

DEREGULATED DOWNSTREAM PETROLEUM SECTOR AND CONSUMER PATRONAGE OF PREMIUM MOTOR SPIRIT (PMS) IN RIVERS STATE.

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ABSTRACT

The study examined the impact of deregulated downstream petroleum sector on consumer patronage of Premium Motor Spirit (PMS) in Rivers State. In order to carry out an empirical investigation, the study employed primary data that were gotten with the use of questionnaires and adopted the survey research design which comprises analytical and descriptive type. The study population was made up of all residents of Rivers state given at 7,476,800. Taro Yamen formula was used to determine the sample size of 400. The study employed the Simple Regression Analysis in analyzing the influence that exists between the dependent and the independent variables. From the result of the analysis, it was discovered that deregulation of the downstream petroleum sector has an insignificant and negative relationship with consumer patronage. The study concluded that deregulated downstream petroleum sector has a negative relationship with consumer patronage. Therefore, the study recommends that government should boost supply of premium motor spirit in order to bring down price and increase patronage.

Keywords: Deregulation, Consumer Patronage, Privatisation, Marketisation, Divestiture

JEL Classification Code: M31, M38

1. INTRODUCTION

The term deregulation refers to the reduction or elimination of government power in a particular industry. Deregulation aims to promote competition, increase efficiency, encourage innovation, reduce cost and improve consumer choice. According to Oparah, (2004), deregulation entails opening up of the market and demobilization of the hitherto state-owned and managed enterprises. Gidado (2019), adduced that deregulation is the removal of government control, withdrawal of state interference, encouraging free market

operations and simplification of government rules and regulations for greater market forces. Understanding the nature deregulation is crucial for analyzing its impacts, benefits, and drawbacks and for making informed decisions about regulatory policies.

Fuel subsidy has been in place in Nigeria since the 1970's. It began with the government routinely selling petrol to Nigerians at below cost price to minimize the impact of rising global oil prices on Nigerians. Following the promulgation of The Price Control Act (PCA) in 1977, fuel subsidy became institutionalized which made it illegal for some products including premium motor spirit (PMS) to be sold above regulated prices. This law was introduced by the Gen. Olusegun Obasanjo military regime in order to cushion the effect of the global "Great inflation" era of the 1970's caused by worldwide increase in energy prices. While the fuel subsidy program in theory is a laudable economic incentive for stabilizing the economy, industry players all agree that the subsidy practice has become an economic albatross for the nation.

It was estimated that the cost of fuel subsidies in 2024 will eclipse the federal government of Nigeria spending on education, healthcare, and other social security provisions. The world bank estimated that to maintain fuel subsidy in Nigeria, the country will have to increase its borrowing, raise additional revenue elsewhere or reduce spending on other public goods or services thereby hindering economic growth and weakening Nigeria fiscal account. Massive corruption has also been reported in the oil subsidy regime.

It is in the light of the above realities that President Bola Ahmed Tinubu during his inaugural speech on May 29th 2023 announced the removal and abolition of fuel subsidy in Nigeria. An action that triggered an unprecedented surge in the price of premium motor spirit (PMS). Barely two days after the pronouncement of the removal of fuel subsidy, the state-owned oil company, Nigeria National Petroleum Limited (NNPCL) reviewed the pump price of PMS from 189 naira per liter to between 580-600 naira, a more than 200% increase and has risen over the period to over #800. Transportation cost has increased astronomically as a result of this policy and has caused a surge in the prices of consumer and industrial goods. The implication of this is that inflation has been driven to an all time high with its concomitant effect on the purchasing power of the citizenry particularly the poor.

On the flip side, consumer patronage signifies the degree to which a consumer shows the willingness to buy and keep buying a firm's product and services while displaying a positive attitude to the firm, its products and services (Gremler & Brown, 1999). Fuel is a critical component in producing and transportation of goods and services, its price hike

has a cascading effect on prices across various sectors. This can lead to a surge in overall inflation rate which affects the consuming power of the citizens.

1.1 Statement of The Problem

The deregulation of the petroleum downstream sector comes with both challenges and opportunities.

Arguing in favor of deregulation, Nwagbara (2006) is of the view that when an aspect of an economy is deregulated, market forces will be at play and when private businesses are given pre-eminence in an economy, the economy will be rejuvenated and substantial development will consequently ensue. Adenikinju (2009) opine that removal of fuel subsidy and outright deregulation of the downstream sector will trigger an increase in the price of PMS. This in turn will lead to inflation and reduce the purchasing power of consumers. The independent petroleum marketers (IPMAN) have reported a 50% drop in sales across the country due to the abrupt removal of fuel subsidy (Izuaka, 2023). It is undisputable that fuel drives the Nigeria economy. With the increase in fuel prices, cost of living will further worsen because prices of goods and services will equally increase.

Despite the provision of a five billion Naira palliative by the federal government to each state of the federation and other social support incentives to cushion the effect of the removal of fuel subsidy, not much has been achieved in terms of mitigating the impact of subsidy removal on the consuming public.

Some scholars have extensively discussed subsidy removal and the Nigeria economy (Kupolokun, 2004, Nweke, 2019, Ejime, 2024), however attention has not been given to assessing the effect of deregulation of petroleum products on consumer patronage of PMS in Rivers State. The objective of this study therefore is to unravel the effect of deregulation on consumer patronage of PMS in Rivers State.

2. REVIEW OF RELATED LITERATURE

2.1 Consumer Choice Theory

The consumer choice theory focuses on how individuals make choices subject to how much income they have available to spend and the prices of goods and services.

The theory was propounded by John Green in 1971 and it examines why people make the economic choices they do when facing trade-offs, restrictions and changes in their environment that affect their ability to consume. To make these choices, consumers need some bits of information. The price of a good is an important factor in a consumer's decision-making about how they can gain most satisfaction based on their budget and

preferences. If the price of a good is too high, then the consumer will buy less of it or they will buy another lower priced good if they are unwilling to make the trade-off.

Using the consumer theory to understand the consumers allows businesses to decide how to maximize profits and best allocates their resources. Understanding consumers demand and how it relates to the individual's budget also help businesses price their products advantageously. Consumer spending drives a significantly large chunk of gross domestic product (GDP) in Nigeria. If people cut down on purchases, then demand for goods and services will fall squeezing company profits, the labour market, investment and many other things that make the economy thick.

2.2 Concept of Deregulation

Deregulation according to Chizea (2009) is the freeing of a trade or business activity from rules and controls. In his own view, Ezeagba (2005) understood it to mean the allocation of resources by market forces. He equally described it as the determination of price by the interplay of demand and supply. It means the withdrawals of government resource allocation mechanism, thereby allowing the forces of demand and supply to determine the prices of goods and services. By way of expansion, Ezeagba (2005) stated that the fundamental objective of economic deregulation can be summarized as bringing more competition to the market with its attendant increase in economic efficiency and welfare. In his own words, Gidado (2019) believe that deregulation is the removal of government control, withdrawal of state interference, encouraging free market operation, and simplification of government rules and regulation for greater market forces.

Gidado's (2019) view seems to be more comprehensive and incorporating. This is because government does not end up withdrawing its control and interference in the day-to-day businesses and activities but has to prepare an enabling environment for the implementation of a deregulation policy. For instance, government has to allow the price system to be determined by the forces of demand and supply. In his own opinion, Akintola (2005) describe deregulation as removal of government subsidy and the cessation of price control or regulation by officialdom. He went further to state certain conditions that may necessitate deregulation policy in the country. They include the inability of government to continue to subsidize petroleum products because of competing national priorities and the need to curb smuggling of the products overseas thereby unwittingly subsidizing other economies. Akintola's (2005) view is in order as the mentioned conditions are undoubtedly prevailing in Nigeria today and that is why there are calls from different quarters in the country to implement the deregulation policy without much ado.

The downstream sector reform is part of federal government reform agenda aimed at strengthening the country's economic base through diversification and liberalization of the economy. Deregulation according (Kupolokun, 2004) will lead to competition among petroleum marketers. NNPC's monopoly in product supply will be broken. Also, the survival of the corporation will be guaranteed under a deregulated regime as it will not continue to subsidize product prices. He further stressed that deregulation is very critical to private sector participation in refining because it ensures commercial viability of products supplies thereby enhancing profitability which is the major business attraction. The number of marketers and retails stations according him are likely to increase with the positive e impacts on business expansion as well as employment generation.

2.2.1 Privatization

Privatization has been a key component of structural reform programs in both developed and developing economies. The aim of such program according to Sheshinki, & Lopez-Calva (2003) is to achieve higher micro economic efficiency and foster economic growth as well as reduce public sector borrowing requirements through elimination of unnecessary subsidies. Privatization in its narrowest sense according to Khan et al. (2012) is the sale of public assets to the private sector which is linked to policies of liberalization and deregulation. Privatization encompasses the many ways in which the private sector assumes functions that were previously carried out by government (Aktan, 1987). Privatization is known to promote efficiency, reduce fiscal burden, attract new investment and help in developing and deepening domestic financial market.

Salako (1999) describe privatization as an avenue for raising productivity and enhancing overall economic growth. He said there has been a cumulative dismal performance of state owned enterprises which resulted in a crises of confidence attributable to internal and external factors such as inappropriate investment decisions, adverse business environment, poor system of accountability, unfavourable export and import prices and high rate of interest on foreign loans.

The growth of privatization has not gone uncontested. Critics of widespread privatization contend that private ownership does not necessarily translate into improved efficiency (Goodman & Lovemen, 1991). They argue that private sector managers may have no compunction about adopting profit making strategies or corporate practices that make essential services unaffordable or unavailable to large segments of the population. Sedaf (2023), says privatization will cause a rise in consumer expenses as private businesses

look to increase the profit in some circumstances which can cause challenges for users of basic services like energy, healthcare and education. He also opined that privatization can result in established oligopolies or monopolies in some industries. This may hinder competition, restrict consumers options and trigger unfair business practices.

Based on the above review, we hypothesize as follows;

Ho₁: There is no significant relationship between privatization and consumer patronage.

2.2.2 Marketisation

Marketisation refers to the process of transforming an entire economy away from a planned economic system towards a market-based system (Omotoso, 2019). This process might include the liberalization of economic activity e.g removal of price control, reduction in regulation and opening the system for market-based allocation of resources. Marketisation according to Gingrich (2016) is the introduction competition into the public sector in areas previously governed through direct public control.

Although marketization is often complementary to the move towards privatization, it is conceptually distinct. Privatization involves moving towards more private sector financing or private ownership of the sources of production and can occur both with or without increased incentives for market competition but some form of marketization can occur without a change in ownership. Marketisation can occur in varying degrees; from liberalization of an entire economy or an economic sub-sector to introducing more limited competition within a sector where the government continues to control entry and exit and pricing. What is common to these different approaches is that each to some extent shift towards guiding the production and allocation of goods and services through market incentives rather than direct command and control or network forms of organization.

The core motivating rationale for marketization is that increased competition within a sector will stimulate efficiency gains. Competition ensures better quality products and overall efficiency. Some commentators have argued that the marketisation of previously socialist economies occurred too rapidly and was conducted in piecemeal fashion to support the accompanying mass privatizations thus leading to low level of actual competition (John & Joseph, 2002). Opponents of marketisation of the public sector (e.g education), argue that funding structures are not creating efficiency, instead, they are generating instability and undermining the ability of educational institutions to deliver on either their core mandates or the government own priorities (Jabber et al., 2017). The free regime that marketisation has created in tertiary education is undermining the government

own stated objective of widening participation and opening access up to hard-to-reach groups or non-traditional students.

Based on the above review, we hypothesize as follows:

Ho₂: There is no significant relationship between marketisation and consumer patronage.

2.2.3 Divestiture

Divestiture is the partial or full disposal of a business unit through sale, exchange, closure, or bankruptcy (Onyekwere, 2009). A divestiture most commonly results from a management decision to cease operating a business unit because it is not part of a company's core competency. Government divests with the hope that divestiture will reduce the burden on the state while private ownership will lead to more innovative and efficient management of divested firms. Government may also divest through sales of shares in state enterprise as a way of increasing popular participation in the ownership of national assets or raise revenue for other critical sectors.

Burgelman (1996) opined that a divestiture means that a firm disposes a significant part of its assets, whole business unit or division. It is a shedding of property and that property may consist of a number of things from business, products, facilities and employees. It also entails a termination of managerial and ownership control (Thomas, 1983). Divestiture can be a vehicle for the elimination of a misconceived strategy that challenge a firm acceptability in the market. Berry (2010) posit that lower cost of production, few market opportunities, poor performance, lack of synergy, needs for funds and poor management are reasons for firm divestment.

Divestment once viewed as an admission of corporate failure according to KPMG (2002) is now being increasingly accepted as an important means of realizing value. Udechukwu Ojiako and Maguire (2006) say the need to divest an organization's operation and business units are generally as a result of a number of actions an organization will take in response to the need to become more profitable. According to them, this happens especially when an organization has been subjected to poor corporate performance. By divesting some assets, a company may be able to cut cost, repay its outstanding debts, reinvest, focus on its core businesses and streamline its operations (Chen, 2024).

Opponents of divestiture posit that changing who owns the shares in a company does not change the profitability of that company's underlying activities. Idehen and Akhartor (2010) say profitability is what motivates a company to deliver products to its consumers.

Divestiture can also have negative effects such as loss of economies of scale, loss of intellectual property and loss of customer base.

Based on the above review, we hypothesize as follows;

H₀₃ There is no significant relationship between divestiture and consumer patronage.

Consumer Patronage

Chiguvi (2016) define consumer patronage as commitment to proceed obtaining a favored item or benefit reliably notwithstanding of situational variables and showcasing endeavors that may result in exchange behavior. Rai and Medha (2013) argue that customer patronage is shaped by supported and maintained customer pleasure and joy with demonstrative effect formed by the service provider that makes readiness and consistence in the relationship with preference, patronage and premium. According to Oliver (1999), customer patronage involves having deep commitment towards repurchasing a firm's products at the expense of what others in the same line of trade has to offer. Adiele et al. (2015) described customer patronage as customers attempt to acquire a firm's product and services on a regular basis.

Patronage signifies the degree to which a consumer shows the willingness to buy and keep buying a firm's product/services while displaying a positive attitude towards the firm, its products and services (Gremier & Brown,1999). Ogwo and Igwe (2012) identify firm's capability, product or service attributes, economic situation, political forces, social and psychological factors, situational competition, marketing mix programs as influencers of customer patronage. Continuous customer patronage of an organization product and services has remained major prerequisite for profitability and sales volume.

Profitability is a core measure of the performance of a firm and it constitute an essential aspect of its financial reporting. Margaretha & Supartika (2016) says profitability reveals the firm's ability and capacity to generate earnings at a rate of sales, level of assets and stock of capital in a specific period of time. The overall objective of a business is to earn at least a satisfactory return on funds invested in it consistent with maintaining a sound financial position (Toshniwal, 2016). Maximization of profit is a very crucial objective for a firm to remain in business and to withstand competition from firms operating in similar industry (Odusanya et al., 2002). Gitman & Zutter (2012) assert that profitability is a major prerequisite for long-term survival and success of a firm while it is a pre-condition for the achievement of other financial goals of a business entity. Profitability is considered the ultimate measure of a firm's economic success in relation to its investment (Usman et

al., 2018). Hence it is noteworthy to state that the higher the profits of a firm, the higher its potentials for growth (Agbi et al., 2020).

Sales Volume refers to the total amount of goods or services sold over a certain period of time. According to Kotler and Keller (2014), sales volume is the number of products or services sold in the form of money for the short or long term by using a good/service strategy. An increase in sales volume indicates that a business is gaining market shares, reaching new customers or successfully promoting its products and services. On the other hand, a decrease in sales may indicate a decline in demand, increased competition or issues with product or marketing strategy. Sudirjo and Sriwendiah (2023) says sales volume is a number of results achieved by the company from the overall sales of products or services produced by the company. According to them, the general goal of a company in carrying out sales activities is to achieve the planned sales volume, gain profit, expand market shares and increase development of a company. Sales volume comes from customer patronage and can be quantified into monetary terms like naira, dollar or in other units like cartons, cans, crates, litres etc (Uwasomba & Boniface, 2023).

Deregulation and Consumer Patronage of PMS

Deregulation according to Oluloye (2005) is a tool for reducing government intervention in economic activities and providing the relevant structures or incentives that will put the economy on the path of recovery and growth. Commenting on the importance of deregulation in the aspect of the economy of a nation, Nwagbara (2006) argues that when market forces are allowed to play out and when private businesses are given pre-eminence in an economy, the economy will be rejuvenated and sustainable development will consequently ensue. In a similar vein, Gberville et al. (2015) says proper management of revenue generated from deregulation of an aspect of the economy could go a long way in providing social amenities, infrastructural development and job creation for the populace and added that when this happens, it could be concluded that development has materialized in the society.

Laudable as the above conclusion may sound, Adenikinju (2009) is of the view that removal of fuel subsidy and outright deregulation of the petroleum downstream sector in Nigeria will trigger an increase in the price of PMS and could lead to inflation and reduce the purchasing power of consumers. This could have ripple effect across the economy, impacting the cost of goods and services. Fuel is fundamental for transportation, power generation and machinery in many industries. With higher fuel prices, transportation cost will surge leading to increased expenses for shipping of raw materials and finished goods.

Most companies in Nigeria rely heavily on generators due to inconsistent power supply. This creates higher energy cost which is transferred to the ultimate consumer.

Providing value for customers is critical. Price has been observed as an important variable affecting the acceptance and even future patronage of products. In supporting this, the studies of Woodruff (1997), Varki and Colgate (2001) found that the lower the charges, the more customers consume and the higher the patronage. Wade (2009) reported that price (customer-perceived value) has been found to be a major contributor to purchase and behavioral usage. Price effect is a concept that looks at the effect of market prices on consumer demand. In general, when there is a rise in prices, buyers will buy less and vice versa when prices fall. Increase prices typically result in lower demand and demand increases generally lead to increased supply.

3. METHODOLOGY

The study empirically seeks to evaluate the influence of deregulation of the petroleum downstream sector and consumer patronage of premium motor spirit (PMS) in Rivers State. Basically, the study used the survey research design which comprises analytical and descriptive type. Three hypotheses were formulated while the study population is made up of all residents of Rivers State given at 7,476,800 ((NPC, 2020). Taro Yamen formula was used to determine the sample size of 400. Primary data for the study was sourced through research questionnaire developed on a five-point Likert scale. Simple regression was used to test the three (3) hypotheses stated with the aid of statistical package for social science (SPSS) version 21.0.

4. RESULTS AND DISCUSSION

A total of four hundred (400) copies of questionnaires distributed. Three hundred and eighty-six (386) of 96.5% copies of questionnaires were retrieved. Fourteen (14) copies of questionnaires of 3.5% were discarded. Three hundred and eighty-six (386) representing 96.5% of the total copies of questionnaires distributed was useful in the study.

Table 1: Properties of Deregulated Downstream Petroleum Sector and Consumer Patronage Instruments

Indicators	λ	λ^2	AVE	CR	A
Privatisation			0.82	0.96	0.885
P1	0.866	0.750			
P2	0.926	0.857			
P3	0.878	0.771			
P4	0.917	0.841			
P5	0.942	0.887			
Marketisation			0.80	0.94	0.815
M1	0.872	0.760			
M2	0.937	0.878			
M3	0.859	0.738			
M4	0.877	0.769			
M5	0.926	0.857			
Divestiture			0.82	0.96	0.848
D1	0.894	0.799			
D2	0.911	0.830			
D3	0.944	0.891			
D4	0.912	0.832			
D5	0.891	0.794			
D6	0.893	0.797			
Consumer Patronage			0.80	0.95	0.800
CP1	0.896	0.803			
CP2	0.888	0.789			
CP3	0.883	0.780			

CP4	0.829	0.687
CP5	0.965	0.931

Hint: Standardized loading (λ); Average Variance Extracted ($\Sigma\lambda^2\div 5$); Composite reliability (CR) ($(\Sigma\lambda)^2\div((\Sigma\lambda)^2+\Sigma(1-\lambda^2))$); Cronbach Alpha (α)

Based on these analyses, calculated AVE and composite reliability as well as SPSS output of Cronbach’s Alphas for the twenty (20) statement items demonstrated a high level of reliability on the constructs of deregulated downstream petroleum sector dimensions and consumer patronage. All items loadings were above 0.70. Moreover, none of the item exhibited high cross-loading on factors not intended to be measured. The AVE was above the threshold of 0.50 and thus, discriminant validity is confirmed.

Table 2: Discriminant Validity

Construct	P	M	D	CP
P	0.91	0.343	0.222	0.314
M	0.343	0.89	-0.333	0.400
D	0.222	-0.333	0.91	-0.299
CP	0.314	0.400	-0.299	0.89

Source: Computed from Pilot Study CFA results (SPSS, Version 21)

From Table 2, it can be seen that the average variance extracted is above the 0.5 threshold in all cases, 0.82 for privatisation, 0.80 for marketisation, 0.82 for divestiture and 0.80 for consumer patronage. Likewise, the composite reliability coefficient is 0.96, 0.94, 0.92, and 0.96 for privatisation, marketisation, divestiture and consumer patronage respectively. These coefficients are also well above the 0.7 convergent reliability threshold; hence, all the scales satisfy the convergent reliability conditions and are consistent for further analysis. It can be seen that the square root of average variance extracted (values in bold) for each construct is considerably higher than all off-diagonal elements of the correlation matrix, which represent the correlation between the constructs. Therefore, discriminant validity has been achieved.

Test of Hypotheses using Simple Regression Analysis

Relationship between Dimensions of Deregulated Downstream Petroleum Sector and Consumer Patronage

H₀₁: There is no positive relationship between privatisation and consumer patronage.

Table 3 (First Model): Regression analysis showing the relationship between Privatisation(P) and Consumer Patronage (CP)

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.224 ^a	.050	.0489	.40953

a. Predictors: (Constant), Privatisation

The result gives the R-value of -0.224 which indicates a weak negative relationship between privatization and consumer patronage of premium motor spirit in Rivers State. In addition, the model summary table gives an R-square value of 0.050, which implies that about 5.0% of the variability in consumer patronage is explained by the variability in Privatisation. These results prove that the model is not an appropriate model or a good fit.

Table 4 (First Model): ANOVA

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	369.684	1	369.684	2204.235	.821 ^b
	Residual	63.732	385	.168		
	Total	433.416	386			

a. Dependent Variable: Consumer Patronage

b. Predictors: (Constant), Privatisation

The ANOVA gives a significant value for the regression as 0.821 which is greater than the level of significance 0.05 (i.e. $P > 0.05$). This therefore indicates that, the regression model made up of “consumer patronage” as the response variable and “privatisation” is not significantly fit. This brings out the implication that, there exist no significant relationship between consumer patronage and privatisation.

Table 5 (First Model): Coefficients

Coefficients^A

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.775	.106		-7.325	.000
	Privatisation	-.136	-.024	-.924	-46.949	.769

a. Dependent Variable: Consumer Patronage

Regression Model: $CP = -0.775 + [(-0.136P)]$

From the regression result, privatisation recorded a weak negative predictor of consumer patronage with a beta value of -0.136 and the null hypothesis was accepted because, the p-value (0.769) is greater than the level of significance (0.05).

H_{02} : There is no positive relationship between marketisation and consumer patronage.

Table 6 (Second Model): Regression analysis showing the relationship between Marketisation(M) and Consumer Patronage(CP)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.314 ^a	.099	.059	.74769

a. Predictors: (Constant), Marketisation

The result gives the R-value of -0.314 which indicates a weak negative relationship between marketization and consumer patronage of premium motor spirit in Rivers State. In addition, the model summary table gives an R-square value of 0.099, which implies that about 9.9% of the variability in consumer patronage is explained

by the variability in marketisation. These results prove that the model is not an appropriate model or a good fit.

Table 7 (Second Model): ANOVA

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	220.980	1	220.980	395.285	.937 ^b
Residual	212.436	385	.559		
Total	433.416	386			

a. Dependent Variable: Consumer Patronage

b. Predictors: (Constant), Marketisation

The ANOVA gives a significant value for the regression as 0.937 which is greater than the level of significance 0.05 (i.e. $P > 0.05$). This therefore indicates that, the regression model made up of “consumer patronage” as the response variable and “marketisation” is not significantly fit. This brings out the implication that, there exist no significant relationship between consumer patronage and marketisation.

Table 8 (Second Model): Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.855	.352		-8.117	.000
	Marketisatio	-0.504	.076	.714	19.882	.883

a. Dependent Variable: Consumer Patronage

Regression Model: $CP = -2.855 + [(-0.504M)]$

From the regression result, marketisation recorded a weak negative predictor of consumer patronage with a beta value of -0.504 and the null hypothesis was accepted because, the p-value (0.883) is greater that the level of significance (0.05).

H₀₃: There is no positive relationship between divestiture and consumer patronage.

Table 9 (Third Model): Regression analysis showing the relationship between Divestiture(D) and Consumer Patronage (CP)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.109 ^a	.012	.002	.75250

a. Predictors: (Constant), Divestiture

The result gives the R-value of -0.109 which indicates a weak negative relationship between divestiture and consumer patronage of premium motor spirit in Rivers State. In addition, the model summary table gives an R-square value of 0.012, which implies that about 1.2% of the variability in consumer patronage is explained by the variability in divestiture. These results prove that the model is not an appropriate model or a good fit.

Table 10 (Third Model): ANOVA

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	218.238	1	218.238	385.404	.699 ^b
	Residual	215.178	385	.566		
	Total	433.416	386			

a. Dependent Variable: Consumer Patronage

b. Predictors: (Constant), Divestiture

The ANOVA gives a significant value for the regression as 0.699 which is greater than the level of significance 0.05 (i.e. P>0.05). This therefore indicates that, the regression model made up of “consumer patronage” as the response variable and “divestiture” is not significantly fit. This brings out the implication that, there exists no significant influence of divestiture on consumer patronage.

Table 11 (Third Model): Coefficients

		Coefficients^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.562	.341		-7.505	.000
	Divestiture	-.461	.074	.710	19.632	.747

a. Dependent Variable: Consumer Patronage

Regression Model: $CP = -2.562 + [(-0.461D)]$

From the regression result, divestiture recorded a weak negative predictor of consumer patronage with a beta value of -.0461 and the null hypothesis was accepted because, the p-value (0.747) is greater than the level of significance (0.05).

Discussion of the Findings

I. Privatisation has a positive relationship with consumer patronage

This study examined the positive relationships between privatisation and consumer patronage of premium motor spirit in Rivers State. We found negative relationship between privatisation and consumer patronage. Our research extends the existing literature by explicitly testing the relationships between privatisation and consumer patronage simultaneously within a predictor model. Despite arrays of scholarly submissions, research has revealed inconsistent influence of privatisation on consumer patronage. Sheshinki and Lopez-Calva (2003), Khan et al. (2012) and Sedaf (2023) found that privatisation positively relates with consumer patronage and also found that it can contribute immensely towards rendering seamless services to consumers which determines the level of consumer patronage.

II. Marketization has a positive relationship with consumer patronage

The evidence on the relationship between marketization and consumer patronage is also observed to be a negative relationship. More importantly, results of this paper point out that marketization predict additional variance above and beyond this construct in order to predict consumer patronage outcomes. Overall, these findings are consistent with mixed results, e.g. Gberevbie et al. (2015), Adenikinju (2009), Woodruff (1997), Varki and Colgate (2001) who found that the lower the charges, the more customers consume and the higher the patronage. Wade (2009) reported

that price (customer-perceived value) has been found to be a major contributor to purchase and behavioral usage.

III. Divestiture has a positive relationship with consumer patronage

The evidence on the relationship between divestiture and consumer patronage is observed to be a negative relationship. More importantly, results of this paper point out that divestiture predict additional variance above and beyond this construct in order to predict consumer patronage outcomes. Overall, these findings are not consistent with mixed results, e.g. Gberevbie et al. (2015), Adenikinju (2009), Woodruff (1997), Varki and Colgate (2001) found that the lower the charges, the more customers consume and the higher the patronage. Wade (2009) reported that price (customer-perceived value) has been found to be a major contributor to purchase and behavioral usage.

5. CONCLUSIONS

The result of the findings on the dimensions of deregulated downstream petroleum sector, namely, privatisation, marketisation and divestiture all contribute insignificantly towards achieving consumer patronage of premium motor spirit in Rivers State. The findings on the dimensions of deregulated downstream petroleum sector (privatisation, marketisation and divestiture) contribute insignificantly negative towards achieving consumer patronage of premium motor spirit in Rivers State.

- a. The study concludes that a “*weak and negative insignificant relationship*” exist between privatisation and consumer patronage of PMS in Rivers State.
- b. The study concludes that a “*weak and negative insignificant relationship*” exist between marketisation and consumer patronage of PMS in Rivers State.
- c. The study concludes that a “*weak and negative insignificant relationship*” exist between divestiture and consumer patronage of PMS in Rivers State.

5.1 Recommendations

In line with the stated findings and conclusion for this study, the following recommendations are acknowledged:

1. The study recommends that government in pursuit of its deregulation policy should increase supply of premium motor spirit so that prices will drop to improve consumers’ patronage.
2. It recommended also that owners of tank farms and filling stations should ensure that adequate storage facilities are available, logistic should be put in place to reduce lead time and ensure efficiency and effectiveness in transportation of

petroleum products at reduced cost so as to enhance operational performance of petroleum products distribution in Rivers State.

3. Revenue generated from deregulation of the downstream petroleum should be deployed to the provision of social amenities, infrastructural development and job creation to mitigate the impact of higher energy cost on consumers.

Competing Interest: The authors declare that there is no competing or conflicting interest in this manuscript.

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QUESTIONNAIRE

Instruction: Please note the following as you choose your options.

- Strongly Agree (SA – 5 Points)
Agree (A – 4 Points)
Undecided (U -3 Points)
Disagree (D – 2 Points)
Strongly Disagree (SD -1 Point)

SECTION A: DEREGULATION

S/N	PRIVATISATION	SA	A	U	D	SD
1	Private ownership does not translate into efficiency					
2	Competition can cause a rise in prices					
3	Price is a major determinant purchase decision					
4	Privatization will reduce the purchasing power of consumers					
	MARKETISATION	SA	A	U	D	SD
1	Increase funding will not create efficiency in an organization					
2	Removal of price control measures will cause reduction in price of product.					
3	Reduction in government regulation will increase patronage					
4	Removal of price control will increase product consumption.					
	DIVESTITURE	SA	A	U	D	SD
1	Sales of business unit will result in operational efficiency.					
2	Change of company shareholders will result in profitability.					
3	Private ownership will cause an increase in market shares					
4	Divestiture will result in the acceptability of a company product in the market.					

	CUSTOMER PATRONAGE	SA	A	U	D	SD
1	Price is an important factor for patronage of product.					
2	Increased prices will result in lower patronage of products.					
3	Organizations that attract more patronage than competitors will expand market shares					
4	Patronage of a company product is a pre-requisite for profitability.					