Navigating the Covid-19 Induced Economic Recession of 2020 in the Nigerian Advertising Industry: Lessons from Selected Advertising Agencies

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Abstract
The study examined how advertising agencies navigated the 2020 COVID-19 recession in Nigeria. A qualitative research method was adopted, and data were gathered from ten (10) key stakeholders in the advertising agency industry in Lagos State (male = 50%). The average years of work experience were 7 years and 7 months. Data were collected using a semi-structured interview guide. The gathered data were analysed using thematic analysis through Atlas.ti. Findings revealed that advertising agencies were affected mainly in three areas: reduced budgets, downsizing of staff strength, and contract termination. The most affected area was contract termination, which further had a ripple effect on other areas such as reduced budgets and downsizing of staff. It was also found that most advertising agencies navigated the economic recession through public health campaigns, a shift to digital advertising, exploration of alternative strategies, and the formation of international collaborations. Based on the findings, it was recommended that advertising companies should prioritise digital transformation to maintain competitiveness in challenging circumstances. The research indicated that those agencies transitioning to digital media were more effective in retaining clients and adapting to evolving market demands. Agencies can extend their reach during lockdowns by investing in digital advertising technologies, social media marketing, and data analytics.
Keywords: Advertising agencies, COVID-19, economic recession, lockdown, Nigeria

Introduction

The COVID-19 pandemic led to unprecedented global economic disruption, marking a significant turning point across various sectors. As countries grappled with the health crisis, stringent measures such as lockdowns and social distancing were implemented, resulting in a sharp decline in economic activities worldwide (Nicola et al., 2020). According to the World Bank (2022), the global economy contracted by about 3% in 2020, representing the deepest recession since the Great Depression. In Nigeria, the economic impact was palpable, with the country experiencing a recession that saw its GDP shrink by 1.92% in the second quarter of 2020 (World Bank, 2022). The pandemic exacerbated pre-existing vulnerabilities in Nigeria's economy, characterised by high unemployment rates, inflationary pressures, and a heavy reliance on oil exports, which were severely affected by the global slump in demand.

The Nigerian advertising industry, which plays a crucial role in driving economic growth and consumer engagement, was not insulated from these shocks. Prior to the pandemic, the industry was valued at approximately $565 million (Navarro, 2025) and contributed significantly to the nation's GDP. However, the situation deteriorated sharply with the onset of COVID-19. Businesses were compelled to suspend operations, consumers curtailed expenditures, and the overall economy contracted (Usman et al., 2022; Ahmed & Aondover, 2022). Indeed, as firms sought to reduce expenses, one of their initial actions was to cut advertising budgets.

Numerous smaller advertising agencies in Nigeria lacked the financial resources or technological capacity to withstand the crisis triggered by the pandemic, revealing structural vulnerabilities that threatened their survival. This underscores the need to examine the industry's infrastructure and support systems, as well as the importance of collaboration and innovation in navigating challenging economic conditions.

Despite the severity of the crisis, the strategies employed by advertising agencies to navigate this economic downturn remain underexplored. While some literature has emerged focusing on the immediate responses to the pandemic across various sectors, empirical insights into how Nigerian advertising agencies specifically manoeuvred through this recession are scarce.

Most studies tend to emphasise broader economic trends or focus predominantly on developed markets, neglecting the unique context of Nigeria's advertising landscape. This presents a critical gap in understanding the resilience and adaptability of local agencies amid such turmoil. By examining the experiences of selected advertising agencies, the study seeks to uncover valuable lessons on crisis management, innovation, and strategic pivots that may inform future practices not only within Nigeria but also in similar emerging markets facing economic disruptions. Exploring these areas can provide meaningful insights for enhancing the resilience of Nigeria's advertising industry, enabling it to navigate future crises more effectively. It is on this basis that the present study examines how advertising agencies in Nigeria managed the economic recession caused by COVID-19. Specifically, the study seeks to:

1. Determine the impact of the COVID-19 recession on advertising agencies; and
2. Examine how advertising agencies navigated the recession.

Literature Review

Conceptual Review

COVID-19 Virus

The COVID-19 virus, formally known as SARS-CoV-2, is a coronavirus whose emergence from the animal–human interface triggered a global pandemic. Its defining structural feature is the crown-like spike (S) glycoproteins that protrude from its surface. These spikes serve as precise molecular keys that unlock entry into human cells by binding to the angiotensin-converting enzyme 2 (ACE2) receptor, found abundantly in the respiratory tract, heart, and other organs (Zhou et al., 2020). This initial attachment is the critical first step that enables the virus to hijack cellular machinery and replicate. SARS-CoV-2 exerts its effects through a dual mechanism: direct viral injury and a dysregulated host immune response. Its spike protein binds to the ACE2 receptor, facilitating entry into human cells (Aboudounya & Heads, 2021; Scialo et al., 2020). While many individuals experience mild, flu-like symptoms or remain asymptomatic, the virus can trigger a severe 'cytokine storm' in vulnerable persons, leading to life-threatening complications such as acute respiratory distress syndrome (ARDS) and multi-organ failure (Zhang et al., 2021; Pizzato et al., 2022). This hyper-inflammatory state, coupled with the virus's tropism for various organs, explains its broad clinical spectrum from respiratory distress and anosmia to long-term sequelae known as 'Long COVID' (Negrut et al., 2024).

The profound societal impact, characterised by high morbidity and mortality, necessitated unprecedented public health policies (Clemente-Suarez et al., 2021). Initial strategies focused on non-pharmaceutical interventions (NPIs) to break chains of transmission (Assefa et al., 2022). These included mandates for mask-wearing, social distancing, and widespread lockdowns aimed at reducing transmission (Badalov et al., 2022; Buhmeida et al., 2023). While effective in slowing the spread, these measures carried significant social and economic costs (Qiu et al., 2020). Specifically, the pandemic caused a global economic recession that affected almost all sectors, including the advertising industry. The next subsection presents the conceptualisation of economic recession.

Economic Recession

The conceptualisation of economic recession has evolved from a notion of simple, periodic downturns to a complex phenomenon understood through interconnected economic, financial, and psychological channels (Hamdaoui et al., 2025). Classically, recessions were often viewed through the lens of real business cycle theory, where they were perceived as efficient, albeit painful, responses to external shocks such as technological changes or supply-side disruptions (Kelman, 1992). However, the seminal work of John Maynard Keynes fundamentally reshaped this understanding by introducing the role of aggregate demand. Keynes (1936) argued that recessions are manifestations of a deficiency in aggregate demand, where pessimistic 'animal spirits' among investors and consumers lead to reduced spending and investment, resulting in involuntary unemployment and idle capacity. This perspective posits that economies can become trapped in a low-equilibrium state without government intervention to stimulate demand.

Modern conceptualisations suggest that recessions can be demand-driven, supply-shock-induced, or financially originated. The National Bureau of Economic Research (NBER, 2025) provides a broad, empirical definition, describing a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months", observable in real GDP, real income, employment, industrial production, and wholesale–retail sales. This definition captures the diffuse yet pervasive nature of a recessionary environment. Furthermore, contemporary analyses incorporate behavioural economics, highlighting how recessions can be exacerbated and prolonged by waves of collective pessimism and crises of confidence, which can become self-fulfilling prophecies (Shiller, 2010). Thus, a recession is not merely a statistical event but a socio-economic process involving a vicious cycle of falling demand, financial deleveraging, and eroded confidence, the depth and duration of which are determined by the interplay of market forces and policy responses.

The most recent cause of a global economic recession was the COVID-19 pandemic (Naseer et al., 2023; Song & Zhou, 2020). The pandemic triggered the most severe global economic downturn since the Second World War, distinguished by its unique dual-shock nature and the unprecedented policy responses it provoked (Sulkowski, 2020). Unlike typical recessions driven by financial or demand-side factors, this downturn was primarily a consequence of government-mandated supply shocks (Urheim & Sander, 2021). Widespread lockdowns, social distancing measures, and international travel bans deliberately halted economic activity to contain the virus, severing global supply chains and idling production capacity across industries ranging from manufacturing to hospitality (Yu et al., 2022; Chenli et al., 2022). This coordinated suppression of supply occurred simultaneously with a collapse in aggregate demand, as heightened uncertainty, job losses, and enforced isolation led to a sharp reduction in consumer spending, particularly on services (Yu et al., 2022; Chenli et al., 2022).

The scale of the economic contraction was historic. In 2020, global GDP plummeted by an estimated 3.5%, a figure far steeper than the decline witnessed during the 2009 Global Financial Crisis (World Bank, 2021). The recession affected most business sectors, including the advertising industry. While previous studies have examined how businesses were affected by the economic recession induced by the COVID-19 pandemic, this study explores how advertising agencies navigated the pandemic period. The next subsection presents a review of related studies based on the focus of the present study.

Review of Related Studies

This section reviews existing studies that have examined the relationship between economic recessions and marketing or advertising decisions, highlighting patterns in firms' budgetary adjustments, strategic shifts, and the evolving role of digital media during economic crises. Virtanen (2011) examined whether businesses were affected by the economic recession and whether their marketing decisions changed as a result. Face-to-face and telephone interviews were used to obtain data from selected companies. The results showed that the recession did not pose any major threat to the selected companies; they also did not change their marketing and advertising strategies because of the economic crisis. Furthermore, it was found that the businesses focused on their general strategy, industry, nature of products, and customers to weather the economic crisis. However, the selected companies in Virtanen's study did not consider the recession as an opportunity to expand their advertising and marketing activities. This, subsequently, would have a ripple effect on advertising agencies, resulting in reduced income and patronage.

One of the primary considerations for firms during a recession is the allocation of limited resources. According to Tellis (2013), companies often reduce their advertising budgets in an attempt to cut costs, viewing advertising as a discretionary expense. However, this response can be detrimental in the long term. Research by Gunter and Furnham (1992) indicates that brands that maintain or even increase their advertising during economic downturns can gain market share and enhance brand equity, as competitors may retreat from the marketplace. This phenomenon, referred to as the "recession marketing advantage," underscores the potential benefits of strategic advertising investments during challenging economic times.

The impact of consumer behaviour during recessions further complicates advertising strategies. Consumers tend to become more price-sensitive and conservative in their spending habits, leading firms to adjust their messaging and promotional tactics. According to a study by Kumar and Gupta (2016), businesses that emphasise value and affordability in their advertising are more likely to resonate with consumers during economic hardships. This shift often necessitates a re-evaluation of brand positioning, with a focus on highlighting features that align with consumers' changing priorities. Thus, effective advertising during a recession requires an adaptive approach that addresses the evolving needs of the consumer base. This subsequently has an indirect effect on advertising agencies, which receive less patronage due to the poor cash flow of advertisers.

Moreover, the digital transformation of advertising has introduced new avenues for firms to reach consumers cost-effectively. The rise of social media and digital marketing platforms has enabled businesses to engage with their audiences in real time, providing a unique opportunity to respond swiftly to shifting market conditions often reducing the need to patronise traditional advertising agencies. Research by Chaffey (2019) suggests that digital advertising can be more flexible and less expensive than traditional media, allowing companies to maintain visibility without incurring the higher costs that might otherwise have been demanded by advertising agencies. This adaptability is particularly advantageous during a recession when consumer attention is fragmented across multiple channels.

While the instinct to reduce advertising expenditure is common in times of economic uncertainty, evidence suggests that maintaining or increasing advertising efforts can position firms favourably for recovery. By adapting their messaging to reflect consumer priorities and leveraging digital platforms, businesses can enhance their resilience and capitalise on opportunities presented by changing market conditions. However, it remains to be known through a qualitative approach how decisions made by businesses compelled advertising agencies to reimagine their strategies to remain competitive and sustain their operations.

Theoretical Review: Market Response Theory/Model

The Market Response Model represents a collection of models and theories designed to help advertising and marketing managers, as well as scholars, understand how consumers collectively or individually respond to marketing activities such as advertising, and how competitors behave (Hanssens, 1980). Historically, the idea that marketing and advertising decisions could be supported by analytical and mathematical models emerged in the 1960s (Wierenga et al., 2024). Before that time, marketing decisions were primarily based on judgement and experience. This does not mean, however, that there was no marketing analysis. According to Nichifor et al. (2024), market response theory is based on the assumption of a direct relationship between advertising and buying behaviour, measured by sales, market share, and brand choice. This assumption excludes the presence of intermediate effects that may occur at the consumer level.

The theory has two dimensions: aggregate and individual. The aggregate dimension focuses on the relationship between market data regarding advertising spending or audience reach, on the one hand, and brand sales or market share, on the other. The individual dimension, meanwhile, addresses brand choice or the number of exposures necessary to generate individual or household purchasing behaviour. Studies representing the aggregate level typically use market-level data, whereas studies at the individual level rely on more person-centred data. Valenti et al. (2023) suggest that, for organisations to obtain more accurate results from market response models, it is essential to combine traditional market response models with mindset metrics. The integration of market response models and mindset metrics provides improved tools for predicting, for example, future sales performance.

In relation to this study, market response models are particularly useful in helping marketers and advertisers to direct their advertising efforts during periods of economic crisis, boom, stagnation, or recovery. For instance, market response models can assist managers in understanding how customers collectively respond to marketing activities and how competitors interact. When appropriately applied, market response models can form the basis for improved advertising decisions and creativity, helping firms remain competitive during recessions. They can also guide advertisers in adjusting their marketing activities and spending decisions such as whether to use outdoor or radio media, whether to reduce or expand advertising budgets, whether to adopt below-the-line or above-the-line strategies, and in making other related advertising choices.

Method

This investigation employed a qualitative methodology. Qualitative research methods are crucial for understanding complex phenomena, as they provide detailed, nuanced insights that are sometimes overlooked by quantitative approaches. This approach was particularly advantageous for examining subjective evaluations, which formed the main focus of the study. The study explored how key stakeholders in the advertising agency industry in Nigeria navigated the 2020 economic recession from a management perspective. The aim was to understand their subjective views and make sense of their experiences in order to achieve the study's objectives. The flexibility of the qualitative approach allowed the researcher to modify questions during the study, investigate unforeseen findings, and generate hypotheses grounded in empirical evidence.

Population and Sample

The study population comprised advertising agencies located in Lagos State. The majority of Nigeria's leading advertising agencies are based in Lagos, the nation's commercial hub. Managers and chief executive officers of the selected agencies were chosen as participants. Ten (10) participants were interviewed, selected through a snowball sampling technique. The sample size was determined based on data saturation, as new data no longer provided additional insights (Saunders et al., 2018). Moreover, the targeted population consisted of top managers in the Nigerian advertising industry, who were expected to provide rich and detailed insights compared to individuals in lower-level positions.

Data Collection Instrument

A semi-structured interview framework was developed to collect data from the selected participants. The interview guide comprised questions designed to elicit responses regarding the impact of the 2020 economic downturn on advertising business performance and the management strategies employed to cope with it. The semi-structured format allowed for flexibility, enabling the interviewer to probe further based on participants' responses during the online interviews.

Data Analysis

Thematic analysis was employed as the method for examining the collected data. Thematic analysis is a technique that involves systematically analysing a dataset to identify patterns within it (Braun & Clarke, 2006). This method facilitates the organisation and interpretation of data into themes and subthemes. While Braun and Clarke recommended developing initial codes prior to analysis, in this study, codes were generated during the examination of the data extracts. The analysis was conducted using Atlas.ti software.

Ethical Considerations

All necessary precautions were taken to uphold anonymity, confidentiality, and participant safety throughout the research process. No personal information, including names, addresses, email addresses, or any other identifying details, was collected. Respondents were assured of the confidentiality of their responses, and data encryption was employed to ensure data security. Only the researchers had access to the encrypted files through a secure passcode. All instruments and procedures were carefully reviewed to prevent any form of psychological harm to participants.

Results

This section presents the results from the collected data. Information was gathered from ten participants. The findings show a balanced gender distribution among participants. The average length of work experience was 7 years and 7 months.

Table 1: Demographic information of respondents

SN	Gender	Job position	Years of experience
1	Female	Head of media	7
2	Female	Manager	8
3	Male	Media lead	5
4	Male	Head of strategy	8
5	Male	Senior Group Head	9
6	Male	Head	10
7	Female	Operations manager	5

8	Female	Media lead	5
9	Male	Senior Group Head	6
10	Female	CEO	14
			Mean = 7.7

As shown on Table 1, all the partcipants in this study comprised of key stakeholders in the advertising agency industry in Nigeria. All participants works in bill-board advertising industry.

Impact of COVID-19 Recession on Advertising Agencies

The first objective of the study is to examine the impact of COVID-19 economic recession on the advertising agency industry in Nigeria. A total of three themes/sub-themes were identified from the gathered data (Figure 1); Reduced budget, downsizing of staff strength and contract termination.

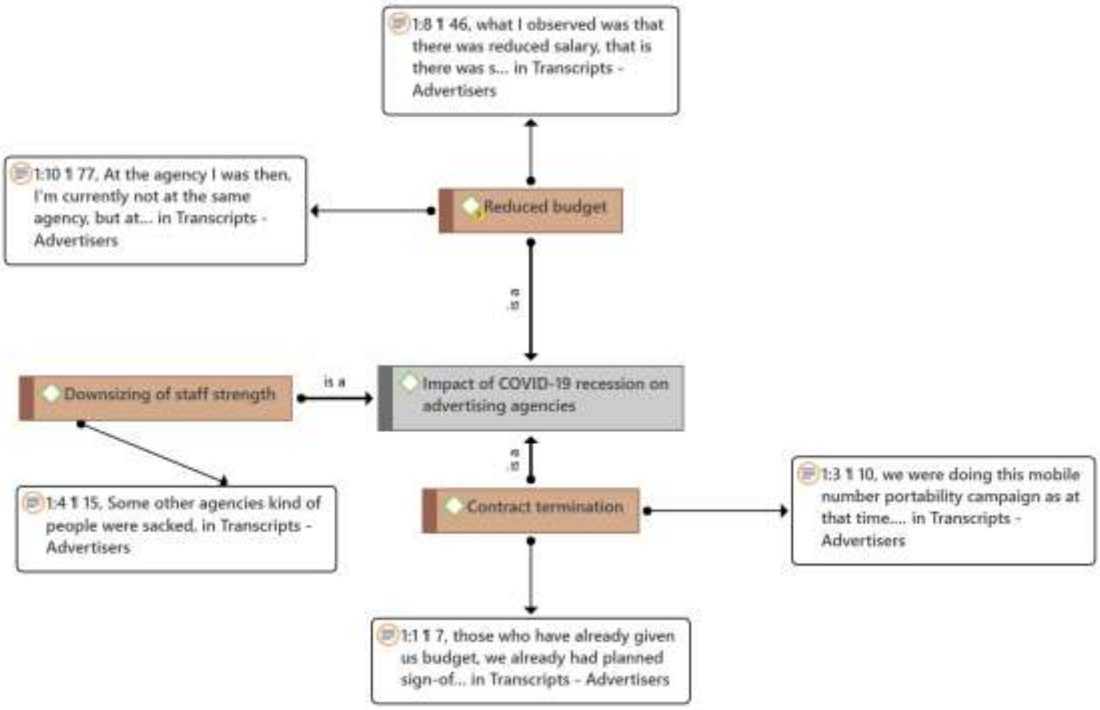

Figure 1: Impact of COVID-19 Economic Recession on Advertising Agencies

Reduced Budget

One of the most obvious impact that the 2020 COVID-19 economic recession had on advertising agencies was reduced budget. From the gathered data, it was reported by all the respondents that there was a significant reduction in their budget and overall running cost. This was done in order to reduce the expenses, due to the reduced cash inflow. For instance, due to the lock down or partial lockdown, most clients saw no reason to spend on bill board advertisement. This indirectly affected the running costs of advertising agencies. Sample excerpts below;

> "...along the line everybody's salary they cut the staff salary by i think by 40 percent or so that year covid year 2020." **(KII/Female/Head of Media/MediaReach)**

> **"...**what I observed was that there was reduced salary, that is there was significant pay cut across all levels for advertising agencies." **(KII/Female/Nitro121)**

> **"...**at the agency, they had to do a pay cut. I think a 15 % pay cut. I'm not even sure exactly how they did it, but the pay cuts was quite different for everyone. So I think the higher your goal, the higher the pay cut." **(KII/Male/Senior Group Head/Copy Leo Burnett Group)**

From the above excerpt, it could be deduced that the reduced budget had a direct implication on the staff/employees. One obvious aspect that was affected was the payment of salary. Employees were mostly affected as they needed to receive pay cut/reduced salary. This was borne out of the sheer need to ensure that the advertising agency survives the recession.

Downsizing of staff strength

Another aspect that was affected by the COVID-19 economic recession was reduction in staff strength. There are instances where some agencies were unable to retain the staff strength, or afford reduced salary for staff. Sample excerpts are below;

> "...Some other agencies kind of sacked people." **(KII/Female/Head of Media/MediaReach)**

> "...I was one of the most affected during the pandemic. I was laid off my job position because there was no money coming in. Infact, most contractors were not sure what would happen in the future. No body was sure how long the pandemic will last, therefore, management were cautious on how much they spend. I didn't blame them, it was a necessity." **(KII/Male/Senior Group Head/Copy Leo Burnett Group)**

From the excerpt, it was deduced that some advertising agencies had no other choice than to downsize the staff strength in order to refocus the business. The fear of uncertainty, unknown and how long the lockdown due to the pandemic caused most of the agencies to lay off their employees. In addition, there was no substantial income from clients, which makes it difficult to sustain the staff strength, hence, the need to lay off employees. However, there are instances where lay off was the last resort, hence, proposed pay cut, which most of the advertising agencies adopted.

Contract Termination

Following the implementation of the lockdown or partial lockdown depending on the local government, some clients terminated the contract they had with advertising agencies, especially in the mounting and display of billboards. This was considered to be needless as there was limited movement of people. People were confined within their homes most of the days and time, hence, placing outdoor advertisement will not have the wider reach as was expected. Most advertising agencies suffered loss due to this termination, which further disrupted the businesses. Sample excerpts below;

> "...in terms of our clients, those who have already given us budget, we already had planned sign-off activity. So they had to put a stop to everything. remember too, we had one sponsorship. One of our brands was sponsoring a Champions League. So we also had to stop because normally globally they put a stop to that. So all those budgets were no use. They're part of the challenges that we had. So automatically it resulted into budget cuts because those activities that were put on hold. Then for foam advertising, all the art of foam advertising, most of the clients asked us to stop…we were doing this mobile number portability campaign as at that time. That campaign require subscribers to go outside to register their

> NIN. So because of lockdown and COVID, people could not go out. So we have to put a stop to that campaign. So it was just like we're stopping somewhere, we're starting somewhere" **(KII/Female/Head of Media/MediaReach)**
>
> **"...**A lot of brands withdrew their contract with us and took them to TV and radio stations." **(KII/Male/Senior Group Head/Copy Leo Burnett Group)**

From the above, it could be deduced that most organisations that were clients to advertising agencies terminated their contracts in order to spend on a more visible media that will be able to reach larger number of persons. Contracts that were pre-signed were also called off in order to maximise profit and minimse loss for clients. This had significant impact on advertising agencies.

How Advertising Agencies Navigated the Recession

This section presents analysis of data gathered in relation to how advertising agencies navigated the 2020 COVID-19 economic recession. Four themes/sub-themes were identified from the gathered data (Figure 2); Public health campaigns, shift to digital advertisement, explored other alternatives and formation of international collaborations.

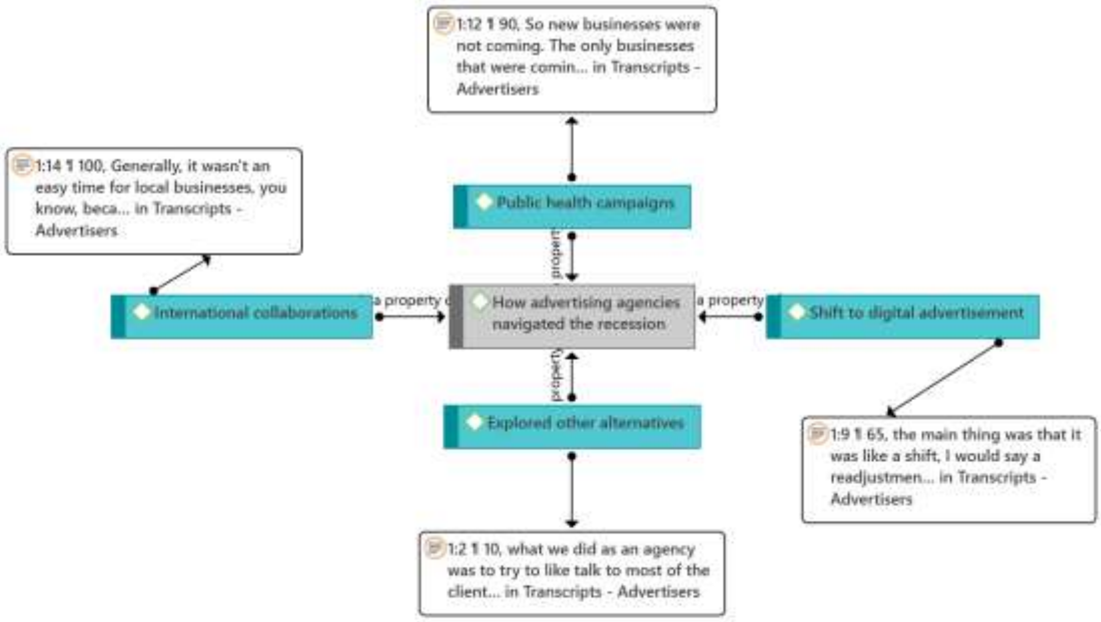

Figure 2: How advertising agencies navigated the 2020 recession

Public Health Campaign

One of the ways by which advertising agencies navigated the recession was through securing public health campaigns for advertisement on bill boards. These initiatives were predominantly supported by governmental entities at the local, state, and federal levels. Due to the budgetary constraints affecting regular organisations, attention turned to securing campaign financing from the government, emphasising public health maintenance. Below is a sample extract;

> "...Consequently, new enterprises were not emerging. The sole entities engaging were state and federal administrations aiming to raise awareness about Covid-19 among Nigerians and instructing them on reporting

> individuals exhibiting symptoms." (KII/Female/Head of Media/MediaReach)

The excerpt suggests that the absence of new enterprises coincided with public health activities aimed at raising awareness about the COVID-19 virus. The primary message is to ensure individuals are informed about the appropriate authority to contact if they experience COVID-19 symptoms. In addition to obtaining public health campaign contracts from the government, some advertising companies successfully acquired business leads from the World Health Organisation, which sought to disseminate messages advocating for behavioural change to prevent the transmission of the COVID-19 virus. Sample excerpt below;

> "…In general, we received contributions from the United Nations, including various intervention activities by the World Health Organisation regarding COVID-19. Those were the elements that were truly emerging at that time. The suggestions we received aimed to conduct campaigns that would educate individuals, raise awareness, and promote safety, mindfulness towards personal health, and environmental cleanliness." (KII/Female/Head of Media/MediaReach)

Both excerpts share a common theme: the promotion of public health. The transmission of COVID is contingent upon alterations in human behavioural patterns. Consequently, the focus was on individuals complying with the established regulations to prevent the infection. These advertisements functioned as a strategy employed by advertising companies to mitigate the adverse effects of the recession.

Shift to Digital Media

Another means by which advertising agencies navigated the economic recession was diversifying to the use of digital media. Considering the fact that many people were not moving around due to the lockdown, outdoor advertisement on billboard was not an option organisations were considering anymore. Therefore, in order to cushion the loss of income, all of the respondents indicated that they shifted many of their business processes and services to digital media. Sample excerpt below;

> "...the main thing was that it was like a shift, I would say a readjustment to utilizing digital. Like a lot of digital capabilities we have now was really, really impacted by the COVID-19 period, basically." **(KII/Male/Media Lead/End Strategies Flavours)**

> **"...**We had to be creative to survive. Since most clients were looking for wider reach, we had to also go digital**. (KII/Male/Head/Media Reach)**

> **"...**what we did as an agency was to try to like talk to most of the clients to redirect their budgets. Other budgets were now put on television because people were at home so we could justify the spend on TV. Then for some brands, tech brands, we had tech brands then. So as against just sitting at home, they took the advantage of just trying to create awareness about the COVID-19." **(KII/Female/Head of Media/MediaReach)**

From the above, it could be deduced that the shift to digital media was in a bid to cope with the new realities and stay competitive in the advertising industry. Also, some organisations needed to go digital in order to still be able to retain their existing client, who were more focused on wider reach, even during the lockdown. These organisations needed to re-budget their services from billboard advertisement to digital and traditional media of TV and radio.

Explored other Alternatives and International Collaboration

Another means of navigating the recession was exploring other alternatives including collaborating with international companies and agencies. Due to minimal advertising efforts by firms resulting from diminished budgets allocated to advertising agencies, some capitalised on their overseas connections to acquire business prospects. The local organisations were already contending with survival during the recession induced by COVID. Consequently, certain advertising agencies secured campaign plans and advertisements via their affiliations with international organisations. Below is a sample extract;

> "...Overall, it was a challenging period for local enterprises, as some businesses were compelled to cease operations. If you lacked foreign affiliation, it is likely you ceased operations and were operating from home. We utilised worldwide connections, resulting in numerous firms originating from global organisations." (KII/Male/Media Lead/End Strategies Flavours)

The excerpt indicates that advertising agencies lacking foreign connections ceased operations due to a complete absence of business prospects during the pandemic. Nevertheless, the handful that endured capitalised on their international connections, some of which can be associated with the public health campaign from the World Health Organisation, among others.

Discussion of Findings

The study examined the COVID-19-induced economic recession of 2020 in the Nigerian advertising industry. Findings revealed that the COVID-19 economic recession affected the industry in several ways, including reduced budgets, a diminished workforce, and contract terminations. In a similar study, Kim (2020) noted that reductions in advertising expenditure are common as companies cut marketing budgets during economic recessions, prioritising survival over expansion. This aligns with Voorveld's (2019) study on advertising during crises, which reported that corporations often redirect their funds to digital media perceived as more cost-effective and measurable. Budget cuts that directly affect employee salaries signify the financial instability of advertising organisations, necessitating cost reductions to remain operational.

From the findings, it was observed that the pandemic-induced economic recession caused a significant reduction in staff strength, further intensifying pressure on the labour market. This is not surprising, as the resource-based view theory posits that organisations in distress typically restructure their human resources to align with reduced operational capabilities (Barney, 1991). Similarly, Gourinchas et al. (2020) reported that apprehension regarding prolonged uncertainty compels organisations to adopt drastic measures, akin to firms in other economies that prioritised liquidity over employee retention. It was also observed that contract termination posed a major challenge, resulting from organisations' decisions to reallocate funds to other essential business areas rather than advertising. Many organisations saw little reason to invest in outdoor advertising when the majority of potential consumers were confined indoors. This outcome aligns with research on advertising effectiveness during crises, which indicates that individuals alter their media consumption habits (Nielsen, 2020). Due to lockdown restrictions, digital platforms gained prominence, prompting clients to divert funds from traditional to digital media.

The termination of pre-signed contracts exacerbated the financial strain on agencies, further impeding their cash flow. This trend mirrors global patterns where marketing contracts were modified or cancelled due to volatile market conditions (De Bruyn & Lilien, 2021).

The study further revealed that advertising agencies were able to adapt to the recession caused by COVID-19. This adaptability included securing advertising contracts for public health initiatives, transitioning to digital advertising, exploring alternative revenue streams, and forming collaborations with international partners. Throughout the pandemic, public health campaigns became a major source of revenue for advertising firms. As corporate clients reduced advertising expenditure due to financial constraints, agencies pivoted towards government-funded health campaigns aimed at raising awareness about COVID-19 prevention. These strategies align with trends observed in the advertising industry during crises, where adaptability and diversification are essential for survival (Kim, 2021). This shift also reflected global patterns, as governments and international organisations such as the World Health Organization (WHO) prioritised public health messaging (Hassan & Jiang, 2021).

The findings also indicated that most advertising agencies adopted digital advertising to continue serving clients and remain productive during the COVID-19 pandemic. This shift was not merely reactive but strategic, as digital advertising demonstrated broader reach and stronger engagement metrics compared with traditional media (Dwivedi et al., 2020). The unanimous agreement among respondents regarding this change suggests that all industry participants recognised the dominance of digital media in a pandemic-affected economy. Statista's (2021) research corroborates this by showing that companies increased their expenditure on digital advertising in 2020 as they sought to engage customers without face-to-face interactions.

Recommendations

The following recommendations were made based on the study's findings:

1. Advertising companies should prioritise digital transformation to remain competitive in challenging circumstances. The research revealed that agencies transitioning to digital media were more effective in retaining clients and adapting to changing market demands. Agencies can extend their reach during economic recessions by investing in digital advertising technologies, social media marketing, and data analytics.
2. Advertising agencies should explore alternative revenue streams to reduce dependence on a single source of income. Diversifying income through content creation, influencer collaborations, or e-commerce partnerships may strengthen financial stability.
3. There is need for collaborations and alliances between local and international advertising agencies should be encouraged. Strategic partnerships with global corporations can facilitate access to new markets and uncover fresh opportunities. Agencies should engage in international networking, participate in global advertising forums, and leverage digital platforms to build cross-border relationships.
4. Advertising agencies should develop proactive strategies to prepare for future economic downturns. The pandemic exposed the industry's vulnerability to sudden disruptions, highlighting the need for effective risk management. Establishing crisis response teams can help agencies rapidly adapt to unexpected challenges, as demonstrated by their transition to digital operations during the

lockdown. Strategic preparedness can minimise financial losses and promote stability during uncertain times.

Conclusion

Several conclusions can be drawn from the study's findings. Firstly, the COVID-19 economic recession profoundly affected the Nigerian advertising industry, resulting in substantial operational challenges and strategic realignments. The major areas impacted included reduced budgets, staff downsizing, and contract terminations. Each of these factors highlights not only the immediate effects of the recession but also the adaptive measures taken by agencies to navigate an unprecedented economic landscape. Secondly, the study concluded that contract terminations further worsened the financial hardships faced by advertising agencies. Lockdown measures led many clients to cancel existing contracts, particularly those related to outdoor advertising, as they redirected spending towards more effective communication channels. This shift caused significant financial losses for agencies, disrupted operations, and compelled them to reassess their business models.

In response to these challenges, advertising agencies demonstrated remarkable resilience and adaptability. Notably, many secured government-funded public health campaigns that promoted COVID-19 awareness. Others transitioned to digital advertising, acknowledging the changing consumer behaviour during lockdowns. This shift not only preserved client relationships but also strengthened their competitive advantage in an evolving marketplace. Finally, the study concluded that some advertising agencies pursued international collaborations to secure new business opportunities. This strategic shift underscores the importance of adaptability during crises and highlights the value of global partnerships in addressing local economic challenges. Ultimately, the COVID-19 recession acted as a catalyst for transformation within the advertising industry, compelling agencies to innovate and evolve to survive and thrive in a post-pandemic era.

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