercial food outlet market has benefited immensely from improving economic conditions. In most economies of the world, real disposable income has grown significantly over the past two decades. According to Ceserani and Kinton (2007), people were approximately a third wealthier at the end of 1990s than they were at the beginning. Statistically, a rise of 3.4% in household income between 1999 and 2009 resulted in 3.7% rise in money spent eating out. Stewart *et al.* (2004) also observed that a 10 percent increase in a typical household's per capita would cause it to spend 6.4 percent and 3.2 percent more per capita at full service and fast food restaurant respectively. The relationships between income, price, food consumption in particular and food away from home have been identified by researchers (Ceserain and Kinton, 2007; Fanning *et al.*, 2010).

Many studies have been conducted on food consumption pattern and behavior in Nigeria and beyond with varying degree of influences and successes. The re-visitation of these influences will no doubt continue to provide insight for changes in the industry. Kotler and Keller (2007), Ogden (2003) and Nwachukwu *et al.* (2011), observed that consumption pattern and taste in food is complex and often shaped by the family lifestyle cycle, income, and occupation of member of the family, learning, social influence, attitude, and perception of control. Accordingly, McCracken and Brandt (1987) in their work on household consumption away from home identified household income, time value, size, and composition as important determinants of total household expenditures on FAFH. They found out that the importance of these factors varied between conventional restaurants, fast food facilities, and other commercial food outlets. Decomposition of Tobit elasticities indicated the importance of household size, income, and time value on market participation. Bamiro (2012) in determining consumption of FAFH in Nigeria observed that sex, household size and the proportion of adults in the household are important factors of influence. When decomposed into bolus, non-bolus and snacks, his results indicated that sex, household

sizes and the proportion of females in the households are the significant variables. These variables have continued to provide foundation for effective marketing decision to stimulate consumer patronage given that food consumption at commercial eateries is affected by fluctuation in demand. Its demand fluctuates overtime and by type of customers. Although the market in Nigeria has experienced a heightened growth in recent time, however, its future growth and patronage will depend on the fate of over 69 percent poor Nigerians who feed on less than 1.5 dollar daily (NBS, 2010). Other issues that will impact on the market are environmental and health related issues (Konwea, 2012). Health issues especially age related cases play an active deciding role and pose a serious challenge to FAFH. According to Stewart *et al.* (2004) the aging of the population will decrease spending on fast food by more than 2 percent.

In view of the above and considering that studies on the opportunity cost of time on consumption of food in commercial eateries is limited, in addition to the fact that no study exists in Nigeria that considers period of food consumption, makes the consideration of this study imperative. This study therefore seeks to determine expenditure by household on food in eating centers in Aba metropolis, Abia State. The specific objectives were to (1) identify the socio-economic profile of consumers of commercial eateries; (2) major factors that influence the amount spent on FAFH, and (3) types of food and period in the day when foods are eaten this eateries.

Materials and Methods

The study area was Aba in Abia state of Nigeria. Aba is the commercial nerve center of Abia state. It is situated on the latitude 5°07'N and longitude 7° 22'E, covering an area of about 2.458KM² (ABSG, 2007). Aba metropolis is made up of four local government areas (LGAs) comprising Aba South, Aba North, Osisioma and Ugwunagbo LGAs. It has a total population of over 531,340 persons (INEC, 2008). Aba christened "Enyimba" city, is one of the most densely populated towns in Nigeria. It is historically known for "Aba women riot" of 1929. The city is home to Nigerian made shoes, bags and other fabrications. Its ingenuity, enterprising, entrepreneurial, and industrious spirit earned the city the nickname "Japan of Africa"

The major occupation of the people of the city is trading. As a result of commercial activities

in the city, restaurants, eateries, hospitality/tourism industry, banks, telecommunication and other businesses have blossomed. Given this advantage, many restaurants and eateries are springing up every day and everywhere in the city to cater for the food needs of many households, which makes the consideration of this study more relevant.

Respondents for this study were selected using purposive and multistage random sampling technique. The first stage involved purposive selection of two Local Government Areas (LGAs). These are Aba South and Aba North LGA. In the second stage, 25 streets were randomly selected from each of the LGA selected, which aggregated 50 streets considered in this study. The final stage involved the selection of two households. This gave a sample size of 100 respondents for this study.

In order to achieve the objectives of the study, descriptive statistics and multiple regression models were employed. Specifically, descriptive statistics were employed in analyzing the socio-economic profile of respondents, while the ordinary least square regression model was estimated to ascertain the factors that determine the amount spent on consumption of Food Away From Home. The explicit form of the regression model is given as follows:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + \dots + b_nX_n + U \quad (1)$$

Where Y = Expenditure on FAFH (N)

b_0 = intercept

X_1 = Sex of the respondent (dummy: male =1, female =0)

X_2 = Marital status (1=single, 0=otherwise)

X_3 = Household size (number of persons)

X_4 = Age (years)

X_5 = Educational attainment (years)

X_6 = Monthly income (Naria)

X_7 = Breakfast taken at home (dummy: Yes =1, No =0)

U = Error term

Results and Discussion

Table 1 shows that majority of the respondents were adults with an average age of 48 years; as well as with a mean household size of 5 persons per households. The results also reveal that they are literate. On the average, each respondent had spent about 11.5 years in school, as well as earned more than the minimum wage (N17629) of an average Nigerian before the recent increment to N18000. On an average, a respondent spent about N1030 monthly eating outside.

Tables 2 shows that majority of the respondents eat outside their homes mostly in the afternoon (lunch time). In the food categories, only spaghetti, plantain and rice were indicated by the respondents as their major morning meal taken

as breakfast. This is not unconnected with the fact that many people prefer light foods in the morning because it makes them vibrant.

Table 3 shows the results of the determinants of amount spent on consumption of Food Away From Home. The exponential functional form was chosen as the lead equation based on the signs and statistical significance of the estimated regression parameters. The result shows that 47.4% of the total variability in food consumption away from home was explained by the independent variables included in the model. The F ratio was significant at 1% indicating regression of best fit. At various levels of confidence, the coefficients of sex, marital status, educational attainment, monthly income and breakfast before leaving home were statistically significant and positive. This implies that they influence the amount spent on eating outside the home.

Sex of the respondent was positive and significant at 1% level. This implies that males are more favorably exposed to eating away from their homes than females and therefore, spend more money than female in doing so, given the fact that males often find it difficult to cook at home. This result is in line with a priori expectation. The coefficient of marital status was also positive and significant at 1 % level. This corresponds with the findings of Stewart *et al.* (2004) that single persons or multiple adults living without children at home will cause per-person spending at FAFH to increase to about 1 to 2%. In addition, single persons than married people spend more on eating outside (Bonke, 1993). The coefficient of education had direct relationship with FAFH and was highly significant at 1 per cent level of probability. This result is in conformity with a priori expectation. The more educated a person is, the more demand to eat in a better and conducive environment due to the health implication, which in most cases increases the cost of acquisition. This result is consistent with Lindvall (1989), Bonke (1993), and Adewuyi *et al.* (2007).

The monthly income was also significant at 1% confidence level and positive, depicting a direct relationship between income and food consumption away from home. The implication is that the higher the monthly income, the higher the amount an individual spends on FAFH. The result agrees with those of McCracken and Brandt (1987) and Adewuyi *et al.* (2007). The coefficient of taking breakfast before leaving home was significant but has a negative sign. This by implication means that eating before going outside has a negative relationship with the amount spent

on eating outside home. Eating at home reduces the propensity to spend more in commercial eateries. Two schools of thought justify this result. Health wise, increasing health and nutritional awareness have continued to encourage food production and home eating by many households. Also, economic pressures and uncertainty in most developing countries have led consumers to make rational decisions on household spending.

Conclusion

Consumer attitude towards food is a complex and dynamic activity. The identification of several factors in this study which exhibit huge influences on the amount spent consuming food outside homes justifies this assertion. Looking ahead, opportunity cost of time, which hinders home production of food as a result of economic pressure on families demanding for increased female workforce participation; rising household

income, and other demographic factors will continue to provide the needed compulsion for eating at commercial outlets. Furthermore, Nigeria population growing at 3.2%, there is huge market and marketing opportunities for many small and medium scale businesses in Nigeria food industry. The key drive will focus people strategies in response to manage demand and shifts in demand. This paper suggests that proactive measures such as *Mise en place* be adopted especially during lunch breaks to effectively manage demand and time spend by consumers. This is necessary because majority of their consumers patronize their service during this period. Since, about 47% of the observed variables were explained in the regression means that food vendors should pay increasing attention to changes in demographic variables and other factors.

Table 1: Socio-economic characteristics of consumers of commercial eateries in Aba metropolis.

Variables	N	Minimum	Maximum	Mean	Std. deviation
Age (yrs)	100	25.00	90.00	47.71	15.99
Household size (N)	100	2.00	20.00	5.00	4.15
Education (yrs)	100	6.00	20.00	11.59	4.70
Monthly income (N)	100	5000	100,000.00	17,628.78	23,112.15
Amount spent eating outside home (N)	100	500.00	10,000.00	1030.00	1694.15

Source: Field Survey 2012.

Table 2: Types of food consumed and period of consumption

Types of Food	Periods		
	Breakfast (%)	Lunch (%)	Dinner (%)
Garri/akpu	-	70	30
Rice	40	50	10
Beans	-	100	-
Yam	10	80	10
Plantain	75	25	-
Snacks	20	80	-
Spaghetti	80	20	-

Source: Field Survey 2012.

Table 3: Determinants of factor influencing amount spent on consumption of food in commercial eateries.

Variables	Linear	Semi log	Double log	+Exponential
Constant	-451.538 (-0.737)	-2415.34 (-3.179)***	-3.327 (-0.967)	5.233 (9.424)***
Sex (dummy)	-885.221 (-2.560)***	-419.00 (-0.510)	-0.77 (-0.208)*	0.819 (2.901)***
Marital status (dummy)	-84.911 (-0.245)	180.272 (0.229)	0.965 (2.711)***	0.974 (3.475)***
HH Size (No)	-38.622 (-0.887)	228.962 (-0.202)	-0.977 (-8.570)***	-0.009 (-0.035)
Age (yrs)	16.163 (3.906)***	3994.687 (3.994)***	0.941 (1.425)	0.010 (1.257)
Education (yrs)	20.166 (0.565)	479.196 (2.641)***	0.319 (0.597)	0.446 (5.575)***
Monthly income (N)	0.061 (9.544)***	1743.320 (3.213)**	0.663 (2.700)***	2.408 (4.640)***
Breakfast before leaving home (dummy)	-453.565 (-3.840)***	-926.417 (-0.935)	-0.851 (-3.431)***	-0.877 (-3.063)***
R ²	0.670	0.433	0.419	0.474
F-ratio	11.528***	1.868*	2.001*	3.500***

Source: Field Survey, 2012

*, **, *** are significant at 10, 5 and 1%, respectively

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