EVALUATION OF DISTRIBUTION CHANNELS OF DANGOTE CEMENT IN SOUTH EASTERN REGION OF NIGERIA

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CERTIFICATION

This research on Evaluation of Distribution Channel of Dangote Cement in South Eastern Region of Nigeria by Osunpidan, Joseph Olukunle is hereby approved as a satisfactory project for the award of Master of Science (M.Sc) Degree in the department of Transport Management Technology.

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DEDICATION

This research work is dedicated first and foremost to the Almighty God for the wisdom, strength and health given me to carry out the work. Also, to my late son, OSUNPIDAN Christopher Oluwatimilehin for the inspiration of love, tolerance and perseverance drawn from his life towards this programme.

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ABSTRACT

Over the years, consumer goods manufacturing firms in Nigeria are facing challenges of how to design, select and manage distribution channels that will ensure maximum savings in distribution costs, enhance product availability and effective co-ordination of channel activities. Dangote Cement Company as a case study is encountering problems of how to provide fast deliveries to customers, reduce total distribution costs and maximize customer satisfaction. Hence, this study therefore focused on the task of carrying out a thorough strategic investigation that would come up with practical and cognate solutions to the above problems by: (1) examining the influence of hybrid channel conflicts on channel performance (2) determining the relationship between the control exerted by a firm and satisfaction with existing channel: (3) determining the relationship between the length of a distribution channel and the channel‘s performance. Survey research method was adopted to sample the opinion of distributors and retailers of Dangote cement company through convenience sampling. Questionnaires and oral interviews were the main instruments used in collecting primary data for the study. While information obtained from textbooks, journals and materials from the internet provided the guideline for designing the questionnaire. Data were analyzed through the use of tables, simple percentages, means and standard deviation, Computer Statistical Package for Social Science (SPSS) software version 26 was used for analyzing the data at 5% level of significance The study revealed that hybrid channel conflicts influence channel performance and significant relationship exist between the control exerted by a firm and satisfaction with its existing channel. It was also found that there is a relationship between the length of a distribution channel and the control exerted by the firm. However, it was found that there is no relationship existing between the length of a distribution channel and the channels performance. The study recommended that consumer goods manufacturing firms in Nigeria should adopt more innovations in their channel approaches. Broader acceptance of electronic data interchange to monitor sales and inventory levels throughout the total channel is reducing inventories and speeding response to changing customer requirements. It is also recommended that manufacturers should make efforts to integrate their channel system as this will enhance more effective co-ordination of their channel functions and reduce conflicts in the channels.

Keywords: Distribution, Channel, Performance, Cement

CHAPTER ONE

INTRODUCTION

1.1 Background Information

Distribution, often termed as the materials management sub-function, is most closely associated with finished goods. It encompasses all operations associated with the production of finished products, starting from their receipt from the company's production facility and concluding with delivery to the customer through distributors and retailers. According to Coyle et al. (1984), distribution involves "the movement and storage associated with finished goods from manufacturing plants to warehouses and to customers." This essential sub-function may include activities such as receiving, storage, materials handling, order assembly/picking, packaging, shipping, and transportation.

Transportation, both inbound and outbound, is under the purview of distribution. Optimizing service and costs for both finished goods supplied to customers and supplies received by a company is equally important. Distribution coordinates the circulation of materials by utilizing its technical knowledge and expertise in traffic and transportation. Delivering the appropriate goods to clients at the appropriate time, location, condition, and cost is the aim. A sizeable amount of product costs are attributed to the cost of distribution components, which also significantly affects overall price levels. Before the creation of total materials groups, distribution was historically a part of the marketing organization and is now a part of marketing in some businesses. Nigeria's consumer goods sector has grown significantly since the country's 1999 democratic transition, fueled by increased consumer spending due to higher oil prices and government initiatives. A more business-friendly climate has been created by the democratic administration, and privatization initiatives have increased the size of the private sector. Nevertheless, the industry faces difficulties like inadequate infrastructure, low educational standards, a significant degree of corruption, and typically little disposable money. In

spite of these challenges, a lot of work is going into producing fast-moving consumer goods for the home market. To improve operational effectiveness, multinational firms have boosted their expenditures in personnel training, information technology, and physical plants in recent years. A sizeable portion of Nigeria's manufacturing sector is the consumer goods industry, which is distinguished by low value-added output. Businesses primarily convert imported raw materials into completed goods while contributing very little value. In this sector, multinational corporations usually import concentrates from their parent businesses, which they then turn into low-value finished goods. Distributors and wholesalers make up more than half of the industry's overall revenues, making them the dominant players (Lead Capital, July 2009). The inadequate road network and the high costs associated with delivery trucks impede distribution to the retail market. Nigeria's consumer goods market is a highly fragmented market that includes both local and international businesses.

It is impossible to exaggerate the significance of distribution plans in helping Nigerian consumer products manufacturing companies plan their goals. The creation and distribution of completed goods and services, with distribution at the center of both activities, are major drivers of the economy. Goods must be provided to customers at a fair price, at the time and location of their choosing. Goods and their titles travel via specific channels, also referred to as commerce or distribution channels, from producer to consumer in order to fulfill the delivery function. Academics, professionals, manufacturing companies, and product distribution agencies have all extensively examined distribution channels in marketing literature throughout the years, with a particular focus on the expenses related to product distribution. Distribution expenses have a big influence on manufacturing companies' cash flow and the economy as a whole. Because they do not prioritize distribution, many businesses produce high-quality goods yet fall short of their goals. This begs the question, what good is an efficient, fruitful activity if it doesn't deal enough with the actual movement of inventory? Uncoordinated distribution efforts can result in significant expenses, which

can impact the company's profit margins and service quality, according to Kotler and Armstrong (2006).

For this reason, a company's distribution channel strategy needs to be well thought out and executed in order to completely achieve both profit targets and customer happiness. When the ultimate consumer has the goods in their possession or within reach, production is considered to be finished. Furthermore, there are substantial, frequently unexplored chances for businesses to develop distinctive long-term strategic advantages through the planning and administration of successful and efficient distribution networks. Delivering exceptional value to end customers has become largely dependent on having superior channel performance. Businesses over the world are noticing these opportunities and adjusting to the shifts in channel organization. International marketing channels are growing more and more crucial for businesses looking to expand internationally, claim Uduji and Nnabuko (2011). When launching a product abroad, manufacturers must choose the best distribution system, including international middlemen or direct channels. It is important for marketers to understand that the channel arrangements in overseas markets could be very different from those in their own nation. There are few educational and research initiatives focused on the "place element" of the marketing mix, despite the crucial role that distribution plays in the development and prosperity of businesses, industries, and society as a whole. The purpose of this study is to assess the distribution networks used by Nigerian consumer goods manufacturers in order to identify more lucrative ways for businesses to connect with consumers.

1.2 Problem Statement

Globally, many companies are finding that their traditional approaches to selecting and managing sales and distribution channels are no longer effective. These channels often incur high costs while providing minimal value, failing to meet the needs of both manufacturers and end customers. In Nigeria, the situation is exacerbated by the country's poor infrastructural environment.

The distribution system in Nigeria, which channels products from production to intermediate and final consumers, is often described as chaotic, inefficient, and overly complex. The system is plagued by duplicated functions, fragmented channel memberships, arbitrary margin settings,

and margin-taking without corresponding functional performance. Additionally, the poor infrastructural environment, characterized by a limited network of roads and rail lines, bad roads, inadequate storage facilities, and a lack of fast, reliable communication networks, adds to the cost burden.

As a result, consumer goods manufacturing firms in Nigeria face significant challenges in designing and selecting distribution channels that minimize costs, ensure product availability, and effectively coordinate activities. Recently, there has been a concerted effort to address these challenges, recognizing that well-designed and efficiently managed distribution channels offer substantial, often untapped opportunities for creating long-term strategic advantages. Reducing the time, energy, and effort required to acquire goods and services has become as important, if not more so, than offering price reductions (Louis and Barton, 1997).

Among the most important decisions facing management today are those regarding marketing channel systems. Effective marketing channel plans can greatly improve a company's capacity to compete on a national and worldwide level. Sadly, a lot of businesses overlook the significance of distribution in gaining a competitive edge in favor of other business operations like finance, manufacturing, R&D, or other aspects of marketing. It's past time for many businesses to give the channels they use for marketing a full evaluation and adjustment.

According to Kotler and Keller (2006), advertising usually makes up less than five to seven percent of the final cost, but channel members in the US jointly earn margins that amount to 30 to 50 percent of the final selling price. This demonstrates the increasing significance of marketing channels, a development that is gradually influencing the corporate landscape in Nigeria. Nigerian manufacturers face challenges in meeting their customers' demands for prompt delivery, appropriate inventory levels, minimal warehouse usage at low carrying costs, lower overall distribution expenses, and higher customer satisfaction.

Manufacturers need a new framework for selecting sales and distribution channels that better match channel costs with value and offer competitive advantages. Improving distribution channel performance in Nigeria is essential. Therefore, this study aims to conduct a comprehensive strategic and empirical investigation to develop practical and effective solutions to these distribution challenges.

1.3 Aim and Objectives of the study

The primary aim of this study is to evaluate the distribution channels of Dangote Cement in the southeastern region of Nigeria. “The following objectives are essential to achieve and realize this primary aim:

1. To ascertain the influence of hybrid channel conflict on the performance of distribution channels.
2. To determine the relationship between the control exerted by the company and satisfaction with its existing channel.
3. To examine the impact of the length of a distribution channel on the channel’s performance.

1.4 Research Questions

In light of the problem stated above, this study seeks to answer the following research questions;

1. Does a hybrid channel‘s conflict have any significant influence on the performance of distribution channels?
2. Does the control exerted by the company have any significant influence on the company‘s satisfaction with the existing channel?
3. Does the length of a distribution channel have any significant influence on its performance?

1.5 Research Hypothesis

This study will put the following hypothesis to test:

1. Hybrid channel‘s conflict has no significant influence on the channel‘s performance.
2. The control exerted by the firm has no influence on the company‘s satisfaction with its existing channels.
3. The length of a distribution channel does not influence its performance significantly.

1.6 Scope of the Study

The main focus of this research is the distribution channels of cement in the southeastern region of Nigeria, specifically targeting Dangote Cement Company. The study encompasses five states in this region, chosen due to their high consumption of Dangote cement and their significance in terms of sales and market coverage. These states include major distributors who market to retailers and ultimately to end users

1.7 Justification of the Study

Although distribution channels have been the subject of earlier research in marketing literature relating to distribution channels in the past, it's possible that these studies did not fully address the unique difficulties that cement distribution channels present. This research offers a comprehensive and reliable examination of every element required for successful distribution channel management. The results will draw attention to the problems with the existing distribution networks and provide fixes that will help producers, buyers, the government, and the public at large. The management of the organization will use these insights to help choose distribution methods that will guarantee lower costs, more profitability, and satisfied customers. This study will add to the body of knowledge already known by the academic community and stimulate more research in the area of distribution channels.

1.8 Limitation of the Study

This study focuses on the distribution channels for Dangote cement in the Eastern Region of Nigeria. One primary limitation is the reluctance of individuals possessing relevant information to share it, due to concerns about revealing official secrets. Additionally, financial constraints and the scarcity of published data on the topic pose significant limitations to the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Review

According to Tuckman (1978), any significant research project must contain a review of pertinent literature; this review is more comprehensive in a dissertation, for instance, than it is in a journal article when space is limited. Learning something new doesn't really benefit one. A review of the literature typically yields several directions for further research, particularly if the investigation is not limited to well-known subjects. These demonstrate the need of referencing prior study conducted by distinguished scholars in order to effectively conduct research. As a result, the chapter highlights and compiles the writings of other authors on the topic of research.

This section's introduction examines physical distribution, which is seen as essential to achieving our goal of identifying a productive and efficient channel system for cement producers in South Eastern Nigeria. This is founded on the knowledge that, even though the path of physical possession of the product may differ from the road of title transfer, physical possession is thought to have a significant impact on the overall efficacy and efficiency of the system. As a result, the examination begins with the strategies employed by businesses to transfer their products from the factories, or the place of production, to the market, or the channel members. The evaluation then focuses on the distribution channels for commodities, examining the channel as a whole and its informational, physical, and negotiation flows that facilitate operations and connect all the topics. The foundation and central focus of the investigation, which looked closely at the channel's efficiency as well as other factors including its structure and design, was its economic direction. Nevertheless, the study's sociological methodology only briefly examines behavioral concerns pertaining to authority, collaboration, channel conflict, and satisfaction.

Using data from a sample of 125 industrial items, Lilien et al. (1992) conducted a discriminant analysis to examine the influence of market and product characteristics on the choice between direct and indirect distribution. According to the study, the channel changes from direct to indirect depending on the following factors:

1. The firm size: A company's ability to support its distribution channel improves with size.

2. The standard order size: Direct delivery gets more cost-effective as the average order increases.

3. Complexity of technical purchases: Direct distribution is more likely the more crucial technical service is to the product's success.

4. The product's life cycle stage: Direct channels are a better way to get new products.
5. Standardization level: Direct distribution has a positive correlation with a product's complexity.
6. Frequency of purchase: Products that are bought regularly need less effort to sell; hence they are not as frequently sold directly.

Williamson (1975) is the major author of Transaction Cost Theory (TCT), another approach utilizing channel structure. This theory examines governance and vertical integration problems. Some TCT notions utilized in Marketing Channel Studies were introduced by Rangan et al. (1992) and were based on the writings of Frazier and Roth (1990).

Ultimately, the exposition examined current difficulties that are arising in distribution channels, focusing on different types of system advances. A brief historical development of the cement manufacturing companies considered in this study was covered in the closing section.

2.2 Theoretical Review

According to Rosenbloom (2004), the term "theoretical review" refers to decisions that involve creating new marketing channels when none previously existed or adjusting already-existing channels. This term suggests that the marketer makes a decision regarding channel design, which may include creating new channels or altering ones that already exist. Additionally, it suggests that the marketer is actively and deliberately assigning the distribution jobs in an effort to create a productive channel structure. As a result, the word "selection" in this context solely refers to the actual channel member selection process, which is one stage of channel design.

Channel design choices may or may not influence the selection process. Consider the following scenario: a company needs to expand its reach into current areas. The firm might require more outlets to accommodate expansion even when its channel structure generally stays the same in terms of length, intensity, and types of intermediaries. Replacing channel members who have

departed the channel, whether voluntarily or not, is another frequent selection factor that is unrelated to choices made about channel design. Rosenbloom, 2004.

To be sure, the academic literature has discussed marketing channel design before. While there are various models for creating marketing channels, there aren't many techniques specifically made for choosing middlemen inside marketing channels (Hamid et al., 2011). In 1986, operation research methods were initially used to the process of choosing an intermediate. A model for choosing an intermediary was proposed by Rangan, Zolters, and Becker assuming that the distribution channel structure of the company stays the same. An intuitive network suggested by sales management was contrasted with the ideal intermediary network chosen by the model (Rangan et al., 1986).

A model with four phases—understanding, objectives/goals, implementation, monitoring, and revision—with eleven actions in the implementation phase was put up by Neves et al. in 2001. After the goal has been established, the organization can choose the channel members and structure in the ninth step, known as "channel selection." If it is flexible enough, it can choose the members based on a number of factors, including the kind of relationship that will be developed, the availability of agents in the channel, and several other aspects that were examined in the previous steps. According to Stern and El-Ansary (1982), choosing a channel is not simple since there are a number of factors to consider, including the availability of reliable intermediaries, conventional channel patterns, product attributes, business finances, rivalry strategies, and client dispersion issues. It is similar to the theory put forth by Mcvey (1960), who claims that networks of channels were not always created under the supervision of a single kind of organization and that these organizations have few options when it comes to creating the channels for their goods.

A model of channel design created by Rosenbloom (2004) can be divided into seven stages or steps:

(1) Recognizing the need for a channel design decision

(2) Determining and coordinating shared distribution goals

(3) Determining the tasks for distribution

(4) Creating a potential substitute channel structure

(5) Assessing the elements influencing the channel's structure

(6) Selecting the optimal channel structure

(7) Deciding the channel members.

The final stage of the channel design process involves the actual selection of businesses to join the marketing channel. In 2005, Rix suggested a model that involved four steps: first, choosing the distribution task within the marketing mix; second, choosing the type of distribution channel; third, figuring out the right distribution intensity; and last, choosing particular channel members. The company chooses the marketing channel middleman at the last phase.

A four-step model was established by Kotler and Keller (2006). The processes include understanding the needs of the consumer, determining channel objectives, finding important alternatives, and evaluating them. The company chooses the marketing channel intermediary in the last phase, similar to the Rix approach. A marketing channel design and management analytical model was presented by Coughlan et al. (2005). This model states that actions including analyzing consumer demands and services needed by various market segments, defining channel members, identifying channel flows, and creating channel portfolios (single or multiple) are all part of the evolution of the marketing channel design process. During the implementation phases, it is important to consider the following aspects: legal difficulties, strategic alliances, conflict management, and the distribution of power among channel members. Therefore, the processes of design, execution, and control are included in the marketing channel plan.

Lastly, Mallen (1996) suggested a distribution channel selection procedure. There are six steps in this method. Making decisions on the first five questions is necessary.

(1) To what extent should the channel structures of the company be directed?

(2) How selective should the distribution channel be?

(3) Which kind of middleman, if any, should be chosen?

(4) How many channels ought to be set up for a certain product?
(5) How will the middlemen be selected individually to occupy the created slots?

Second, the business needs to specify goals pertaining to four dimensions:

(1) Increase revenue,

(2) Cost minimization,

(3) Optimize control of the channel.

Thirdly, it needs to examine the critical external and internal process variables. The market, the marketing mix, the resources at hand, and the macro-environment are these variables. Moving forward, the choices need to be measured. Fifth, out of all the possibilities, the business should choose a certain distribution plan. Lastly, the organization needs to create the evaluation and review procedure for the channels.

2.3 Empirical Review

2.3.1 An Evolutionary Overview

The Smith-Stinger paradigm states that models based on the market structure, competition, and the level of specialization of the interacting subjects were taken into consideration when marketing and distribution channels were first investigated (Mallen, 1996). Because trade intermediaries can create economies of specialization, this paradigm also supported their existence.

The institutional perspective (Bucklin, 1966), which was based on microeconomics, concentrated on channel actors as a series of institutions that handle the movement of products from the producer to the final consumer. They then initiate different kinds of fluxes. The functional approach, like the institutional approach, has examined marketing channels based on the roles that its members play (Alderson, 1957).

When a co-coordinating leader appears, marketing channels are also referred to as the Vertical Marketing System (VMS) (McCammon, 1970). A marketing channel, or VMS, has always been understood from a traditional standpoint as a vertically integrated, uni-linear structure that connects the manufacturer and retailer via a chain of middle wholesalers. This idea of the

distribution channel structure is no longer suitable for the extremely advanced western retailing systems. The efforts of the manufacturers and large retailers in expanding the scope of their activities through vertical integration, especially at the expense of wholesaler intermediates, have fundamentally altered the power dynamics between agents in the channel in these systems (Dawson, 2001). The horizontal inclusion of new actors (such as buying groups) who are not often involved in the actual physical distribution of goods has also altered the distribution channel. Trade associations, volunteer organizations, and tiny multiple shops as well as independent single-site stores have seen a rise in the importance of these channels as agents of distribution.

The development of market channel structures and strategies in the context of globalization in recent years (Rosenbloom, 2007) has led to a more complex understanding of marketing channels, with new roles and specializations that are emerging as new issues, disintermediation or re-intermediation, and multi-channeling. Additionally, a convergence of perspectives is occurring for channel-related activities such as supply chain management, purchasing, and logistics due to the growing pursuit of efficiency and speed in vertical interactions (Gundlach et al., 2006)

With a significant amount of the innovation process and its outcomes occurring at the buyer-seller interface level, marketing channel innovation in this context becomes a complex, multi-organizational, multidisciplinary activity that necessitates collaboration and interactions across various entities within the supply chain network (Ganesan et al., 2009).

2.3.2 Drivers of Innovation in Distribution Channels

When discussing distribution channels, it is important to keep in mind that innovation manifests itself in two layers. To gain a competitive edge along the distribution channel, however, needs to be viewed as a strategic endeavor for industrial and distribution companies alike. However, it should be viewed as a process of the distribution systems' economic role evolving. New distribution channels appear after this process of change, providing additional services to the ones that already exist. Innovation originates from the decisions made by businesses throughout the channel in both situations, which increasingly engage their partners, upstream and underneath the network to which they are connected. This gives rise to innovations that are more

and more centered on the vertical network than on the specific company (Musso, 2010).

The marketing channels have experienced rapid and intense innovation processes in recent years, particularly in the wake of technological advancements that made it possible to implement more effective organizational solutions. Consequently, there is now more competition among all the companies in the channel. The modernization of the retail sector, which has gradually reinforced and enhanced the role of retailers over the past few decades, is another element that has considerably fostered new processes in marketing channels. Innovations intended to accommodate new values regarding consumer goods and their distribution systems—such as traceability and the observance of social, ecological, and ethical values in the manufacturing processes—have been stimulated even by social changes and new behavioral patterns of the final demand.

Strong emphasis on competitive dynamics has surrounded these influencing elements' activity, both vertically and horizontally (between retailers and manufacturers). The rise of private label products, the development of retail marketing, the growing downstream integration by manufacturers (e.g., factory outlets and storefronts), and, on the other hand, the upstream integration of the retailers' supply chain have all brought about these dynamics. Technology-based and market-based factors have been identified as the driving forces behind innovation in distribution channels, with particular reference to the prospects presented by advancements in information and communication technologies (ICT) (Castaldo, 2001). According to Kaufman, Scarborough, and Forsythe (2009), market-based factors can be further divided into two categories: demand-based factors, which are associated with changes in customer characteristics, and behaviors that businesses aim to comply with, and competition-based factors, which are specifically related to a differentiation and prompt response to the final demand changes approach. This reasoning frequently rests on the ideas of time-based competition (Hum and Sim, 1996) highlighting the importance of the time variable in the pursuit of a competitive advantage and basing marketing strategy decisions, in certain situations, more on the viewpoint of rivals than on the ultimate demand.

Innovation in marketing channels will be evaluated by considering all kinds of items separately and by considering all kinds of channels and issues, not only those at the retail distribution level. Three separate viewpoints will be used to do the analysis:

A. From a technology standpoint: How far along is technological innovation in terms of optimizing interactions between businesses and the end user?

B. Relational perspective: In terms of the vertical interactions between businesses in a marketing channel, what innovation fields can be developed?

C. From a structural standpoint, what novel channel configurations might emerge?

2.3.3 The Technological Perspective of Innovation

An area of innovation in vertical relationships between enterprises and an area of innovation in relationships with ultimate demand can be distinguished within the technical perspective.

2.3.3.1 Innovation in Vertical Relationship between Firms

The first area of innovation in the relationships, from a technological standpoint, is technology-based engagement tools. That is, all the methods that enable the use of ICT technology to accelerate and improve global partnerships while minimizing stock and ensuring uninterrupted operation. The fundamental technologies that underpin the inter- and intra-firm information management processes are telecommunications and information technology, which together constitute the technological foundation of supply chain management (SCM) (Musso, 2010).

Actually, a lot of businesses are starting to view global supply chain management as a strategic goal. Furthermore, SCM is becoming acknowledged as a standard procedure for managing innovation and facilitating collaboration across business networks. After years of negotiations, a permanent entity known as the project consortium Efficiency Consumer Response (ECR) was created with the express objective of helping manufacturers and retailers find better ways to work together to create more efficient supply chains. ECR seeks to improve the supply chain overall and get rid of non-value-added tasks. ECR comprises four essential components: effective product introduction, effective assortment, effective replenishment, and effective promotion.

These are the strategies for handling the two main issues that retail establishments face: overstocks and out-of-stocks (Kotzab, H. 1999).

When managing the supply chain, cooperation can be attained on three different levels. In order to increase the productivity of both physical and information flows, the first level of logistics aims to improve the transportation network, manage logistic centers, handle non-compliance, and establish communication infrastructures like Electronic Data Interchange (EDI). Certain aspects of logistics have emerged as game-changing variables that transcend technical optimization made possible by advancements in information and communication management. Specifically, logistics can be viewed as an interface between strategic and tactical orientations, which can occasionally differ or clash amongst the channel partners, for creative interactions inside the channel, which are defined by the need for increased coordination and integration. In an effort to make the logistic cycle speedier and error-free, a number of organizational solutions have been developed to reduce the cost of stock management, handling, and transports. The cross-docking technique states that these solutions can be produced through third-party operators or by utilizing transit logistic facilities.

Radio-frequency identification (RFID) is one of the most current areas of logistic innovation concerning material movement monitoring systems, both within and outside of warehouses. RFID is the application of an object—typically called an RFID tag—to a product or shipment in order to use radio waves for tracking and identification. RFID has the ability to reduce out-of-stocks in inventory systems as well (Hardgrave, Miles, Mitchell, 2009). Reduced labor expenses, streamlined corporate procedures, and fewer inventory errors are some other advantages of deploying RFID.

The EDI, which has been defined as "tools which permit the automatic exchange of data between remote applications in situations where these belong to different organizations," is the fundamental foundation for coordinating logistic procedures amongst channel partners (Martinez and Polo- Redondo, 2001). The main allure of EDI for businesses using marketing channels is the volume of references that are shared. Massive retailers and wholesalers benefit greatly from electronic document interchange (EDI) since they deal with numerous suppliers, customers, and references, which necessitate managing a massive volume of various documents. For this reason, these are the businesses that have pushed for the use of EDI in commercial distribution, frequently pressuring smaller suppliers to do the same.

The joint management of supplying activities through strategies like Vendor Management Inventory (VMI), which includes assortment decisions, stock-out reduction initiatives, and the use of indicators to control and improve joint processes, represents the second level of collaboration in supply chain processes. Under the VMI operating model, the supplier is in charge of the customer's inventory. The primary choices about inventory replenishment for the client in a VMI agreement are made by the supplier. The supplier, who could be a distributor, reseller, or manufacturer, keeps an eye on the buyer's inventory levels and decides how much to order, when to ship, and how much to charge (Waller et al, 1999). With VMI, the supplier can maintain smaller capacity and inventory buffers by adjusting for peaks and valleys in the goods flow. There are instances of successful VMI implementations in retailing in the clothing sector. Nonetheless, VMI's adoption in the supermarket supply chain has not grown significantly.

The establishment of specific policies (such as category management, in-store promotions, and shelf space management) and a higher degree of integration are part of the third level of collaboration in supply chain management (SCM). These policies are established through the use of methodologies like Vendor Managed Category Management (VMCM) and Collaborative Planning Forecasting and Replenishment (CPFR), which have significant implications for marketing. A technique for cooperative buying management between merchants and their suppliers is called CPFR. Together, you will create sales projections and procurement plans that cover all aspects of managing assortments, including launches and new product introductions. In order to build and manage ideal assortments, the CPFR promotes cooperative planning and the exchange of market data. The CPFR works well for product categories that have substantial demand swings and necessitate a high degree of promotional effort

The retail demand fulfillment approach known as VMCM integrates the concepts of category management, outsourcing, and VMI. Since managing a non-core product category is more expensive for retailers and there is less outsourcing risk involved, VMCM is used more frequently in non-core product categories. This is because non-core product categories offer the clearest benefits of outsourcing (Kaipa and Tanskanen, 2003).

2.3.3.2 Innovation in Relationships with Final Demand

Checkout technologies, dynamic pricing, electronic and mobile payment systems, distance selling—primarily online sales—and self-service technologies (SSTs), like multimedia kiosks and vending machines, are the most significant fronts of technological innovation in the relationships with final consumers. Technologies such as checkout or Point of Sale (POS) are used in places where retail transactions take place. An electronic cash register equivalent to a point-of-sale terminal, or checkout hardware and software more generally, is referred to as a checkout. Via an interface that salespeople may access, a POS terminal controls the selling process. Future technological advancements will lead to web-based point-of-sale (POS) software, which will not require manual updates or additional software installations to operate on any computer with an internet connection and compatible browser.

POS technology offers the advantage of improved inventory management through the integration of sales information with the value and quantity of purchases. This makes it possible for the company to more swiftly and precisely manage inventory and assess the profitability of individual products. Furthermore, by using specialized space management software, product display in the store may be optimized using data on product productivity and rotation rate. It has been a few years since innovative technologies were tested to expedite checkout processes and save more staff time. Comparing self-scanning systems to technologies based on radio frequency transmissions, it appears that the former is really an intermediary solution. Self-scanning systems are currently the most widely used trials underway. But in order for these technologies to proliferate, producers must tag each and every product with an RFID chip.

Electronic shelf label (ESL) systems allow for the implementation of dynamic in-store pricing rules in addition to point-of-sale (POS) technology. Depending on the time of day and the volume of customers in the store, they might permit price adjustments. A PC, a local wireless network, and electronic labels—small LCD screens—make up an ESL system. The technology broadcasts data to the shelf labels after obtaining it from the store scanner database. The ESLs are constantly being watched over by the system to make sure they are there and displaying the right data. (2008) Bergen et al. Since both the cash register prices and the ESL prices are shown based on the same database, ESL systems provide 100% accuracy. Zbaracki et al. (2004) state that the cost of purchasing ESL systems is high (system price), The expenses associated with installation, personnel training, and system maintenance include ongoing software and hardware

upgrades, label battery replacements, and label replacements following tampering.

Electronic and mobile payment systems, which are typically undergoing changes, are associated with POS-scanner technology. There is already evidence that the widespread usage of credit and debit cards for proximity purchases has the potential to significantly lower the number of cash-based transactions. Using a mobile device (such as a Smartphone, PDA, or cell phone) and other wireless and other communication technologies, mobile payments are payments made for products, services, and bills (Dahlberg et al., 2008). To improve the ease of micropayments for everyday expenses that are local, a number of effective mobile payment systems have already been introduced (Ondrus and Pigneur, 2006). Various quick-service industries, including public transit, toll booths, petrol stations, fast-food restaurants, retail vending machines, and ski resort ticketing, have been the main adopters of these solutions (Chou, Lee, Chung, 2004).

Other innovations in final-consumer interactions can be seen in distance selling, primarily in television (TV), phone, and online sales, which are the advancement of mail order sales. With the advent of technologies that enable interactive TV communication and enable direct TV-to-TV buying, TV sales are once again playing an inventive role. However, internet sales as a component of e-commerce offer the most innovative potential for distance selling. Despite the well-known advantages of electronic commerce for consumers—such as lower prices (Brynjolfsson, Smith 2000), greater selection and availability (Ghose et al. 2006), and greater convenience due to the elimination of travel expenses and the ability to make purchases from anywhere in the world—online shopping still accounts for a small portion of retail sales. Customers are sluggish to adopt online buying habits for a variety of reasons, including the difficulty of examining non-digital products, the potential for expensive and slow shipping, and the difficulty of returning items (Forman and Goldfarb, 2009). In other words, it seems that online purchases have a set of fixed disunity costs. These expenses differ for different goods and merchants, and in certain areas they have put up substantial obstacles to the spread of e-commerce.

Self-service technologies (SSTs), which are based on interacting technologies like vending machines and multimedia kiosks, are the last aspect of technical innovation in dealing with the final consumer. Customers now demand easy and quick access to reasonable price. Over the past ten years, the vending business has experienced significant growth in terms of items. The newest innovations are always being added to vending machines, along with a wider

selection of products. Telemetry is one of the newest advancements in vending machines. The development of dependable, reasonably priced wireless technology has rendered telemetry feasible and provides the channel for authenticating cashless transactions. Telemetry-enabled machines can send sales and inventory information to a route truck, allowing the driver to know precisely which goods to bring in for replenishment. Alternatively, the information can be sent to a distant headquarters to be used in arranging a route halt, identifying a malfunctioning component, or confirming data collected.

Technology also enables vending machines to implement responsive pricing strategies (Courty and Pagliero, 2008). For example, soft drink vending machines are equipped with pricing schemes that adjust prices in response to the temperature outside and the customer's current preferences. Vending machines are also incorporating new energy technology, such as off-grid hydrogen fuel cell units. Multimedia kiosks, also known as interactive kiosks or public access kiosks are computer workstations intended to give the general public access to electronic transactions and digital information. Kiosk technology facilitates public access applications by providing highly visible workstation housing and user-friendly interfaces, frequently utilizing touch screens.

Kiosks are commonly seen at retail establishments, malls, and other public spaces including airports, train stations, and highway service stations. However, kiosks are a discrete addition to the landscape of traditional retail shops, even if web-based e-business has received a lot of media and scholarly attention (Rowley and Slack, 2003). Kiosks are an innovation in in-store promotion and communication in these kinds of applications. Customers can access a multitude of product information through kiosks, such as relevant goods, stock levels and availability, recipes, exclusive deals, and customized product designs. More advanced kiosks can serve as the foundation for consumer engagement, be a component of a loyalty program, and even present additional chances for community building, such those related to customer-to-customer contact. Multi-media kiosks have been viewed as the marketing organization's chance to take back command of the marketing cycle's last phase—the point of purchase choice (Norris, 1994).

2.3.4 Innovation in Channel Relationships

According to the relational perspective on innovation in marketing channels, channel members' upstream, downstream, and relationships with end users can all result in innovative activity. Regarding upstream operations, the primary area of innovation in recent times has been huge retailers' purchasing strategies. Rather than being radical, this modification was made gradually (Musso, 1999).

Retail purchasing activities have become more dynamic and are now the focus of organizational innovation in response to quick changes in final demand, a shorter product life cycle, and a growing need to improve the effectiveness of the physical distribution of goods. These advances pertain to the supplier relationship and necessitate their participation (Gonzalez-Padron et al., 2008). The significance of the suppliers' position in this context varies according to their size, degree of sectoral concentration, brand value, and product offers (in terms of brands, originality, uniqueness, and innovation) (Musso, 1999). But historically, retailers have tended to favor larger suppliers (Grayson and Dodd, 2007). Even at the global level, they can find more room and serve a complementary role based on their expertise, variety, dynamic nature, and increased receptivity to the logics of local sourcing.

Trade marketing is a primary area of innovation in downstream relations, mirroring supply relations in a similar manner (Dupuis and Tissier-Desbordes, 1996). The goal of trade marketing is to find efficient marketing strategies for a retail industry that the manufacturer no longer entirely controls. Thus, the trend of modernizing retailing gives rise to even this front. The target of marketing initiatives is the retailer, who serves as both a customer and an intermediary in the manufacturer's marketing infrastructure, enabling the activation of other marketing tools. These initiatives must align with the manufacturer's policies regarding the final consumer and the retailer's purchasing strategies.

Trade marketing contributes to the advancement of innovations in manufacturer sales organizations, the use of advertising and promotional materials for retailers, and business intelligence procedures where distributors are both the target and a partner in the market examination. Trade marketing has already acknowledged its capacity for innovation in the application of tools targeted at retailers. The analysis field that focuses on distributors' purchasing processes has emerged more recently. In fact, trade marketing examines retailers'

rationale for choosing suppliers as well as their purchasing methods, organization, and activities, much as traditional marketing studies consumer purchasing behavior (Musso, 2010). Category management (CM) is connected to the previously emphasized points (retailers' and TM's purchasing processes) and to the choices made about assortment. Through better brand purchasing, merchandising, and pricing coordination, category management is a retail management program that tries to improve a retailer's overall performance in a certain product category. In order to improve business results, CM incorporates the distributor/supplier process of managing categories as strategic business units (Dhar et al., 2001).

CM includes both front-end and back-door efforts to optimize supply management and vendor logistics coordination, as well as category demand enhancement. Musso (2010) identifies the following areas of innovation that resulted from the CM:

Private label items represent yet another avenue for relational innovation in marketing channels. Retailers are differentiating themselves with their store brands, which boost customer loyalty and generate traffic to the store because of the brand's distinctive association. Additionally, store brands help the retailer better serve the needs of a rising consumer base that is value-conscious. The roles of manufacturers and retailers are redefined as a result of innovation associated with private label products (Kumar and Steenkamp, 2007). The latter group appropriates brand policy, promotional activities, and, in certain cases, even the research and development of new products. As a result, the producer may lose all of its marketing responsibilities and occasionally its upstream operations, such as design and sourcing. Private label assortments have recently expanded beyond the typical food categories to include a number of non-food categories, such as batteries, underwear, small domestic appliances, DIY tools, and medications.

Customer care initiatives, or any activities meant to improve the relationship with the end user based on data gathered through the Customer Relationship Management (CRM) process, are the final area in which relational innovation can be developed. In the context of retail, the CRM process is linked to the usage of loyalty cards, which enable the store to get a fantastic quantity of data from its clientele. Retailers can now convert cold consumer behavior data into warm, "learning" relationships and customer loyalty that is based on mutual respect and trust thanks to loyalty card technology (Pine et al., 1995). (Mauri, 2003)

2.3.5 Retail Change and Channel Structure

The retail level has seen the majority of manufacturer advances in marketing channel structure. They could be associated with manufacturer-owned retail stores (Wang et al., 2009); factory outlets (Bray, Berger, 2008); pop-up stores, also known as "guerrilla stores" (Niehm et al., 2007); franchising (Gillis and Combs, 2009), primarily at the international level (Szulanski and Jensen, 2008); Multilevel Marketing Systems (Johnston, et al., 2007); multilevel franchising (Emerson, 2009), which combines both traditional distribution and direct selling technologies

The latter are pop-up shops that are the most recent manifestation of creative solutions that brand owners have embraced as a fresh approach to experience marketing meant to draw in customers. Pop-up retail involves setting up a temporary marketing space to promote a brand or product line. These spaces are typically smaller and allow for more in-person interactions with brand representatives, which is one of the main draws for customers (Gordon, 2004). Additionally, pop-up retail can be used in non-traditional retail settings or in companies that create retail spaces, including restaurants or clothing stores (Shanahan, 2005).

A "product innovation" of the retail offer is what the retailing-based innovation in marketing channels is. The goal of product innovation in retailing is to continuously improve the commercial offer through the following means: marketing levers (assortment, prices, promotions, merchandising, etc.); environment and all soft attributes of retail stores (visual merchandising, retail store architecture, layouts, equipment, etc.); relationships with end-customers (fidelity cards, micromarketing, one-to-one marketing, etc.); and the provision of services that fall outside of the traditional competitive boundaries (catering, entertainment, cultural services, etc.) (Castaldo, 2001). The emergence of new channels results in the phenomena of multi-channel innovation, which is seen in both the case of structural innovation generated by manufacturers and that developed inside the retail sector. Channeling, particularly in e-commerce, allows online sales to be integrated into a variety of alternate distribution channels (Agatz et al., 2008).

Cannibalization and channel conflicts are the two main marketing-related issues that manufacturers have while using several channels (Webb, 2002). When a product is carried over more channels, less sales are generated from each channel, which makes it more challenging for a business to recoup its expenses. A manufacturer competing with its own resellers through a

customer-direct internet channel, for example, could lead to conflicts not just between the various divisions that oversee the company's various channels, but also, and perhaps more importantly, between different elements of the supply chain (Tsay et al., 2004). As a result, multi-channeling requires a multi-channel strategy and emphasizes controlling the entire portfolio rather than individual channels (Rosenbloom, 2007). Using a similar set of data and procedures to handle consumer interactions across channels is crucial for vendors, who can then use the insights gained from each channel to improve services or make more targeted offers on other channels. Operations managers must balance the economies of scale that result from integrating various channels with the unique needs of each individual channel. As a result, businesses must weigh trade-offs when choosing which processes to split and which to integrate across channels (Gulati & Garino, 2000).

2.4 The Concept of Distribution

The definition of "distribution" varies according on the author's point of view. Distribution, according to Achison (2002), is the marketing function in charge of getting products and services to the customer. According to Okeafor (1998), it is a collection of commercial operations intended to deliver the appropriate number of goods in good condition at the appropriate time to the appropriate location (market), all while keeping costs within normal bounds. It is, according to some, the path products take from the manufacturer to the customer.

The fundamental idea behind distribution, or physical distribution, is that a product should satisfy customers in terms of location, timing, quantity, cost, and quality. Getting the products to clients in the quickest amount of time and at the lowest possible cost is the main goal. Manufacturers have been faced with the challenge of reducing expenses when utilizing physical distribution resources and also attain the highest level of client satisfaction. By cutting expenses and making the best use of available resources to enable maximum or increased product deliveries to clients, the company's profit can also be improved or grown through the use of physical distribution resources. Since the market is so unstable these days, manufacturing companies are focusing more on physical distribution since appealing items that are priced competitively and creatively presented are no longer enough. Customers are demanding greater service levels, which presents a big opportunity to set your products apart from the competition and customize your solutions to fit the needs of certain clients. (Christopher, 1997).

These days, distribution is a major source of competitive advantages for the company's marketing initiatives. Moving the appropriate quantity of goods to the appropriate locations at the appropriate times is the aim of distribution (Porter 1985, Eztel et al., 2001). In light of this, MacDonald (2005) contends that a product's lack of availability when and where the customer needs it will undoubtedly result in a failure in the marketplace, and Stapleton et al. (1998) view it as a crucial component of marketing management that can help a business boost sales volume and profitability.

2.5 Distribution Channels

The consumer or end user must have access to goods and services at a fair price, at their convenience. From the producer to the consumer, various courses or routes are recognized to be followed by things and their titles. These paths go by several names, including trade, marketing, and distribution channels. Formally speaking, marketing channels are collections of connected businesses that work together to make a good or service accessible for usage or consumption. These are the series of steps a good or service takes from the point of production to the point at which the final consumer buys and uses it (Kotler and Keller, 2006).

Various authors have proposed alternative meanings for the term "distribution channel." According to Tate et al. (1982), it is the conduit that a product travels through before reaching the final customer. It can also be described as the route that commodities take as they go from the production site to the point of consumption (Amarchard and Varad, 2009). Rosenbloom (2004) described the marketing channel as the external contractual organization that management works to accomplish its goals for distribution, this is from a managerial perspective view. Regardless of the opinions expressed in these definitions, the fundamental idea is that, in between the producer and the final consumer, there exist people or organizations that are experts in assuming title to, or helping to transfer title to, specific goods or services as they pass from the first owner (producer) to the last owner (consumer), rather than in the production of goods and services. These professional people and groups go by several names, including "middlemen," "channel intermediaries," and "channel members." In order to achieve maximum efficiency at the lowest possible cost, manufacturers rely on channels for physical handling, warehousing, shipping, and sales of their goods (Lambert et al., 1992). The marketing middlemen that offer utilities related to possession, form, time, and place are referred to as channels. It is through the exchange and title transfer process that possession utility is formed. Stockpiling inventory for easy customer

access gives time utility. Place utility is produced by geographical factors and the movement of the physical product to the market place, whereas form utility entails keeping the things in factory fresh state without damages (Lambert et al 1992).

In other words, a company's distribution channel enables products to be accessible to customers by setting them up at their convenience. In order to balance the differences between what the manufacturer can supply at a given time and the real market demand, the channel maintains a variety of items. As a result, Bucklin (1966) founded the idea of channel structure on the interplay between institutions and agencies' economies. According to him, the channel's goal is to offer customers the best possible combinations of its output—lot size, delivery speed, and market decentralization—at the lowest possible cost. Every manufacturer aims to establish connections with marketing organizations or middlemen that will enable them to best accomplish their distribution goals. Any manufacturer who removes the middlemen from the supply chain should be prepared to handle the chores of transferring product ownership or delivering items from the maker to the customer, claim Onyeke and Nebo (2000). The following are the roles they identified for channel intermediaries:

1. Selling Function: Occasionally, wholesalers and large retailers offer a sales force or other marketing initiatives that could be utilized to carry out the selling tasks for the makers.

2. Buying Function: While retailers make purchases on behalf of their customers, wholesalers carry out the buying function for retailers, industrial users, and other clients.

3. Market Information: Producers provide information to other channel participants through intermediaries. Examples include the transfer of information from a producer to a store, who subsequently provides it to customers, including product uses, repairs, and guarantees. Customer data also travels from the retailer, to the wholesaler, and back to the manufacturer.

4. Bulk Breaking Function: Middlemen purchase goods in comparatively big quantities from producers and resell them to customers and retailers in smaller amounts.

5. Storage Functions: Until they are needed, middlemen often preserve and store the manufacturer's products. The maker is relieved of the expense and other issues related to storage by means of storage services.

6. Sorting Function: Following the assembly or accumulation of the items, intermediaries sort

the products by classifying them according to grade and/or size and determining quality variances.

7. Assortment Function: By acquiring a wide range of goods from many producers, intermediaries enable consumers to choose the product of their choosing.

8. Reduction in the Number of Transaction: To minimize the quantity of transactions required to complete the exchange required to maintain customer satisfaction, channel intermediaries gather bulk, break bulk, and generate assortments.

9. Transportation Function: Goods are occasionally transported from the manufacturer's factory to the destination by channel middlemen using their delivery trucks. In this transportation role, manufacturers, wholesalers, and retailers are all involved.

10. Finance and Credit Function. By making upfront payments for goods that have not yet been manufactured, intermediaries carry out the finance function. Some clients or buyers who are unable to pay with cash for the items or services they purchase are also given credit facilities.

11. Risk Taking Function: During transit or storage, intermediaries are subject to the risk of product degradation, spoiling, or loss due to theft, fire, flood, or other natural catastrophes. They incur the risk of an unexpected drop in demand, which could be brought on by competitors' new products, shifts in consumer tastes, fashions, or preferences.

Based on the aforementioned, it is evident that channels play a crucial role for consumer products manufacturers in achieving their distribution objectives. This highlights the idea of the marketing channel system, which is the specific group of marketing channels that a company uses. Among the most important decisions that management must make are those regarding the marketing channel system, according to Kotler and Keller (2006). All other marketing choices are influenced by the selected channel. Pricing for the company varies depending on whether premium boutiques or mass merchandisers are used. How much training and incentive dealers require determines how the company will use its sales team and how it will advertise. Channel decisions also entail a set of policies and procedures in addition to somewhat long-term commitments to other enterprises. An carmaker cannot buy out independent dealers it appoints to sell its vehicles and replace them with company-owned dealerships the following day (Raymond

Corey, 1991).

Kotler and Keller (2006) also alluded to the push and pull strategy elements in their investigation. They stated that the company had to choose how much of its intermediary management efforts to focus on push or pull marketing. Using its sales force and trade promotion funds, the producer uses a push technique to persuade middlemen to carry, market, and sell the product to final consumers. When a product is an impulse buy, there is little brand loyalty in the category, customers choose their brand in-store, and the benefits of the product are clear, a push strategy is appropriate. Conversely, in a pull approach, the product's maker uses marketing and advertising to get customers to ask for the product through intermediaries, which then prompts the intermediaries to place an order. Pull strategies make sense when consumers see differences between brands, have strong brand loyalty, are highly involved in the category, and choose their brand before visiting the store (Kotler and Keller 2006).

2.6 Distribution Channel Structures or Levels

Typically, products and services go through multiple hands before reaching the consumer's hands. However, in other instances, producers use what is known as a "direct channel" to sell products and services to customers directly, bypassing the middleman. Therefore, there are two different kinds of channels: indirect and direct. Manufacturers who sell directly to consumers are considered direct marketers, or zero-level marketers. Door-to-door sales, house parties, mail order, telemarketing, TV, internet, and manufacturer-owned stores are a few prominent examples. In 2006, Kotler and Keller affirmed that when a producer distributes his goods through just one channel member, such as a retailer, this is known as a one-level channel or structure. For instance, a few Nigerian manufacturers offer their goods directly to retailers such as Shoprite, Leventis, JustRite, Eastern Shop, and Park and Shop. In a similar vein, a three-level channel has three intermediaries whereas a two-level channel only has two.

Direct channels, which entail direct communication between producer and user, are the most straightforward forms of distribution. In a direct distribution model, which is sometimes referred to as a short channel, manufacturers sell their goods directly to the end user without the involvement of a middleman (Berman 1996). In 1970, Buel et al. claimed that direct distribution gave producers complete control over product distribution. On the other hand, because they engage in large-scale direct sales, producers need to be able to handle marketing and

manufacturing issues as well as acquire knowledge of direct sales and retail operations. Every other route is indirect, except for a channel level of 0, which doesn't use any middlemen. In an indirect distribution system, often known as a long channel, separate channel members split up the various tasks needed to carry out marketing operations. According to Berman (1996), a lengthy channel necessitates significant effort to coordinate the channel's operations and functions, even though each member of the distribution channel has a smaller financial demand.

According to Rosenbloom (2004), channel structure is the way that a group of distribution duties have been distributed among the channel members from a management standpoint. This implies that in order to achieve a company's distribution goals, the channel manager must complete an allocation task. The duties' allocation and organization must be decided by the management. As a result, the channel's layout will mirror the way he has distributed these responsibilities among its participants (Rosenbloom, 2007). Although intermediaries are frequently a part of a distribution channel, their roles won't always be erased if they are removed from the channel, according to the theory presented by Berman (1996) and Coughlan et al. (2005). In actuality, the roles of intermediates will change or be passed to another current channel participant. The transfer of the roles can be performed by the producer who can carry out marketing-related tasks, but they can also be delegated to other businesses outside the channel (like facilitators, for instance) or even moved upstream or downstream inside the marketing channel.

According to Bucklin's (1966) idea of services performance, consumers favour marketing channels that offer better service quality. In line with this, intermediaries are unique because, in circumstances when there is a large demand for a certain quality of service, it is less likely to exclude an intermediary because certain marketing processes that intermediaries carry out must be efficient. Intermediaries contribute to the channel's efforts by adding value and assisting in the reduction of distribution costs through increased efficiencies, as highlighted by Coughlan et al. (2005). Thus, it's critical to comprehend which tasks must be completed in order to provide the final user with the amount of service they desire.

Ehikwe (2002) states that channel institutions employ a variety of distribution levels to reach consumers. Regardless of the distribution level used, consumers and manufacturers will always be at the start and finish of the supply chain, respectively. The first kind of channel is direct sales to consumer, in which there is no middleman and manufacturers interact directly with customers.

Under such circumstances, the majority of the items are primary commodities, primarily agricultural goods. Custom-made or contractually created goods like ships, airplanes, and unique vehicles for roads and trains are included in the manufacturing industry. Special raw materials, spare parts, and industrial supplies from the manufacturers that completed the initial installations of plant and machinery are additional products that can require direct deliveries.

Institutions using two tiers of distribution—brokers, agents, and direct to consumer—are classified as the second category of distribution channel institutions. Agents, brokers, and direct distribution channels are essential in the distribution of services like insurance, banks, and housing organizations (for the sale of real estate and rental properties). The only tangible exchanges of goods that take place in these institutions are informational and communicational ones, and there is no title exchange. The direct channel of service delivery necessitates the establishment of service provider branch offices closer to the locations of their clients.

The manufacturer, retailer, and customer are the two levels that make up the third category of distribution channel institutions; these levels are likewise comparable to those utilized by service providers. The agents, sometimes known as broker wholesalers, just provide the essential information to wholesalers and manufacturers and collect commission for the transaction; they often do not claim rights to the goods. At the conclusion of the sales period, the agents occasionally gather certain goods, sell them, and then return the unsold goods to the manufacturers. In other developments, the well-known and established titans of the middlemen or intermediates, known as merchant wholesalers, are in charge of maintaining the strongholds of the manufacturer's relationships with the customers. Almost ninety percent of the manufacturers' actual distribution chain is handled by the powerful merchant wholesalers. These wholesalers assume ownership of the items and may engage in both forward and backward integration when it comes to direct consumer retailing and product manufacture. Merchant wholesalers handle the breaking of manufacturer products in bulk.

2.6.1 Hybrid Channels

When a single business employs two or more marketing channels to reach one or more consumer segments, it's known as hybrid or multichannel marketing. Companies can attain three significant advantages by expanding their channel network. More market coverage is the first. The second is reduced channel costs, which come from selling over the phone to small consumers instead of in-

person visits. Adding a technical sales team to sell more complex equipment is the third strategy, which is more specialized selling. There is a cost associated with introducing new channels, but the benefits are usually offset by the introduction of conflict and control issues. There's a chance that multiple channels will end up vying for the same clients. It's possible that the new channels will be less cooperative and more autonomous. Kelly and Kotler (2006).

In the past, most businesses only used one method of marketing, such as distributors or direct sales forces, according to Rowland and Ursula (1990). However, businesses today are embracing a growing armory of new marketing weapons to use with various client segments and under various circumstances in order to protect their turf, increase market coverage, and reduce expenses.

Companies have introduced new channels to their existing ones in recent years as management have looked to reduce costs and expand market coverage; they utilize direct sales in addition to direct mail and direct mail in addition to direct sales. Businesses develop hybrid marketing systems as they include new channels and communication techniques. With more marketing units competing for clients and money, the emergence of new channels and approaches ultimately led to issues with conflict and control. This is because indirect channels are less susceptible to managerial authority than direct channels. Despite their challenges in management, hybrid marketing systems can yield significant benefits. A business that can leverage the advantages of a hybrid system—more coverage, reduced expenses, and tailored strategies—will have a major edge over competitors who stick to conventional methods. However, it seems that many industries are seeing an acceleration of the shift toward hybrid systems. In the late 1980s, a poll of senior managers revealed that 53% of them said their organizations planned to use hybrid systems by 1992. This is a significant rise from the 33% of respondents who said their organizations were already using hybrid systems at the time of the survey (Rowland and Ursula 1990). This surge in the use of hybrid vehicles can be attributed to two main factors: the necessity to control costs and the desire to expand the market. In order to maintain growth, a business usually needs to expand into new markets or clientele. Along the way, it typically adds new techniques and channels to the ones that are already in place in an effort to draw in and cultivate new clients. A hybrid marketing system is produced by the incorporation of new channels and techniques. Another strong factor driving the adoption of hybrid systems is the need for cost containment, as businesses seek out more effective customer

acquisition strategies than direct sales. The average cost of face-to-face selling time for direct sales representatives was approximately $300 per hour in 1990, when national account managers faced a loaded cost of $500 per hour. Selling and administrative costs typically account for 20% to 40% of a company's total costs, which directly impacts profitability and competitive advantage. For example, in 1989, the selling and administrative costs of Digital Equipment were for 31% of revenues; while, at Sun Microsystems, this percentage was only approximately 24% (Rowland and Ursula, 1990).

2.6.2 Channel Control

Nebo (2011) states that a distribution channel member's desire for control over the marketing functions inside the channel heavily influences the distribution intensity plan the channel would employ. Channel members always run the risk of losing control over how the product is advertised, for instance, if they choose an intensive approach. The only method for such a channel participant to have some influence over the product's marketing will rely on how much it participates in carrying out the channel's tasks. Conversely, in the event that a channel member chooses exclusive distribution, they will have greater influence over how the marketing tasks are carried out. The majority of the time, the channel participants employs formal and informal agreements to designate which channel member will carry out which task. Products to carry, target market to serve, territory to cover, inventories to hold, sales quota to meet, and advertising and promotional operations to carry out are among the issues discussed in such an agreement.

In order to restore order and improve efficiency in the distribution channels, Ehikwe (2002) states that the channel captain or leader, who also happens to be the product maker, primarily exercises control over the channel. He outlined the following forms of control that the manufacturer has over the channel members:

(i) One of the manufacturer's first forms of control over the intermediaries is the hiring and firing of channel members. After taking into account a number of aspects, the manufacturer has the final say when it comes to employing or choosing a distribution channel. If a channel member violates any sales guidelines, performs poorly on sales returns, has a low market share, or colludes with rivals against a certain manufacturer, they may be subject to disciplinary action, including delisting or termination.

(ii) Product pricing also offers bases of control, provided that channel intermediaries do not set selling prices unilaterally without the manufacturer's approval. He pointed out that because most producers in Nigeria lack control over the prices of their products once they leave the factories or distribution centers, this mindset is still being developed. However, it continues to serve as the foundation for the manufacturers' control, including the expansion of credit facilities.

(iii) Since middlemen are prohibited from using their names in product marketing without the manufacturers' permission, promotional efforts are another way that the manufacturers maintain control. The middlemen have a commitment to the producers to promote their products through communication, advertising, and information sharing regarding the products; therefore the middlemen are spared the information management issues that could lead to conflict and miscommunication in the channel.

(iv) The cost of distribution is a significant issue in the channel that manufacturers must manage by deciding how products are transported, how much inventory middlemen carry, what replacement policies they have in place for products that are damaged in transit, and when and where title is transferred with the ensuing responsibility on the parties. The manufacturer makes sure that surplus expenses are kept to a minimum and restricted in relation to channel operations and transactions.

(v) Control over sales facilities is another source of control. Coca-Cola exercises this control by giving middlemen refrigerators and coolers for their products and by punishing any middleman who tampers with the products in the refrigerators and coolers with those of competitors, either by taking away the coolers and delisting them or by temporarily suspending their suppliers.

(vi) He mentioned channel absorptions and fusions, which are another kind of control in which producers assume complete control over how products are distributed by absorbing the operations of retailers and wholesalers through joint ventures with other producers.

2.6.3 Channel Service Levels

The performance of services a channel provides to its end users/customers in terms of breaking mass, variety, waiting time, and convenience is referred to as its service levels. A survey of several market segments with varying demands for service levels is the first step in determining which services will best meet the needs of the clients. The next choice is what channel structure

to use to carry out such a service level after service levels have been selected to meet those needs (Bucklin, 1966, Kotler and Armstrong, 2006; Coughlan et al., 2002). Channel members must carry out the channel's flows and bear its costs in order to provide the required service level; these topics will be covered in the following session.

2.7 Marketing Flows

Dixon (1964) separated the marketing processes into three categories: contractual, contactal, and material. These three roles are critical to establishing the channel connections and are prerequisites for exchanges (marketing). Moreover, Dixon (1964) groups the marketing operations pertaining to "universal marketing functions," which include risk, order, payment, negotiation, property, promotion, and possession. The flows from the producer to the intermediary, the intermediary to the consumer, the producer to the consumer, or shared among them can all be carried out, as indicated by the dashed line in the intermediates.

These tasks were categorized by Stern et al. (1996) into flows of transactions carried out consecutively by the channel participants. These authors acknowledge that multiple levels of the marketing channel may carry out a single function and that these flows may even develop into channels with a few extremely complicated levels. Two studies, Coughlan et al. (2002) and Kotler and Armstrong (2006), offer a categorization of autonomous flows carried out by channel participants. Broadly speaking, the models aim to characterize the overall operations and flows of the channels, including information storage, order, payment, negotiation, promotion, service, and risk. Marketing flows are regarded as a component of the distribution channel in this sense. Various distribution channel members carry out distinct marketing flows, and these varies based on the structure chosen, which is directly related to service levels.

2.8 Determining the Appropriate Channel Structure

Nebo (2011) states that the degree of service that the target market wants to receive often determines the channel service level that is required to distribute a company's goods. The selection of the institutions that make up a channel depends on which institution performs which functions because different channel institutions specialize in taking on specific marketing responsibilities that must be completed at each channel level. Therefore, a channel structure that can meet the needs of both groups is produced by the interaction between the specialization of

channel members and the demand for channel services from consumers.

In light of the aforementioned, Buckline (1966) suggested the following methods for organizing the marketing channel:

- The postponed speculation theory
- Theory functional spin-off theory
- The checklist approach
- The ability to substitute

In this section, each of these strategies will be looked at independently..

2.8.1 Using Postponement and Speculation Theory to Determine Distribution Channel Structure

Where inventory should be kept to allow channel members to deliver the right quality of service while also achieving a sufficient return to members can be used to define the distribution channel structure. Postponement/speculation theory is the theory used to determine the distribution channel based on the conditions mentioned above. Nebo (2011).

According to this theory, distribution channel system efficiency can be attained by delaying changes to the product's form and identity until the very end of the marketing campaign as well as delaying changes to the location of the inventory until the very end of the marketing campaign. Postponement principles achieve the efficiency of the distributive functions by bringing differentiation closer to the point of purchase, hence lowering risks and uncertainty costs. By creating and sorting only when a purchase is assured, as well as by sorting products in big lots and in a relatively homogenous state, it also lowers the cost of physical distribution.

When considering postponement from the perspective of the distribution channel as a whole, it can be perceived as a tactic used by certain institutions to transfer the risk of products ownership to another party. The risk is transferred to the buyer by the manufacturer who delays by declining to create anything other than what is ordered. The middleman delays by either buying just after making a transaction (forward postponement) or refusing to buy at all unless the seller offers next-day delivery (reverse postponement). The customer delays by making purchases from retail

establishments that enable him to obtain instant ownership straight off the shelf. Furthermore, the act of shopping itself may be viewed as a process of postponement in situations where the customer visits several stores before making a purchase—a process that advertising aims to eradicate (Louis Bucklin, 1966). In summary, postponement is an organizational term that refers to delaying some supply chain tasks until after customers' orders are received. The product can then be finalized by businesses based on client preferences and even personalize their offerings. They can also avoid stockpiling completed goods in expectation of future orders in the meantime. Furthermore, even though this may result in smaller shipments over longer distances, products can be shipped directly to the client instead of being kept in stock, which eliminates the need for transportation between factories and warehouses. Therefore, when products—such as higher value items with a wide range of options—are more susceptible to inventory than transportation costs, postponement is frequently more important. Furthermore, lead time restrictions might make it more difficult to carry out postponement actions while maintaining delivery windows that satisfy customers' willingness to wait (Van Hock, 2011).

Conversely, conjecture suggests that in order to minimize marketing expenses, shape and identity modifications ought to be implemented as early in the process as feasible (Bucklin, 1966). This indicates that the channel institution takes on risk rather than transferring it elsewhere. Nebo (2011) claims that speculating is a strategy for obtaining lower costs through economies of large-scale production by altering shape as soon as feasible. It might also cut expenses by doing away with recurring orders and by decreasing stock outs, which come with a price in the form of unhappy customers and potential brand switching. He continued by saying that as the cost of storing domestic items is typically considerable and indirect and lengthy channels are employed in the distribution of convenience goods, speculative concepts apply in this context.

For figuring out a channel structure, the postponement speculation theory is a helpful resource. In an attempt to reduce the danger of assuming title and actual possession, the concept of postponement results in the engagement of several channel entities. Members of the channel therefore frequently switch to the direct channel. The coupled principles of postponement speculation, as succinctly put by Bucklin (1966), assert that a speculative inventory will materialize at every stage of a distribution channel if its costs are lower than the net savings from postponement for both the seller and the buyer.

2.8.2 Determination of Distribution Channel Structure through Functional Spin-Off Approach

Mallen (1996) was the first to suggest the functional spin-off approach for determining distribution channel structure. This strategy is based on the idea that distribution channel companies should assign the channel functions that it can do more cheaply and more efficiently than other channel institutions, as well as the ones where it is more cost-effective. (Mallen, 1996).

The fundamental justification for functional transfer, according to Morash (1986), has to do with both specialization and the reduction of environmental uncertainty. Functional transfer assumes that the channel flow is only partially segregated and that certain channel functions have been assigned to an outside specialist. Using an advertising agency, manufacturer representatives, public warehouses, etc. are a few examples. The utilization of entities with unique skills and knowledge as well as the application of the law of large numbers, which requires distributing environmental risk over vast volumes, are implied by the concept of specialization. Functional spin-offs can lead to economies of scale and operational marketing efficiency, as noted by Mallen (1996) and Hollander (1964).

The channel institution adopting this idea should be able to determine the level of sales volume that each channel can generate as well as the relative cost of carrying out each marketing flow in order to utilize this concept in determining the distribution channel structure. This idea was illustrated as follows in Nebo (2011): For instance, if a manufacturer is presented with only two options for channels to choose from. The manufacturer in option 1 both employs salespeople and keeps up with warehouse maintenance. Option 2 involves the manufacturer renting a space in the public warehouse to store its items while selling through a manufacturer's representative or agent. This implies that in option 1, the manufacturer handles product storage and personal sales, whereas in option 2, it outsources these tasks to knowledgeable agent wholesalers.

2.8.3 Distribution Channel Structure Determination Using the Substitutability Concept

The theory that underpins the reasoning for the principle that will be presented is that a significant portion of the force that determines the distribution channel's structure comes from economic interactions between the fundamental marketing functions and between the functions and production. These interactions arise from the fact that different functions can be substituted

for one another within a large range of limitations. (Bucklin, 1966).

Marketing functions can be substituted within the company as well as between the different channel institutions, such as producers, middlemen, and customers. Because of this substitutability, one function's workload can be reduced and moved to another without compromising the channel's output. The ―total cost‟ notion used in the expanding literature on the management of the physical distribution system may also be understood as originating from these functional correlations (Edward et al., 1961).

One such example of a substitution that might occur in the channel is the utilization of inventory to lower manufacturing costs associated with fluctuations in demand. Production could only take place during the period of consumption in the absence of the inventory. Utilizing the inventory enables manufacturing to be dispersed over an extended duration. Some channels might try to construct a seasonal inventory and keep the profits if they sensed that the expenses of doing so would be lower than the savings from maintaining a steady pace of production. A new and alternative channel for the product is created as a result of the action.

The idea of substitutability essentially says that, in a competitive environment, channel institutions will switch up the workload across functions, not to reduce the cost of any one function alone, but to reduce the channel's overall expenses. As a result, it offers a foundation for researching distribution routes. One can ascertain the kind of distribution system that ought to exist in order to minimize the total channel costs, including those incurred by the consumer, by comprehending the different kinds of interactions that might arise between the marketing functions and manufacturing (Bucklin, 1966).

2.8.4 Checklist Method of Determining the Appropriate Channel structure

Out of all the ways, the checklist approach is the most comprehensive since it takes into account all other elements in addition to the economic ones that determine the channel layout (Nebo, 2011). Therefore, the checklist technique offers a list of things to think about so the maker may decide which channel structure to use. According to Brown (1983), the elements are as follows:

i. Elements of the market

ii. Product factors

iii. Fundamentals of the organization

iv. Channel Members factors

v. Environmental factors.

Elements of the market

The selection of channel structure is contingent upon the attributes of the intended audience. The following market conditions will make direct channels of distribution more appealing:

i. When there are few customers.

ii. If there is a geographic concentration of the market.

iii. If the size of the typical order is high.

However, in the following market conditions, long channels will be more appealing:

i. If the customers are dispersed geographically.

ii. If the size of the average order is modest.

iii. Should the clients make more frequent purchases.

Product Factors

Which channel structure a company chooses to employ is also determined by the features of its products. The maximum length or shortness of the channel structure is determined by the product's unit value. A short channel would typically be needed to deliver a product with a high unit value (tens or hundreds of thousands of naira), whereas a longer channel would be needed for a product with a low unit value. The product's degree of perishability affects which channel construction should be employed as well. If the product is perishable, it is ideal to distribute it through short distribution channels so that it reaches the final customer before it spoils. Assuming the other conditions are met, a commodity that is not perishable could be distributed

through a lengthy conduit. The channel length is also determined by the technological and sophisticated nature of the products. Technically complicated products need the manufacturer's expertise to be marketed. These items therefore need a quick route to market. While custom-made goods are better delivered directly, highly standardized commodities are offered through lengthy and intricate processes.

Fundamentals of the organization

The organization of the company has a big impact on the channel design. The company's financial strengths and shortcomings have a big impact on the channel it chooses. Compared to long channels, the capital expenditure for fixed selling expenses on a short channel is comparatively higher. The channel length is influenced by the company's aim to have control over product sales to end customers. The management of a corporation should select the shortest channel possible if it wishes to have control over the product's credit, storage, and promotional activities.

Channel Members Factors

The advantages and disadvantages of the various intermediary kinds in completing different jobs are reflected in the channel design. For example, because the whole cost is split among multiple clients, manufacturer's representatives can contact customers at a cheap cost per customer. However, compared to using the company's sales team, the selling effort per customer is lower. Once more, intermediaries vary in their capacity to manage credit, contact, storage, and promotion negotiations. Consequently, the selection of the channel structure depends on how well each channel member performs the aforementioned tasks in relation to the others,

Environmental Factors

In a time of recession, manufacturers would rather sell their products directly to customers. Since full capacity operation is not achievable in such a scenario, manufacturers would like to distribute their goods via the quickest route. On the other hand, businesses would want to use every intermediary on hand to resell every market segment during the time of full capacity operation.

2.9 Selection of Distribution Channels

There exist multiple configurations for a channel. That will have a direct impact on how flows are carried out and, ultimately, how satisfied end users are. However, in order to achieve the channel's goal and optimize it for increased revenues and decreased expenses for the participating organizations, several crucial considerations may need to be made while determining the channel's design (Consoli and Neves, 2008).

2.9.1 Determining Whether the Customer Needs Services

As was discussed in the earlier sessions, effective channel planning requires an understanding of the service levels that customers want (Consoli and Neves, 2008). According to Coughlan et al. (2005), these factors—which include breaking bulks and determining lot sizes, deciding on the degree of market decentralization, the range of products to be provided, service support, and product wait times—may have a significant influence on the interactions between the parts and, in turn, the image of the product.

2.9.2 Selection of Channel Goals.

The goals of the channel must also be a function of the required service levels. Neves and Consoli (2008). The distribution channel's goals fall into two categories:

(1) Customer-oriented goals

(2) The company's goals and

(3) The intermediaries' goals. The goals of the channel may also be hampered by elements including company policy, the nature of the products, the characteristics of the intermediaries, and competition.

2.9.3 Managerial Decisions on the Channel

There are essentially three distinct areas where managerial decisions on the marketing channel structure are made. Coughlan et al. (2005) state that those domains are connected:

(1) The lengthening or directivity of the channel

(2) To the degree of distribution and

(3) To the selection of middlemen to carry out the duties that is specific to the channel.

Choosing the extension and directivity of the channel

In order to accomplish the channel's goals, decisions on the channel's extension mostly center on whether the channel should be direct or indirect and how long it should be (Consoli and Neves 2008). The most straightforward distribution methods are direct channels, which entail direct communication between the producer and the consumer. Producers who use direct distribution—also referred to as short channel—sell their goods directly to customers, in other words, without the involvement of a middleman (Berman, 1996).

Direct distribution, according to Buel et al. (1970), guarantees producers complete control over product distribution. However, in order to engage in large-scale direct sales, producers need to be able to address difficulties related to marketing and production as well as acquire knowledge about retail operations and direct sales. Every other channel is indirect, except for a level zero channel, which doesn't use any middlemen. In an indirect distribution system, often known as a long channel, separate channel members split up the various tasks needed to carry out marketing operations. Berman (1996) emphasizes that even though each distribution channel member has less financial demand, a lengthy channel necessitates intensive activity and function coordination.

Choice Regarding Distribution Intensity

The number of specific intermediaries utilized at the same level of a channel determines the intensity of distribution (Coughlan et al 2005). Typically, there are three options in this situation (i) exclusive distribution (ii) selective distribution and (iii) intensive distribution.

i. In an exclusive distribution strategy, the producers manage the caliber of services rendered and enter into a contract with the intermediary promising not to promote the brands of rival companies, signifying a relationship-based agreement (Pelton, et, al., 1997).

   The hallmark of selective distribution is a small group of middlemen who work with the producer to handle the essential tasks of direct sales, correspondence, and services to the item.

In order to attain the intended outcomes, manufacturers need to set up a carefully thought-out network of middlemen who can reach the same target market and share the same goals and objectives. When considering the scale of the intermediaries, the quality of the services, and the availability for cooperation with the producer, Lambin (2000) states that selecting a selective distribution strategy is crucial.

ii. To ensure a large volume of business and minimal coverage of the sale's territory, the corporation employs an intense distribution strategy, aiming to obtain as many sale locations as possible and to expand the distribution centers (Lambim, 2000), Consoli (2005:) highlights that beverage and food companies frequently use this type of distribution, as their products are available at a wide range of distribution locations, including pharmacies, grocery stores, convenience stores, vending machines, etc.

Decisions on Choice of the Intermediaries

After the intensity of the channel has been decided, a few criteria might be examined before choosing the intermediates. These factors will have a direct impact on the intermediary selection process because different intermediaries offer different benefits and limitations under particular circumstances.

2.9.4 Modifying Channel Arrangements

A producer must constantly assess and adjust its channel arrangements since distribution channel structures are strategic and dynamic. The degree of control and privileges will dictate the scope of such alteration or modifications, according to Ehikwe (2002). In certain cases, manufacturers may consider using both distribution channels to reach consumers, which would need the employment of middlemen and field sales representatives. This mostly affects manufacturers who may have previously used sales representatives for distribution. As production grows and more markets are reached, a greater requirement for salespeople arises in order to service the local clients inside the sales territory.

Kotler and Keller (2006) listed a few circumstances that call for modification, such as when the distribution channel isn't performing as expected, customer purchasing patterns shift, the market grows, new competitors appear, creative distribution channels appear, and the product enters a later phase of its life cycle. Over the course of a product's life cycle, no marketing channel will

continue to be successful. Later consumers will go to lower cost channels, even though early buyers would be ready to pay for high value-added channels. For example, office equipment dealers initially sold small office copiers, followed by mail-order companies and internet marketers. Eventually, mass merchandisers also sold these copiers.

Another typical aspect of structure alteration is channel takeover, in which manufacturers band together to combine their distribution services in an effort to optimize channel efficiency. In one of these configurations, producers may start assuming control of the wholesale and retail services and engage in forward integration, dealing directly with customers. As an alternative, merchants and wholesalers may assume manufacturing responsibilities in order to merge backward and create the goods they distribute. Reaching consumers determines whether a movement is forward or backward (Ehikwe 2002).

The ideal channel topology will unavoidably alter over time in markets that are highly competitive and have low entry barriers. A new approach to product sales may be developed, or certain market channels may be added or removed. An incremental analysis is needed when changing the members of a channel one by one. How much money would the company make both with and without this middleman? A producer may occasionally think about eliminating all middlemen whose sales fall below a particular threshold (Kotler and Keller, 2006).

2.9.5 Channel Performance

A channel's effectiveness can be evaluated in a number of ways. Effectiveness, efficiency, productivity, equity, and channel profitability are often the metrics that are measured. Channel productivity is concerned with optimizing outputs for a given level of input, whereas channel efficiency focuses on minimizing expenses incurred by intermediaries while carrying out channel functions. Equity quantifies the distribution of the channel's accessibility among clients, whereas channel effectiveness addresses the intermediary's skill in meeting customer needs**.**

There are numerous ways to measure channel performance. For example, the accounting literature has incorporated indicators such as "firm survival" over the long run and return on investments of possessions in the near future. However, there has been criticism leveled at financial success indicators for being myopic. The present effort in measuring performance in public sector operations (e.g., public broadcasting, telephone companies, and the post office) is to evaluate the total quality of service provided to certain stakeholders. According to Ogata and

Goodkey (2002), societal indicators that are significant to society tend to be less monetarily driven and instead concentrate on improvements in the human condition. Finally, channel performance is quantifiable as a function of efficiency. It should concentrate on how successfully the company reduces expenses related to carrying out essential channel tasks, such moving items from the producer to the final customer, ignoring profits earned at any stage of the process.

It is obvious that the variety of channel performance metrics must have a purpose. Every book before them suggests that through efficient channel management, their channel measures result in organizational success. It appears that every performance metric has its limitations and is not comprehensive. As an alternative, a mix of the existing metrics is required to accurately assess actual channel performance. Furthermore, depending on the circumstance, different combinations will be suitable. Finding the underlying structure that specifies the mix of measurements best suited to a given set of circumstances is the problem of a performance measure. A set of rules for channel performance metrics is needed to do this (Valos and Vocino, 2006).

Performance Evaluation

Performance measuring methods were traditionally not multidimensional nor strategic, but rather outcome and monetarily focused. Systems for measuring performance expanded in the 1990s, adding metrics for consumer happiness and innovation. According to Yeniyurt (2003), UK businesses continue to value internal financial metrics higher than those from the external market. According to the research, precise measurement of marketing performance is essential to the success of learning companies because it enables marketing managers to regularly and objectively evaluate the caliber of their choices. Moreover, marketing measures have the responsibility of assisting in the execution of marketing strategy. Thus, it is possible to consider marketing performance and channel performance as functions of the caliber of marketing measurements.

Any business measurement system's primary purpose is to provide input regarding an organization's objectives in order to increase the likelihood that these objectives will be met effectively and efficiently. Accordingly, by assessing real results connected to strategic goals and objectives, performance assessment systems assist managers in keeping an eye on the implementation of corporate strategy (Neely and Hii 1998).

2.9.6 Channel Satisfaction

A large portion of research on marketing channels has been conducted from a behavioral standpoint. Regarding performance and matters of power and control, attention has been directed toward satisfaction (Stern et al., 1996). It is believed that satisfaction reduces dysfunctional conflict and encourages members of the channel to cooperate and feel better about themselves.

Although performance is thought to be correlated with managers' happiness with their company's marketing channel (Robicheaux and El-Ansary 1975), the factors that influence satisfaction are not fully understood, especially in the context of global operations. Expected satisfaction is a precondition for prior decisions, but satisfaction itself is a product of those decisions. Businesses might be using less desirable channels, but they might not be able to switch. Businesses might be handling tasks internally that they would normally contract out for market-mediated transactions due to a lack of external intermediaries. On the other hand, it's possible that they are bound by agreements from outside sources that they would rather absorb but can't change. Businesses sometimes struggle to find the ideal channel structure for their needs, especially when operating internationally. It's possible that achieving the intended channel structure has an impact on satisfaction. Marketers view satisfaction as a broad psychological phenomenon that characterizes the feeling that arises from assessing one's experiences in relation to a product, action, or circumstance (Westbrook and Reilly 1983). It has been suggested that satisfaction is akin to withdrawing from and assessing an experience. According to Hunt (1977), satisfaction is defined as the assessment that an event was at least as good as it was intended to be, rather than just being enjoyable.

According to the discrepancy model, pleasure depends on expectations; the more reasonable these expectations are, the less likely it is that disconfirmation will occur and the higher the

contentment. As realistic expectations depend on past performance, we should anticipate that experience will positively influence expectations. It is commonly believed that the degree of discrepancy between desired and perceived results determines satisfaction (Thierry et al., 1984). During the appraisal process, a person makes an estimate of the relationship—whether conscious or subconscious—between a particular item, course of action, or circumstance and one or more of their values. Selective perceptions are thought to exist, and certain frames of reference might skew assessments. According to Anderson (1973) and Bearden and Teel (1983), the main ideas of pleasure marketing rely on the confirmation or disconfirming of expectations. For the purpose of assessing customer satisfaction, the benchmark against which expectations are measured is just as important as the product or service's actual performance (Tse and Wilton 1988). The degree of satisfaction is determined by the subjective assessment of the discrepancy's size (Oliver and Swan 1989).

2.10 Summary and Gap in Literature

This section's introduction examines physical distribution, which is seen as essential to achieving our goal of identifying a productive and efficient channel system for cement producers in South Eastern Nigeria. This is founded on the knowledge that, even though the path of physical possession of the product may differ from the road of title transfer, physical possession is thought to have a significant impact on the overall efficacy and efficiency of the system. To be sure, the academic literature has discussed marketing channel design before. While there are various models for creating marketing channels, there aren't many techniques specifically made for choosing middlemen inside marketing channels (Hamid et al., 2011).

Originally, models based on the market structure, competition, and the level of specialization of the interacting subjects was used to study marketing and distribution channels (Mallen, 1996). Because trade intermediaries can create economies of specialization, this paradigm also supported their existence.

Marketing and distribution channels were originally studied in reference to models based on the market structure, competition and the type of specialization of the interacting subjects (Mallen,

1996). This paradigm also justified the existence of trade intermediaries with their capability to generate economies of specialization.

It was also mentioned that the idea of innovation needs to be understood in relation to the dual layer that it manifests itself through when discussing distribution channels. To gain a competitive edge along the distribution channel, however, needs to be viewed as a strategic endeavor for industrial and distribution companies alike. However, it should be viewed as a process of the distribution systems' economic role evolving. Innovation in marketing channels will be evaluated by considering all kinds of items separately and by considering all kinds of channels and issues, not only those at the retail distribution level.

According to the relational perspective on innovation in marketing channels, channel members' upstream, downstream, and relationships with end users can all result in innovative activity. Regarding upstream operations, the primary area of innovation in recent times has been huge retailers' purchasing strategies.

The definition of "distribution" varies according on the author's point of view. Distribution, according to Achison (2002), is the marketing function in charge of getting products and services to the customer. According to Okeafor (1998), it is a collection of commercial operations intended to deliver the appropriate number of goods in good condition at the appropriate time to the appropriate location (market), all while keeping costs within normal bounds. It is, according to some, the path products take from the manufacturer to the customer.

The fundamental idea behind distribution, or physical distribution, is that a product should satisfy customers in terms of location, timing, quantity, cost, and quality. Getting the products to clients in the quickest amount of time and at the lowest possible cost is the main goal. The conundrum for manufacturers has been how to maximize customer satisfaction while utilizing physical distribution capabilities as cheaply as possible. By cutting expenses and making the best use of available resources to enable maximum or increased product deliveries to clients, the company's profit can also be improved or grown through the use of physical distribution resources.

CHAPTER THREE

METHODOLOGY

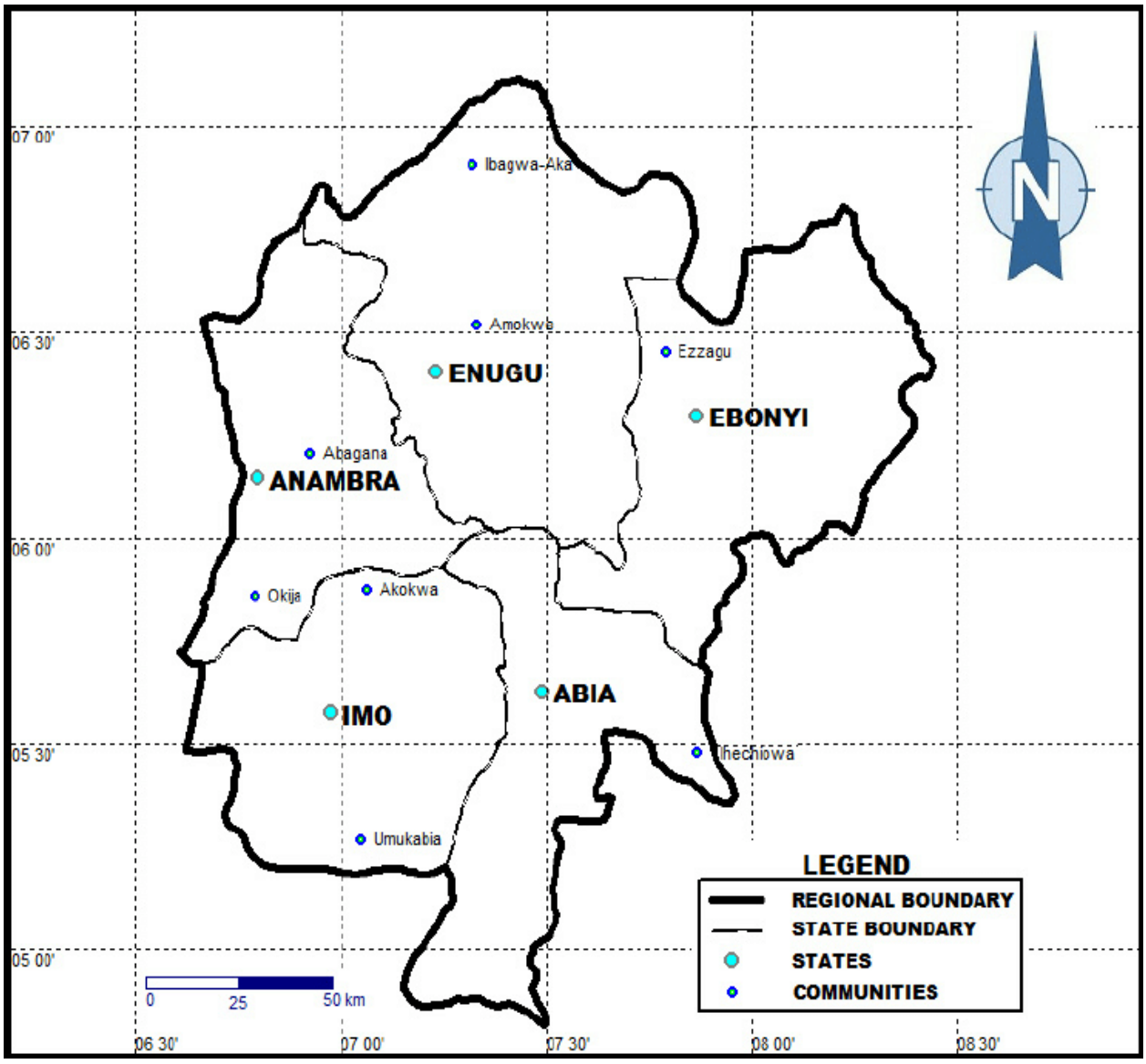
3.1 Area of the Study

Five states in the South Eastern region of Nigeria—Abia, Anambra, Ebonyi, Enugu, and Imo states—were the focus of the study. This is the case since Dangote Cement operates in the five states that make up the Eastern Zone, and its headquarters and activity hubs are spread throughout all the states that were selected for the study.

3.2 The Study Population

The population under investigation is the totality of the components from which the sample is taken (Anyanwu, 2000: 113, Kothari 2008: 153). While the company has a total of 34 distributors and 262 retailers duly registered within the Southeastern region of the country, giving a total of 296. In this case, it is the limited number of Dangote Cement distributors and retailers in Southeast Nigeria who were chosen for the investigation in the following ways:

Distributors =	20
Retailers =	150
Total =	170 Respondents



Source: Premium Tines, 2022

Figure 3.1: The study area map

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3.3 Method for Determining Sample Size and Selection

In this study, stratified sampling and judgmental sampling were used to determine the sample size (Kothari, 2008: 153). The company on which this study is based was chosen using the judgmental sampling approach. The population sample was chosen using the stratified sampling approach from among the mapped area's registered distributors and retailers of the product.

Using the Yamane population formula (Yamane 1979:57) at the five percent significance level, the sample size was calculated. In stratified sampling, homogenous groups or sets are first created within the population, and then a basic random sample is obtained within the stratum to guarantee representation of all subgroups in the total population, according to Ashley Crossman (2019).

Finite population sample size formula:

$$N = \frac{N}{1+N(e)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where; n = sample size

N = total population

1 = constant

e = error margin

Stratified sample formula: $n_1 = n(N_1)$

$$n_{1} = \frac{n(N_1)}{N} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots.. (2)$$

Where; n_1 = sample size of strata 1. n = sample size of N_1
N_1 = population of strata 1

N = total population.

Substituting as in equation 1:

$$\mathrm{n} = \frac{N}{1+\mathrm{N}(\mathrm{e}^2)} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Substituting that,

Where $n = \frac{296}{1+296(0.05^2)}$

= 170.12 (Approximately to be 170)

The level of significance is 5% (0.05) and confidence limit is 95%. To this end, a total of 170 questionnaires were distributed to the respondents as specified above. It should be noted that only the registered Distributors and Retailers that are in the core activities of Distribution were involved.

3.4 Dangote Cement PLC

Aliko Dangote established Dangote Industries in 1981 as a trading company with an initial concentration on the importation of bagged cement and other commodities like rice, sugar, flour, and salt. Dangote Cement was launched in 1992 and is a subsidiary of Dangote Industries.

With time, the Group started bringing bulk cement into the ports in Apapa and Port Harcourt, where it was bagged and distributed. The Group decided to strategically change from a trading-based company to a fully integrated manufacturing operation during the 1990s. This marked the beginning of the company's ambitious aim to become the top cement producer in Africa.

Realizing that the largest obstacle facing manufacturing is handling the costs associated with logistics and distribution—since goods must be transported from production facilities to the consumer market. In order to achieve this goal, the company currently possesses the largest fleet of trucks for the purpose of distributing finished goods to all corners of Nigeria.

By developing the 42.5R grade "Dangote 3X Cement," which is intended to provide additional value to the end customers, Dangote Cement has broken through industry norms. The meaning of 3X is interpreted as "extra strong, extra life, and extra yield." The new product is the first of its kind in Nigeria and comes in a 50 kg bag. Dangote 3X Cement's main objective is not just to uphold the brand's quality but also to prevent construction collapses caused by the use of inferior cement. Builders and contractors always choose this product because of its increased strength and quick drying capabilities. One and a half bags of the standard cement bag are said to be equal to one bag of the new Dangote 3X Cement – 42.5R variant.

32.5R CEM II: Reduced clinker content enhanced with gypsum and pumice additive, appropriate for plastering, low-rise structures, brickwork, etc.

Higher clinker concentration makes 42.5R (3X) CEM II-AL appropriate for most building applications, including high-rise buildings and some infrastructure work.

52.5 CEM I: Greater clinker content appropriate for building significant infrastructure, like dams and bridges.

Figure 3.2: Dangote Cement Grades

3.5 Research Design

The present study employed a descriptive research design with the objective of addressing issues related to cement distribution channels. The design enabled the collection of data from Dangote Cement Company distributors and retailers through the use of questionnaires and oral interviews, while also aiding in the removal of biases and uncertainties.

3.6 Data Collection Sources

The study's data came from original sources. It should be noted, however, that the guidelines for stating the hypotheses were provided by the review of related literature, which included other research works, publications in journals, textbooks, monographs, unpublished theses from higher education institutions and workplaces like libraries and distribution centers, official releases in bulletins and manuals, and the internet. The main methods of gathering data were observations, in-person interviews, and questionnaires.

3.7 Data Collection Instruments

A thorough questionnaire was created. The questions were formatted as follows: (a) strongly agree; (b) agree; (c) indifferent; (d) disagree; and (e) strongly disagree, following the 5-point Likert scale format. Additionally, there were open-ended questions that were simplified to the best extent possible to allow the responders to practically demonstrate their experience and field practice with distribution channel matters. Simple, planned questions about distribution intensity, manufacturer support programs and coordination efforts, transportation, warehousing, and other activities that produced the required results were the basis of the oral interview.

3.8 The Instrument Validity

A subset of Ladoke Akintola University of Technology, Ogbomoso's postgraduate students received samples of the produced questionnaire. Twenty surveys were given to them in the postgraduate lecture hall during their presentations. This served to establish the instrument's face and content validity in terms of constructions of clarity, ambiguity, triviality, and sensibility.

3.9 Variables' Operational Measures

An operational definition explains a notion in terms of how measurements are to be made of it. The dependent and independent variables are the main operational variables. The independent variables in this study were the channel's length, hybrid channel conflict, and firm control over the channel. Channel performance, customer satisfaction with the current channel, and firm control are the dependent or criterion variables that will be used to gauge the impact of the independent factors.

3.10 Methods of Data Analysis and Presentation

There were two sections in the questionnaire: A and B. While Section B is a 5-point summated rating scale with roughly 20 questions that covered the study's subject matter in detail, Section A deals with the respondent's profile. Each state's four distributors and thirty stores made up the responders.

Tables, percentages, standard deviation, and explanatory notes were used in the presentation and analysis of the gathered data.

At the 5% level of significance, the data obtained for this study were analyzed using the computer statistical package for social science (SPSS) software.

CHAPTER FOUR

RESULTS AND DISCUSSION

The presentation, analysis, and interpretation of data obtained from questionnaires were the main topics of this chapter.

4.1 Data and Results

The frequency and percentage tables, charts, mean, and standard deviations, as well as other descriptive tools, are used to show and discuss the data that was gathered throughout the study utilizing the questionnaire research instrument.

Table 4.1: Return Rate of Questionnaire

States	Questionnaire Administered (%)	Returned and Accurately Completed (%)	Incorrectly Completed or Not Returned (%)
Abia	34 (100.0)	28 (82.4)	6 (17.6)
Anambra	34 (100.0)	30 (88.2)	4 (11.8)
Ebonyi	34 (100.0)	31 (91.2)	3 (8.8)
Enugu	34 (100.0)	30 (88.2)	4 (11.8)
Imo	34 (100.0)	33 (97.1)	1(2.9)
Total	170 (100.0)	152 (89.4)	18 (10.6)

Source: Field Study, 2021

Table 4.2 Gender Distribution of Respondents

States	Male	Female	Total
Abia	25	3	28
Anambra	28	2	30
Ebonyi	30	1	31
Enugu	27	3	30
Imo	28	5	33
Total	138	14	152

Source: Field Study, 2021

Table 4.3 Age Distribution of Respondents

Age Bracket	Frequency	Percentage
20 – 29	21	13.8%
30 – 39	58	38.2%
40 – 49	42	27.6%
50 and above	31	20.4%
Total	152	100%

Source: Field Study, 2021

Table 4.4: Respondent Distribution by Status in the Distribution Channel

Status	No	Percentage
Distributors	18	11.8
Retailers	134	88.2
Total	152	100%

Source: Field Study, 2021

Table 4.5: Respondent Distribution by Business Age

Business Age	No of Respondents	Percentage
1 – 4 years	25	16.5
5 – 8 years	68	44.7
9 – 12 years	42	27.6
13 years & above	17	11.2
Total	152	100%

Source: Field Study, 2021

Table 4.6: Method of Product Delivery to Clients (n = 152)

Nature	Responses	Percentages
Direct delivery to distributors	152	100
Delivery through depots	152	100
Delivery via third-party arrangement and retailer	68	44.7

Source: Field Study, 2021

Table 4.7: Support services provided by the company to its channel members (n = 152)

Support Services	Responses	Percentages
Advertisement and products promotion	152	100
Provision of credit facilities	16	10.5
Equipment and Incentives for channel members	120	79.0
Inventory control	18	11.8

Source: Field Study, 2021

Table 4.8: Control Mechanisms for Members of the Distribution Network (n = 152)

Control mechanisms	Responses	Percentage (%)
Recruit and dismiss distribution channel members as required	28	18.4
Sets prices at whim	123	80.9
Stringently controls promotional initiatives	152	100
Full authority over sales facilities	24	15.8

Source: Field Study, 2021

Table 4.9: Conflict in Hybrid Channel and Channel Performance (n = 152)

Question	SA (%)	A (%)	I (%)	D (%)	SD (%)	Mean	Std. Dev.
The Channel‘s performance is been affected by Hybrid channel‘s conflicts.	52 (34.2)	65 (42.8)	14 (9.2)	13 (8.6)	8 (5.3)	3.92	1.12
The frequency of conflicts in the channel has a significant impact on its performance.	52 (34.2)	74 (48.7)	11 (7.2)	8 (5.3)	7 (4.6)	4.03	1.02
It is most likely that the less conflict in the channel, the better is the channel‘s performance.	36 (23.7)	88 (57.9)	14 (9.2)	10 (6.6)	4 (2.6)	3.93	0.91
Overall Mean				**3.96**			

Source: Field Study, 2021

Table 4.10: The company's degree of control and satisfaction with the existing channel (n=152)

Question	SA (%)	A (%)	I (%)	D (%)	SD (%)	Mean	Std. Dev.
A company's satisfaction with its distribution channel increases with the degree of control it has over it.	40 (26.3)	38 (25.0)	36 (23.7)	27 (17.8)	11 (7.2)	3.45	1.26
When members consolidate their efforts as opposed to operating separately channel activities are more effectively coordinated	50 (32.9)	90 (59.2)	9 (5.9)	1 (0.7)	2 (1.3)	4.22	0.70
Vertical integration can reduce conflicts within the channel.	54 (35.5)	79 (52.0)	10 (6.6)	6 (4.0)	3 (2.0)	4.15	0.86
Through vertical integration, manufacturers obtain greater control over the distribution chain.	25 (16.5)	92 (60.5)	16 (10.5)	10 (6.6)	9 (5.9)	3.75	1.01
As they have greater influence over the channels, businesses feel more satisfied with it..	37 (24.3)	71 (46.7)	20 (13.2)	15 (9.9)	9 (5.9)	3.74	1.11
Overall Mean						**3.86**	

Source: Field Study, 2021

Table 4.11: Influence of a channel's length on its effectiveness (n=152)

Question	SA (%)	A (%)	I (%)	D (%)	SD (%)	Mean	Std. Dev.
The greatest degree of control over product distribution is afforded to producers through direct distribution.	35 (23.0)	84 (55.3)	16 (10.5)	10 (6.6)	7 (4.6)	3.86	1.00
A channel's performance is determined by its length.	12 (7.9)	7 (4.6)	21 (13.8)	67 (44.1)	45 (29.6)	2.17	1.14
There is a cost variance between direct and indirect distribution.	9 (5.9)	24 (15.8)	18 (11.8)	74 (48.7)	27 (17.8)	2.43	1.13
The length of a channel influences its performance.	9 (5.9)	19 (12.5)	67 (44.1)	35 (23.0)	22 (14.5)	2.72	1.05
Supplying directly to the retailer is less efficient than selling through a wholesale intermediary to the retailer.	27 (17.8)	57 (37.5)	30 (19.7)	23 (15.1)	15 (9.9)	3.38	1.22
It is less expensive to deliver products directly to a customer from a central warehouse than it is to use depots close to their place of business.	32 (21.1)	93 (61.2)	15 (9.9)	12 (7.9)	0 (0.0)	3.95	0.79
Utilizing a central distribution warehouse is more expensive than using numerous warehouses dispersed around the nation.	48 (31.6)	49 (32.2)	19 (12.5)	23 (15.1)	13 (8.6)	3.63	1.30
It is more economical to distribute straight to retailers rather than via wholesale middlemen.	7 (4.6)	12 (7.9)	18 (11.8)	70 (46.1)	45 (29.6)	2.12	1.07
Overall Mean						**3.03**	

Source: Field Study, 2023

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.984[a]	.968	.967	.20073

a. Predictors: (Constant), Length of Distribution Channel, Hybrid Channel Conflict, Control Exerted

Source: Extracted from SPSS, Version 26

Table 4.13: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	179.379	3	59.793	1483.998	.000[b]
	Residual	5.963	148	.040		
	Total	185.342	151			

a. Dependent Variable: Channel Performance

b. Predictors: (Constant), Length of Distribution Channel, Hybrid Channel Conflict, Control Exerted

Source: Extracted from SPSS, Version 26

Table 4.14: Regression Coefficients

Model		Parameters	Estimate	Std. Error	T	Sig.
1	(Constant)	β_0	-.531	.086	-6.157	.000
	Hybrid Channel Conflict	β_1	.467	.079	5.929	.000
	Control Exerted	β_2	.495	.110	4.490	.000
	Length of Distribution Channel	β_3	.177	.053	3.367	.001

a. Dependent Variable: Channel Performance

b. Independent Variable: Hybrid Channel Conflict, Control Exerted, Length of Distribution Channel

Source: Extracted from SPSS, Version 26

4.2 Discussion of the Results

One hundred and seventy (170) wholesalers and stores within the zone received questionnaires in total. Only one hundred and fifty two (152) of the one hundred and seventy surveys that were distributed were received and deemed relevant for this investigation. This resulted in an 89.4% response rate. (Table 4.1).

According to Table 4.2, this indicates that 138 (90.8%) of the sampled respondents are men and 14 (9.2%) are women. In addition, Table 4.3 reveals that 21 respondents (13.8%) are between the ages of 20 and 29; 58 respondents (38.2%) are between the ages of 30 and 39; 42 respondents (27.6%) are between the ages of 40 and 49; and 31 respondents (20.4%) are 50 years of age and beyond. Table 4.4 shows that 134 respondents (88.2%) are retailers and 18 respondents (11.8%) are wholesalers. According to Table 4.5, the age of business is 1 to 4 years for 25 (16.5%) respondents, 5 to 8 years for 68 (44.7%) respondents, 9 to 12 years for 42 (27.6%) respondents, and 13 years and higher for 17 (11.2%) of the participants.

While 68 (44.7%) of the studied respondents stated the company supplies through a third-party arrangement, all respondents (100%) stated the company delivers product directly to major account distributors and through depots near the market (Table 4.6). It was also observed that 152 respondents (100%) agreed that the business supports its channel members through promotional and advertising efforts, whilst 16 respondents (10.5%) said the business offers credit facilities to its channel members. Comparably, just 18 (11.8%) of the respondents agreed that the company helps channel members with inventory control, whereas 120 (79%) of the respondents said that the company supports the channel members through training, incentives, and equipment providing (Table 4.7). Furthermore, it was noted that, in addition to other control measures adopted for channel member checkmating, such as hiring and firing channel members at will (18.4%), setting prices at will (80.9%), and controlling sales facilities (15.8%), the company has complete (100%) control over promotional activities (Table 4.8).

The scale and decision rule listed below were used to the respondents' answers to questions 10, 11, and 12, which are displayed in table 4.9 to 4.11, in order to determine the impact of hybrid channel conflict on the distribution channel's performance.

Scale:

Strongly Agree (SA) - 5

Agree (A) - 4

Indifferent (I) - 3

Disagree (D) - 2

Strongly Disagree (SD) - 1

Decision Rule: If Mean ≥ 3.5, the respondents generally agree

If 2.5 ≤ Mean < 3.5, the respondents are generally indifferent

If Mean < 2.5, the respondents generally disagree

52 (34.2%) and 65 (42.8%) respondents strongly agreed, 14 (9.2%) respondents were indifferent, 13 (8.6%) respondents disagreed, and 8 (5.3%) respondents severely disagreed with the idea that the hybrid channel's conflict affects the performance of the distribution channel. The respondents largely agreed that hybrid channel conflict impacts the channel's performance, with a mean response score of 3.92 and a standard deviation of 1.12 (Table 4.9).

Regarding whether the frequency of conflicts in a channel has a significant impact on its performance and whether shorter channels necessitate more customer support programs, the following responses were given: 52 (34.2%) strongly agreed, 74 (48.7%) agreed, 11 (7.2%) were indifferent, 8 (5.3%) disagreed, and 7 (4.6%) strongly disagreed. With a mean response score of 4.03 and a standard deviation of 1.02, the respondents are largely in agreement that the frequency of disputes in the distribution channel has a significant impact on the channel performance (Table 4.9).

When asked if a company's satisfaction with a distribution channel increases with its level of control over the channel, 40 (26.3%) strongly agreed, 38 (25.0%) agreed, 36 (23.7%) were indifferent,, 27 (17.8%) disagreed, and 11 (7.2%) strongly disagreed. With a mean score of 3.45

and standard deviation of 1.26, the respondents were indifferent as to whether the shorter the channel, the easier and more effective the channel coordination is (Table 4.10)

With 50 (32.9%) respondents strongly agreed, 90 (59.2%) respondents agreed. A mean response score of 4.22 and standard deviation of 0.70, it is the general view of the respondents that channel activities are better coordinated when members integrate their efforts than when they are independent (Table 4.10)

As regards whether conflicts in the channel can be minimized through vertical integration, 54 (35.5%) respondents strongly agreed, 79 (52.0%) respondents agreed, 10 (6.6%) respondents were indifferent, 6 (4.0%) respondents disagreed and 3 (2.0%) respondents strongly disagreed to this. With a mean response score of 4.15 and standard deviation of 0.86, the respondents agree that conflicts in the channel can be minimized through vertical integration (Table 4.10)
Regarding the question of whether vertical integration gives manufacturers greater control over the channel, 25 (16.5%) strongly agreed, 92 (60.5%) agreed, 16 (10.5%) were indifferent, 10 (6.6%) disagreed, and 9 (5.9%) strongly disagreed. The respondents, with a mean answer score of 3.75 and a standard deviation of 1.01, believe that vertical integration gives producers greater channel control (Table 4.10).

37 (24.3%) respondents strongly agreed, 71 (46.7%) respondents agreed, 20 (13.2%) respondents were indifferent, 15 (9.9%) respondents disagreed, and 9 (5.9%) respondents strongly disagreed with the statement that corporations become more satisfied as they obtain greater control over their channel. According to Table 4.10, the respondents, with a mean answer score of 3.74 and a standard deviation of 1.11, concurred that enterprises experience increased satisfaction when they acquire greater control over their distribution networks. The respondents, with a mean response score of 3.86 overall, concur that there is a connection between a firm's level of control and its customers' happiness with the current channel.

In terms of whether less conflicts within the channel will improve the channel's performance, 36 (23.7%) strongly agreed, 88 (57.9%) agreed, 14 (9.2%) indifferent, 10(6.6%) disagreed, and 4 (2.6%) strongly disagreed with the statement. The mean score of 3.93, along with a standard deviation of 0.91, indicates that most respondents concur that higher performance will result from fewer conflicts in the distribution channel. With a mean score of 3.96 overall, the

respondents concur that hybrid channels conflict and channel performance are related (Table 4.10).

Table 4.11 displays the responses from the survey regarding whether or not direct distribution gives producers control over product distribution. Of the respondents, 35 (23.0%) strongly agreed, 84 (55.3%) agreed, 16 (10.5%) were indifferent, 10 (6.6%) disagreed, and 7 (4.6%) strongly disagreed. The respondents, with a mean response score of 3.86 and a standard deviation of 1.00, concurred that direct distribution guarantees manufacturers control over product distribution.

12 respondents (7.9%) strongly agreed, 7 respondents (4.6%) agreed, 21 respondents (13.8%) are indifferent, 67 respondents (44.1%) disagreed, and 45 respondents (29.6%) extremely disagreed, trying to verify if the length of a channel influences its effectiveness. This results in a mean value of 2.17 and a standard deviation of 1.14, suggesting that the respondents didn't agree with the claim that a channel's efficacy is determined by its length (Table 4.11).

When asked if indirect distribution is more expensive than direct distribution, the following responses were given: 74 (48.7%) disagreed, 27 (17.8%) strongly disagreed, 9 (5.9%) strongly agreed, 24 (15.8%) agreed and 18 (11.8%) are neutral. The respondents disagreed with the statement "indirect distribution costs more than direct distribution," with a mean answer score of 2.43 and a standard deviation of 1.13 (Table 4.11).

With a mean response score of 2.72 and a standard deviation of 1.05, the respondents are neither in agreement nor disagreement that the performance of a channel of distribution is determined by its length. Of those who responded, 9 (5.9%) strongly agreed, 19 (12.5%) agreed, 67 (44.1%) were indifferent, 35 (23.0%) disagreed, and 22 (14.5%) strongly disagreed (Table 4.11).

The sampled respondents agreed that selling through a wholesale middleman to the retailer achieves greater sales volume than selling directly to the retailer, with a mean response score of 3.38 and 1.22 standard deviation, as well as 27 (17.8%) respondents, 57 (37.5%) respondents, 30 (19.7%) respondents, 23 (15.1%) respondents, and 15 (9.9%) respondents strongly agreeing, agreeing, being indifferent, disagreeing, and strongly disagreeing, respectively (Table 4.11).

Regarding the question of whether delivery to a customer directly from a central warehouse is less cost-effective than delivery through depots close to their market, 32 respondents (21.1%) strongly agreed, 93 respondents (61.2%) agreed, 15 respondents (9.9%) were indifferent, 12 respondents (7.9%) disagreed and 13 respondents (8.6%) strongly disagree. Based on this, the respondents agreed that delivery to individual customers directly from a central warehouse is less cost-effective than delivery through depots close to their market, with a mean response score of 3.95 and a standard deviation of 0.79 (Table 4.11).

Relating to whether using a central distribution warehouse is more expensive than using numerous warehouses dispersed throughout the nation, the following responses were given: 48 (31.6%) strongly agreed, 49 (32.2%) agreed, 19 (12.5%) are indifferent, 23 (15.1%) disagree, and 13 (8.6%) strongly disagreed. The respondents, with a mean of 3.63 and a standard deviation of 1.30, were in agreement that employing a central distribution warehouse is more expensive than using numerous warehouses dispersed around the nation (Table 4.11).

The respondents' answers to the question of whether distributing directly to retailers saves money more than distributing through wholesalers and middlemen show that 7 (4.6%) strongly agreed, 12 (7.9%) agreed, 18 (11.8%) were unsure, 70 (46.1%) disagreed, and 45 (29.6%) strongly disagreed. The respondents agreed that distributing directly to retailers is more cost-effective than distributing through wholesalers and middlemen, as evidenced by the mean response score of 3.86 and standard deviation of 1.00. With an average mean score of 3.03 overall, the respondents showed no agreement with the idea that a distribution channel's length affects how well it performs (Table 4.11).

Table 4.12 displays the model summary for the joint effect of the distribution channel variables that were used. It shows that channel performance and distribution channel characteristics (hybrid channel, length of distribution channel, and control exerted) are positively correlated. With a coefficient of determination of 96.8%, the correlation coefficient is 0.984. Additionally, this displays a summary of the combined impact of the independent factors (all three Distribution Channel variables taken into account) on the dependent variable (Channel Performance). The outcome showed an Adjusted R-square value of 0.967, indicating that the independent factors

(hybrid channel, control exerted, and distribution channel length) together account for about 96.70% of the total variance in channel performance. The residual 3.30% is explained by additional variables not covered by the model. This demonstrates that distribution channels are useful tools that cement companies can employ to achieve an optimal distribution performance.

Table 4.13 shows the adequacy of the model, the significant value is 0.000 with F value of 1483.998 shows that the model is statistically adequate and that the test is significant according to the information obtained. Hence, this shows that there is significant positive relationship between distribution channel and channel performance at 5% significant level since the P-value (0.000) > 0.05 chosen significance. This implies that the null hypothesis is rejected at 95% confident interval. In conclusion, this implies that the main objective of the study is significant. Therefore, there is sufficient evidence to conclude that there is a significant effect of distribution channel on Channel Performance.

On the constant term of the regression coefficients as depicted in table 4.14, the result indicated that the parameter estimates of $\beta_0 = -0.531$ shows the autonomous Channel Performance when the sets of independent variables cannot be accounted for, implying that channel performance of the Cement Companies is negatively inclined *ab-initio* with t-statistic -6.157 and associated p- value $0.000 < 0.05$ level of significance.

4.3 Testing of Hypotheses

The hypothesis of this study will be tested with the use of the regression coefficient table (Table 4.14).

Decision Rule: Reject null hypothesis if p-value is less than chosen significance (0.05), accept null hypotheses if otherwise.

4.3.1 Test of Hypothesis One

H_{01}: Hybrid channel‘s conflict has no significant influence on the channel‘s performance

Regarding the first hypothesis's significance, an empirical examination of the results in table 4.8 revealed a t-value of 5.929 and corresponding prob(F-statistics) of 0.000, both of which are significant at the less than 0.05 level. As a result, the first null hypothesis has been rejected,

suggesting that the conflict in hybrid channel significantly affects the channel's performance.

4.3.2 Test of Hypothesis Two

H_{02}: The control exerted by the company has no significant influence on the firm‘s satisfaction with its existing channels.

Regarding the importance of hypothesis number two, an empirical examination of the results in table 4.8 revealed a t-value of 4.490 and corresponding prob(F-statistics) of 0.000, both of which are significant at the less than 0.05 level. As a result, null hypothesis number two has been rejected, suggesting that the company's control over its current channels has a major impact on the firm's happiness.

4.3.3 Test of Hypothesis Three

H_{03}: The length of a distribution channel does not significantly influence channel performance

Considering hypothesis three's significance, an empirical examination of the results in table 4.8 revealed a t-value of 3.367 and corresponding prob(F-statistics) of 0.001, both of which are significant at the less than 0.05 level. As a consequence, null hypothesis number three has been rejected, suggesting that channel performance is highly influenced by a distribution channel's length.

4.4 Summary of Findings

Based on the study's aims, the various findings are discussed below.
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4.4.1 The influence of a hybrid channel’s conflict on the channel’s performance.

The result demonstrates that the conflict in the hybrid channel has a major impact on the channel's performance. Webb (2002) provided support for this viewpoint, stating that businesses are being compelled by today's dynamic markets to develop increasingly intricate channel plans that incorporate numerous channels of distribution. There is more potential for conflict amongst distinct channel coalitions within the company as these systems get more complicated. They went on to say that while hybrid channel conflict might hinder channel performance, it can also act as a catalyst, driving internal channel coalitions to become more resourceful and innovative

in order to better serve their respective markets. The results of a conducted study show that hybrid channel conflict is a significant factor in determining channel satisfaction and performance. The findings indicated that the channel management influences the relationship between hybrid channel conflict and performance. Data lend credence to the theory that channel performance is negatively impacted by dispute frequency but not intensity.

4.4.2 Channel control by a firm versus the firm's satisfaction with its existing channels

The research found that a firm's level of satisfaction with its current channel is correlated with the amount of control it exercises. Webb and Hogan (2002) provided evidence for this conclusion by stating that a firm's ability to regulate its channel operators has an impact on channel satisfaction. They contend that having more control will enable the business to better gather feedback from the market and execute its marketing program.

4.4.3 Relationship between the length of a channel and its performance

The performance of a channel is not determined by its length. Direct distribution allows companies to have the most control over how their products are distributed, as is well-established, but it comes with a huge expense that can negatively impact profitability. Small and moderate-sized clients cannot be profitably handled by typical direct channels, according to Gary (1996), as selling expenses would outweigh revenues. The necessity of using a central distribution warehouse is emphasized when it has been shown that distributing directly to merchants does not result in greater cost savings. This is summed up by Oyeke and Nebo (2000), who pointed out that any manufacturer who gets rid of the middlemen in the supply chain needs to be prepared to handle the capital-intensive tasks of transferring product ownership or moving goods from the producer to the customer. These tasks will have an impact on profitability.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The following conclusions are made in light of the research's results listed above;

1. Nigerian manufacturers of consumer goods use a multi-channel distribution approach. Every business uses a wide range of channels to connect with customers. Though distribution intensity affects the manufacturer's support programs and distribution costs, it was noted that these channel techniques need to be improved upon in order to meet the crucial goals of lower costs and more customer satisfaction.
2. Based on the results of the questionnaire and interviews, it was observed that the majority of companies that manufacture consumer goods are attempting to use creative distribution channels. Since many businesses have not adopted the usage of the internet or e-commerce into their operations, there is still opportunity for improvement.

5.2 Recommendation

Following a comprehensive investigation and the above-mentioned findings, recommendations are required to address some of the deficiencies found in the distribution channel systems used by Nigeria's cement production businesses;

1. Nigerian cement producing firms ought to review and reorganize their distribution strategies by carrying out tasks in novel methods that lower expenses and improve customer value.
   - One way that manufacturers might obtain a competitive edge is by identifying the activities that end users value.
   - Finding innovative approaches to carry out high-value distribution tasks that improve client satisfaction.
   - Evaluating different distribution strategies that cut expenses and working capital requirements across the board.
2. Manufacturers of cement ought to make an effort to welcome or implement innovations in their channel management. E-commerce, or online sales, is growing in popularity as a way

to provide more services to more clients for less money. Local warehousing is becoming less necessary due to commercial (third party) logistics companies' improved delivery times and logistics. Reducing stocks and expediting reaction to evolving customer requirements are two benefits of broader acceptance of electronic data interchange for sales and inventory level monitoring across the entire channel.

3. The goal of manufacturing companies should be to implement the optimal distribution intensity that corresponds to their activity or operation level. This degree of intensity would allow a brand to be available to a large enough audience to meet, but not surpass, the needs of target consumers, as oversaturation raises marketing expenses without offering advantages.
4. Business leaders should examine strategies to prevent improper use of the channel's influence and look for substitutes to balance the power in the distribution channel. This is due to the possibility that a distribution channel member's excessive influence may impair the functionality of other channel members and in turn, the channel performance.
5. In order for the distributors or wholesalers to carry out the customer/product matching activity efficiently, manufacturers must support them, particularly by giving them selling tools and relevant training. They might also assist with financial and logistical tasks.
6. Marketers need to be aware that distribution incurs expenses for the company. While some of these expenses, like shipping fees, can be passed on to customers, others, like the need for more salespeople to handle more distributors, cannot. As a result, choosing the appropriate amount of distribution coverage frequently requires weighing the advantages (such as increased sales) against the costs of the gain.
7. The infrastructure required to allow unrestricted movement of products from the site of production to the site of consumption should be provided by the government.
8. Manufacturers of consumer goods should first assess if their volume of business justifies using their own warehouse and sales staff. If not, they ought to choose a public warehousing and sales agency. This is founded on the discovery that it is more cost-effective for businesses with constrained markets and output to assign channel functions to other channel participants.

a. Contribution to Knowledge

Through this research, the government, consumer goods producers and suppliers, and the general public will be able to learn about the various distribution channel systems and structures that guarantee maximum savings in distribution costs, improve product availability, and facilitate efficient coordination of channel activities. Consumer products marketers will be able to realize that creating and maintaining an efficient distribution channel system gives them a considerable competitive edge.

With the help of this research, the researcher has created the model below, which could help suppliers and makers of consumer goods determine the best degree of distribution for their items.

b. Suggestions for Further Studies

The researcher was able to access the consumer goods distribution channel in Nigeria's manufacturing industry and offered recommendations for improvement based on the study's limits and delimitations. The assessment of Nigeria's industrial goods distribution systems is another subject that may require more research.

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APPENDIX 1

LETTER OF INTRODUCTION

Department of Transport Management Technology,
School of Management Technology,
Federal University of Technology Owerri,
Imo State, Nigeria.

Dear Respondent,

I am a graduating student of the Department of Transport Management Technology, School of Management Technology, Federal University of Technology, Owerri Nigeria.

I am undertaking a research study on EVALUATION OF DISTRIBUTION CHANNELS OF DANGOTE CEMENT IN SOUTH EASTERN REGION OF NIGERIA in order to fulfill the requirement for a Master of Science Degree in Transport Planning and Management. This questionnaire is designed to enable me collect information for the Research.

I would therefore be very grateful if you could complete the attached questionnaire. It is purely an academic exercise and the information provided will be kept strictly confidential.

Yours faithfully,

Osunpidan J.O

APPENDIX 1I

DEFINITION OF TERMS

In order to reduce any confusion and facilitate reading of the research report, the following important concepts have been described in this study:.

Distribution: Transporting products and services from the site of production to the place of consumption is the responsibility of the marketing function known as distribution..

Consumer goods: These are products or services meant to be consumed by the final customer in a way that doesn't require further processing. They are products intended for the consumer or ultimate user (Onah and Thomas 2004).

Distribution channel: This is the route taken by products as they move from the place of production to the point of consumption (Amarchard and Vavad 2009).

Channel structure: is the procedure by which the channel members have been assigned a set of distribution tasks (Rosenbloom, B, 1990).

Distribution intensity: It relates to the quantity of middlemen involved at every marketing stage (Rosenbloom, 1990).

Vertical channel integration: Occurs when two or more channel intermediaries at various levels or stages of the channel join or integrate their efforts and programmes under one management or agree to work together to achieve marketing objectives. (Onyeke and Nebo 2000).

Exclusive Distribution: This refers to a very limited number of middlemen. It is employed when the manufacturer want to keep oversight over the quality of the services and output that the resellers provide. (Kotler and Keller, 2006).

Selective Distribution: Using more than a few but fewer than all of the middlemen who are prepared to carry a specific product is known as selective distribution. (Kotler and Keller, 2006).

Intensive Distribution: This occurs when the manufacturer places the products or services in as many locations as they can. (Kotler & Keller, 2006).

Hybrid Channels: involve distributing the same product line to the same target market through the utilization of multiple major channels.

APPENDIX 1II

QUESTIONNAIRE

Please answer the questions by ticking the appropriate option (√) or state your opinion as appropriate. Do not tick more than one option.

SECTION A: Bio-data

i. Name of firm (company)…….

ii. Sex: Male ☐ Female ☐

iii. Age: 20-29 ☐ 30-39 ☐ 40- 49 ☐50 above ☐

iv. What is your status in the distribution channel? Distributor ☐ Retailer ☐

v. How long have you being in the business? 1 – 4yrs ☐ 5 – 8yrs ☐ 9– 12yrs ☐ 13yrs & above ☐

SECTION B:

Please tick as many options as you consider appropriate.

vi. Which of the following levels of distribution channels is being used by Dangote Cement Plc?

(a) Zero level ☐ (b) one level ☐ (c) Two levels ☐ (d) three levels ☐

(e) others… ..... ☐

vii. How Dangote Cement Plc does delivers products to her customers?

1. Direct delivery to key account distributors ☐
2. Delivery through Depots located near the market. ☐
3. Delivery through retailers and third party arrangement. ☐
4. Others…..... ☐

viii. Which of the following support services does Dangote Cement Plc provide to her channel members?

1. Helping to advertise and promote products ☐

2. Granting of credit facilities ☐

3. Incentive and Equipment to channel members' ☐

4. Inventory control ☐
5. Other……

ix. Which of the following control measures does Dangote Cement Plc exercises on her channel members?

(a) Hire and fire channel members' ☐

(b) Determine prices at will ☐

(c) Strictly controls promotional activities ☐

(d) Totally controls sales facilities

(e) Others……..

SECTION C

Please tick as appropriate and only one can be ticked for each question. This section is a rating scale with (A) strongly agree (B) Agree (C) Indifference (D) Disagree (E) Strongly disagree.

		A	B	C	D	E
10	The Channel's performance is been affected by Hybrid channel's conflicts					
11	The frequency of conflicts in the channel has a significant impact on its performance.					
12	It is most likely that the less conflict in the channel, the better is the channel's performance.					
13	The company's satisfaction with its distribution channel increases with the degree of control it has over it.					
14	When members consolidate their efforts as opposed to operating separately channel activities are more effectively coordinated.					
15	Vertical integration can reduce conflicts within the channel					
16	Through vertical integration, manufacturers obtain greater control over the distribution chain.					
17	As they have greater influence over the channels, the company feels more satisfied with it.					
18	The greatest degree of control over product distribution is afforded to producers through direct distribution					

19	A channel's performance is determined by its length					
20	There is a cost variance between direct and indirect distribution					
21	The length of a distribution channel influences its performance					
22	Supplying directly to the retailer is less efficient than selling through a wholesale intermediary to the retailer.					
23	It is less expensive to deliver products directly to a customer from a central warehouse than it is to use depots close to their place of business.					
24	Utilizing a central distribution warehouse is more expensive than using numerous warehouses dispersed around the nation.					
25	It is more economical to distribute straight to retailers rather than via wholesale middlemen					