

A PAPER PRESENTED BY DR. JOSEPH I. ODUMODU, MFR, DIRECTOR- GENERAL/CHIEF EXECUTIVE, STANDARDS ORGANISATION OF NIGERIA (SON), ON THE OCCASION OF THE LIVEWELL INITIATIVE (LWI) 5TH ANNUAL GRAND HEALTH BAZAAR (GHB 2015) ON TUESDAY 23RD JUNE 2015 AT THE HAVILAH CENTRE, VICTORIA ISLAND, LAGOS

SUB-THEME: 'CONSUMERISM AS A GROWTH DETERMINANT IN EMERGING WORLD ECONOMIES'.

The Chairman of the Occasion, the Hon Permanent Secretary of the Lagos State Health Services Commission. Dr. Jemilade Longe,

The CEO, LiveWell Initiative (LWI), Mrs. Bisi Bright

Executives and members of the LiveWell Initiative Organisation,

Distinguished Speakers and Members of the High Table,

Other Invited Guests,

Gentlemen of the Press,

Ladies and Gentlemen,

It is my great pleasure to be a part of the LiveWell Initiative LWI 5th Annual Grand Health Bazaar GHB 2015. Since the annual event commenced, the LWI Grand Health Bazaar has quickly become an auspicious platform for engaging organisations through the healthcare space and promoting multi-sectoral collaborations. This year's main theme 'Social Investment as a Corporate Sustainability Tool in Emerging Markets' is aimed at exploring how organisations in emerging economies can through interventions impact favourably on their social environment, whilst building strong and enduring entities. This 1st day of the GHB 2015 is Fast Moving Consumer Goods (FMCG) day with the sub-theme 'Consumerism as a Growth Determinant in Emerging World Economies'.

Definition of Consumerism

I will like to start by 1st considering the definition, meaning and interpretation of consumerism. Consumerism is variously defined as:

- Materialistic attitude – an attitude that values the acquisition of material goods.
- Belief in the benefits of consumption – the belief that the buying and selling of large quantities of consumer goods is beneficial to an economy or a sign of economic strength.
- Protection of consumers' rights – the move to protect and inform consumers by requiring such practices as honest packaging and advertising, quality and product guarantees, fair pricing and improved safety standards. In this sense, it is a set of policies aimed at regulating the products, services, methods, and standards of manufacturers, sellers, and advertisers in the interests of the buyer.

From the foregoing, it becomes very clear that consumerism is inextricably linked to quality. Quality protects consumers' rights and ensures fair practices in business. It is quality that underscores a healthy demand for goods and services, and ensures repeat purchases and thus growth for any business. It is only quality that will guarantee the excessive consumption of goods and services, and quality can only be guaranteed through a strict adherence to standards.

Emerging Economies and Characteristics

Emerging market economies (EME) describe those nations that are progressively becoming more advanced, usually by means of rapid growth and industrialization. These countries experience an expanding role both in the world economy and on the political frontier. Typically Emerging markets have low to middle per-capita incomes, above-average sociopolitical instability, higher unemployment, and lower levels of business or industrial activity relative to countries such as the United States. However, these countries also typically have much higher economic growth rates. Less developed nations throughout Asia, Africa, Eastern Europe and Latin America are said to be emerging market economies and have faster growth rates than the developed world consisting of mature markets in North America, Western Europe and Japan, where annual growth rates hover around 3% or less.

One key characteristic of the EME is an increase in both local and foreign investment. Growth in investment often indicates that the country has been able to build confidence in the local economy. Foreign investment is a signal that the world has begun to take notice of the emerging market and capital inflows often leads to long-term investment in infrastructure, expansion of manufacturing operations, building of new factories etc. For the receiving country, employment levels rise, labor and managerial skills become more refined, and a sharing and transfer of technology occurs. As they gain global presence, many emerging markets benefit from regulatory reforms and cross-border trade. Ultimately, production levels should raise and GDP increases leading to the creation or an expansion of the middle class population that is critical in driving consumerism.

Nigeria, as an emerging economy, shares many of the above characteristics and also the challenges posed in these economies by the prevalence of substandard, fake or counterfeit products. The culture and level of development of any society reflects the standards they accept. What people accept as standards are those things which are beneficial to their wellbeing and not those which harm them. People buy products and services because they want those things to enhance their current existence or improve it. Thus, the decision to accept a product or service ultimately lies with the consumer. Until people internalize the attitude to reject what is not good for them, we shall never be able to eliminate goods and services that fall short of the specified standards.

What is a Standard?

Put at its simplest, a standard is an agreed repeatable way of doing something. It is a published document that contains a technical specification or other precise criteria designed to be used consistently as a rule, guideline or definition. Standards are created by bringing together the experience and expertise of all interested parties such as manufacturers, users, buyers and regulators of a particular material, product, service or process. Standards are designed for voluntary use and do not impose any regulations. However, laws and regulations may refer to certain standards and make compliance with them compulsory.

What Standards Do?

Standards:

- make the development, manufacturing and supply of products and services **more efficient, safer and cleaner**.
- **enable sharing of** technological advances and good management practice
- disseminate **innovation**
- **facilitate trade** between countries and make it **fairer**
- **safeguard consumers**, and users in general, of products and services
- make life simpler by providing **solutions** to common problems
- provide governments with a technical base for **health, safety and environmental legislation**, and conformity assessment

Beneficiaries of Standards

Standards provide technological, economic and societal benefits.

- For **businesses**, the widespread adoption of standards means that suppliers can develop and offer products and services meeting specifications that have wide international acceptance in their sectors. Therefore, businesses using International Standards can compete on many more markets around the world.
- For **innovators** of new technologies, standards on aspects like terminology, compatibility and safety speed up the dissemination of innovations and their development into manufacturable and marketable products.
- For **customers**, the worldwide compatibility of technology, which is achieved when products and services are based on standards, gives them a **broad choice** of offers. They also benefit from the **effects of competition** among suppliers.
- For **governments**, Standards provide the technological and scientific bases underpinning health, safety and environmental legislation.
- For **trade officials**, Standards create "**a level playing field**" for all competitors on those markets. The existence of divergent national or regional standards can create technical barriers to trade. International Standards are the technical means by which political trade agreements can be put into practice.

- For **developing countries**, Standards that represent an international consensus on the state of the art are an important source of **technological know-how**. By defining the characteristics that products and services will be expected to meet in export markets, standards give developing countries a basis for making **the right decisions** when investing their scarce resources and thus avoid squandering them.
- For **consumers**, conformity of products and services to standards provides assurance about their quality, safety and reliability.
- For **everyone**, Standards contribute to the **quality of life** in general by ensuring that the transport, machinery and tools we use are safe.
- For **the planet** we inhabit, Standards on air, water and soil quality, on emissions of gases and radiation and environmental aspects of products can contribute to efforts to **preserve the environment**.

Examples of the Benefits Those Standards Provide

- Standardization of screw threads helps to keep chairs, children's bicycles and aircraft together and solves the **repair and maintenance** problems caused by a lack of standardization that were once a major headache for manufacturers and product users.
- Standards establishing an international consensus on **terminology** make technology transfer easier and safer. They are an important stage in the advancement of new technologies and dissemination of innovation.
- Without the standardized **dimensions** of freight containers, international trade would be slower and more expensive.
- Without the standardization of **telephone and banking cards**, life would be more complicated.
- A lack of standardization may even affect the **quality of life** itself: for **the disabled**, for example, when they are barred access to consumer products, public transport and buildings because the dimensions of wheel-chairs and entrances are not standardized.
- **Standardized symbols** provide danger warnings and information across linguistic frontiers.
- Consensus on grades of various materials gives a **common reference** for suppliers and clients in business dealings.
- Agreement on a sufficient number of variations of a product to meet most current applications allows **economies of scale** with **cost benefits** for both producers and consumers. An example is the standardization of paper sizes.
- Standardization of **performance or safety requirements** of diverse equipment makes sure that users' needs are met while allowing individual manufacturers the freedom to design their own solution on how to meet those needs.

- Standardized **computer protocols** allow products from different vendors to "talk" to each other.
- Standardized **documents** speed up the transit of goods, or identify sensitive or dangerous cargoes that may be handled by people speaking different languages.
- Standardization of connections and interfaces of all types ensures the **compatibility** of equipment of diverse origins and the **interoperability** of different technologies.
- Agreement on **test methods** allows meaningful comparisons of products, or plays an important part in **controlling pollution** - whether by noise, vibration or emissions.
- Safety standards for machinery **protect people** at work, at play, at sea... and at the dentist's.
- Without the international agreement contained in international standards on **metric quantities and units**, shopping and trade would be haphazard, science would be unscientific and technological development would be handicapped.

THE ROLE OF SON AS A "STANDARD" REGULATOR

The role of Standards Organisation of Nigeria, SON, is very critical in the regulations and enforcement of compliance of products and services to acceptable standards in Nigeria. Established in 1971, SON's mandate includes the preparation of standards relating to products, measurements, materials, processes and services amongst other and their promotion at national and international levels; the certification of products, assistance in the production of quality goods and services, improvement of measurement accuracies and circulation of information relating to standards. In performing these broad functions as outlined above, the organization engages in the following key activities such as:

1) Standards Elaboration

Standards are elaborated by appropriately constituted Technical Committees of Stakeholders. The Technical Committee takes inputs from the stakeholders to draft agreed standards and this becomes a national standard when approved by the council. Standards can be established through adoption of an existing international or other national standards, adaptation of existing international or other national standards or standards that may be established where none ever existed, for example, standards for products indigenous to Nigeria. In this case we have the duty to make the standards acceptable in the international market. Nigeria Industrial Standard for Garri, for instance, has been accepted by the Africa Regional Organization for Standardization (ARSO) as a regional standard.

2) Certification Marking Schemes

SON also certifies factories, products and laboratories. This SON does under its National Industrial Standards (NIS) scheme.

The Mandatory Conformity Assessment Programme (MANCAP) introduced in December 2005, makes it mandatory for all products manufactured in the country to conform to the minimum Nigeria Industrial Standards, which guarantees safety and fitness for use. For product certification, manufacturers whose products meet the requirements of relevant Nigeria Industrial Standard (NIS) consistently for at least two years may have their products certified. Products thus certified are permitted to use the certification logo (NIS) on the labels or package of such products. SON also offers Management Systems Certification services and training services in Quality Management System, Environmental Management System, Food Safety Management System, Occupational Health and Safety Management System and Hazard Analysis and Critical Control Points (HACCP).

3) **Laboratory and Testing Services**

SON offers testing services to enable the effective performance of quality assurance activities during the implementation of standards. The tests carried out are mainly third party conformity assessment of products using the relevant Nigerian Industrial Standards or any other applicable international Standards.

Presently SON has five principal laboratories located around the country:

a) Food Technology Laboratories, Lekki, Lagos:

The *Physico-Chemical Testing* and *Microbiology* laboratories have been accredited to ISO 17025 covering over 12 testing parameters. We hope to achieve accreditation on another 8 – 10 parameters in the near future.

b) Chemical Technology Laboratories, Lekki, Lagos

c) Electrical/Electronic Laboratory, Lekki, Lagos:

The Electrical/Electronic laboratory checks compliance and safety of imported electrical/electronic equipment/devices as well as those manufactured locally. The laboratory is in the process of accrediting the testing of cables, refrigerators and lighting products.

d) Engineering Laboratory, Emene, Enugu:

The Laboratory carries out engineering tests in the following areas: Mechanical Engineering, Civil Engineering and Electrical Engineering Tests.

e) Textile & Leather Laboratory, Kaduna:

The Textile and Leather laboratory is equipped to carry out comprehensive analysis of Textile and Leather products.

Samples tested in our laboratories include samples obtained from routine inspections, enforcement, product registration and consumer complaints etc. or samples submitted by customers, who want to ascertain the quality of their products, or those obtained at various ports/borders during inspections, among others.

All aspects of Laboratory Services conform to the requirements of the International Standard ISO 17025 and internal laboratory manuals.

4) Import Inspections

Quality inspection of imports is one of the busiest activities undertaken by SON in view of the volume of imports into Nigeria and the rate at which substandard products slip through. The negative impact of this on our personal safety and economy is having devastating effects on the national economy. The Standard Organisation of Nigeria Conformity Assessment Programme (SONCAP) is the primary tool employed to ensure that all goods coming into the Nigerian market conform to minimum standards. Four companies have been contracted by the Federal Government to undertake offshore assessment of goods coming to Nigeria and issue Certificates for goods found to meet relevant Nigeria Industrial Standard or any other acceptable national or International Standards. Imports that do not have SONCAP certificate are prevented from entering the Nigerian market.

Other activities of SON include: Product Registration, Customer feedback and Collaboration, contact for foreign standards requirements. The work of SON is to articulate the various standards and monitor compliance.

THE IMPACT OF SUBSTANDARD PRODUCTS/FAKING/COUNTERFEITING ON THE ECONOMY

Trade/importers who engage in substandard products do so for two main reasons: greed and ignorance - greed, because they see it as avenue to make quick/easy profits, and ignorance, because they not to stop to measure the impact of their activities on society. But consumers who accept these products do so for two reasons also: ignorance and complacency - ignorance because some of these products are presented to pass for quality ones and complacency because in most cases, we do not ask the right questions or any question at all.

The adverse impact of substandard products/faking and counterfeiting include:

- Counterfeit products often carry fake company logos and brands. This results in patent infringement or trademark infringement where the exclusive right of a manufacturer or brand owner to make or sell a particular product or to use a name or a symbol as legally registered, has been violated.
- Counterfeiting products take away legitimate revenue from brand owners and disrupt relationships with exclusive distributors, all of which causes economic harm.
- Because counterfeit products are almost always inferior to the real thing, consumer dissatisfaction with a company over poor quality of counterfeit goods will dilute a trademark. This costs businesses, jobs and market share.
- Massive loss of jobs as manufacturers of quality/genuine products are unable to compete with cheaper inferior products.

- Counterfeits can harm the public- They can be dangerous because they do not comply with government regulations and can impact public health and safety. For example: Imagine how counterfeit Pharmaceuticals, airplane and motor vehicle parts have devastating effects on lives, properties and society at large.
- Loss of tax revenue to the Government.
- Degradation of the environment.
- Undermining of international Standardisation objectives etc.

In summary, substandard/fake/counterfeited products are inimical to consumerism.

HOW STANDARDS AND QUALITY MANAGEMENT CAN BE ENFORCED

Advice to Stakeholders

- Brand owners should register their products with Trade Mark and Patent Registry to protect their marks/brands.
- Brand owners should work closely with Government Agencies whose responsibility is to stop counterfeit goods from coming into the country by enlightening /educating Government Agencies on key differences between the genuine products and the knock offs.
- Share information with Law Enforcement agencies, Industry associations and anti-counterfeiting groups and coalitions.
- Constant vigilance is needed to ensure your rights as a trademark owner are protected. Mark owners/brand owners should train their Staff to look for counterfeit goods in the marketplace or have private investigators to not only find products but trace the goods back to where they are illegally manufactured. Have a strong internal focus to bring focus on the issue.
- Publicizing enforcement actions, such as raids, issuing of press releases when they have successfully halted illegal goods from being manufactured or from entering the market, or publicizing large damages awards in litigation can be effective deterrent against future counterfeiters.
- Trademark owners might wish to post on their website a list of all the enforcement actions they have taken and positive results they have achieved - Use the power of Internet to tout your success.
- Companies within the same industry should form a strategic alliance to work together to stop counterfeiting/substandard products.
- Register with Product Registration and Market Survey Unit of SON in order to facilitate identification and tracking of counterfeiters of your product.
- When companies have been given the right to distribute, sell or manufacture a product on behalf of a company overseas, they must ensure that the terms and condition must be clearly spelt out and must obtain power of attorney giving them the sole right to sell, distribute or manufacture the product.

- Buyers/consumers must become more critical when purchasing/using products by checking the labeling and packaging of any product. Also scrutinize the literature on the label for useful information such as the official seal of SON's endorsement - the International Standards Organisation (ISO) and the Nigeria Industrial Standards (NIS) logo, which must be clearly visible on the product label
- Consumers must complain to the retailer/manufacturer/SON or any other relevant authority if they are short-changed in terms of quality.
- Small and Medium Enterprises (SMEs) to embrace standards and quality management by ensuring they subject their products to SON's "parameter test" through the Nigerian Industrial Standards (NIS) and the Manufacturers Conformity Mandatory Programme (MANCAP).

Other Support from SON

The Standards Organisation of Nigeria has played critical role in the fight against counterfeit products through the following:

- **Elaboration of Standards:** The Organisation have made available several standards on different products available for manufactures and on the basis of that, a product is adjudged to be of quality or substandard. And the result of the test will form the basis of acceptance of the product. And will serve as evidence in matters of litigation. Hence, cases of counterfeiting that do not bother on trade mark or patent issues are resolved based on the outcome of Laboratory testing.
- **Enforcement:** The SON Enforcement Unit known as Inspectorate and Compliance Unit (ICD) has been charged with responsibility of investigating cases of counterfeiting that bothers on quality and subsequent prosecution where the product has been established to be non-conforming. The new SON act allows for the destruction of such product which has failed the major parameters of the standard and can cause harm or affect safety, and in addition, gives SON the power to prosecute offenders.
- **Collaboration with other Government Agencies** such as Consumer Protection Council in establishment of Consumer desks in major markets across the federation to acquaint the public with its rights and functions as well as garner public intelligence, and also for the education/confirmation of consumers and retailers on the right quality standards for products and various assistance available from SON.
- Through the SON Customer Feedback & Collaboration Unit (CFC), counterfeiting cases that has to do with trademark and patent violation are referred to the trade mark and patent registry for resolution and SON has been participating in such resolution meetings. The CFC unit of the SON also collaborates with anti- Counterfeiting agencies and brand owners to fight the menace of counterfeiting/substandard goods.
- The SON promotes consumer awareness about quality, standards and the detrimental effects of substandard products through the Media, Workshops and Stakeholder meetings

Assistance Required by SON to Facilitate Internal and External Trade

Our mandate is very wide and as a Government Agency, resources are limited. Areas where the SON would welcome collaboration and support, from both public and private sector are:

- Training in Standardisation, Conformity assessment and Testing.
- To fully equip our laboratories with analytical instruments and consumables.
- Capacity building in overt and covert investigative procedures.
- Infrastructural support in IT, communication and vehicles for surveillance and enforcement activities.
- Funding of Technical exchange programs to upgrade on core skills and expose personnel to global best practice and technologies etc.

CONCLUSION

The expansion in demand for goods and services – consumerism – has been and will continue to be critical in the growth of Nigeria's economy. As such, SON through the execution of its mandate will continue to encourage the production and export of made- in- Nigeria goods that fully meet the globally required standards and quality with a view to expanding the national economy. We shall strive to ensure that Nigerian manufacturers especially those within the SME group produce goods that meet international standards of quality. We shall ensure that these companies get quality certifications that will enable them sell their products outside the country. SON will continue to lend support to brand owners in the fight against counterfeiting.

The realization of this Agenda is only feasible with the cooperation and full support of all stakeholders. I therefore wish to use this opportunity to appeal to all concerned especially the captains of industry here present to give their full support to these efforts. Our approach will however is to facilitate compliance rather than one which penalizes default. This in effect means our emphasis will be to ensure that substandard goods do not get into the markets in the first place.

To end this presentation let me again reiterate that standards and quality management in our everyday life must be taken seriously as individuals and as corporate entities. It must not be relegated to the background but should be given the pride of place it rightly deserves in our national life for a better and safer society, and an increasingly wealthy economy where all can genuinely enjoy and experience a better quality of life.

THANK YOU AND GOD BLESS YOU ALL.

DR. JOSEPH I. ODUMODU (MFR)

DG/CE