AN APPRAISAL OF THE EFFECTIVE CHANNELS OF DISTRIBUTION FOR SOME SELECTED ESSENTIAL COMMODITIES IN NIGERIA

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BEING A RESEARCH THESIS SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION, KONGO CAMPUS, AHMADU BELLO UNIVERSITY, ZARIA; IN PARTIAL FULFILLMENT FOR THE AWARD OF MASTER DEGREE IN BUSINESS ADMINISTRATION

OCTOBER 1999

DECLARATION

I hereby declare that this project is a product of my research findings and that I am very much responsible for any error committed and or omission. All text books and activities used in this research have been duely acknowledged accordingly in the footnotes and references.

....31/08/04....

KANTIOK GERSHON DAUJI DATE

CERTIFICATION

This Project entitled An Appraisal of the Effective Channels of Distribution Management for Some Selected Essential Commodities in Nigeria by Kantiok Gershon Dauji meets the regulations governing the award of Masters in Business Administration (MBA), in Ahmadu Bello University, Zaria and has been approved for its contribution to knowledge and literary presentation.

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DEDICATION

This project is dedicated to my belove daughter ***Zugwai Peace Kantiok*** and my late parents ***Mr. & Mrs. Kantiok.***

ACKNOWLEDGMENT

For every work to be successful, one will needs the contributions of some as well as their encouragement. It is pertinent therefore to acknowledge the great assistance and scholarly guidance of my able supervisor Mr. J. Yere, who without his patience and continuous assistance the project would not have been in its present form. I am deeply and sincerely grateful.

Also, I wish to express my heartfelt gratitude to Mr. .S. Akanet, my beloved wife Mrs. Helen Kantiok, Mallam Sani for their support and encouragement throughout my school days. My thanks goes to the entire staff of Paterson Zochoris (PZ) Zaria and People Choice Superstores, Kaduna.

Finally, my special thanks goes to my friends such as Mr. Samuel Jatau, Joshua Zagi and my late brothers Isa Kantiok who financed my education from secondary to the University, may his gentle soul experience a perfect rest amen.

ABSTRACT

Any action of a distributor, producer or a marketer designed to shift goods to the existing customers and or consumers is termed distribution. Distribution can take different forms depending on the nature of the products, the needs of the customers, the sizes of the market competition and the purchasing power of the consumer.

Due to the abnormal economic situation of Nigeria, the distributive system has been of great concern to both government and private organisations and in addition the consumers.

One major problem with us in this country is that we do not care until situation gets worse and become unbearable before we start thinking of solutions.

It is my contention that the price at which the two products dealt with here detergents and rice are too exorbitant due to the number of hands through which the products passed before they finally reached the ultimate consumers.

To this and, I am therefore submitting that our channel of distribution should be reduced and the supply section of our economy should be drastically changed so that the middlemen are reduced to only, the distributors who are appointed on the basis of their past records of integrity. Retailers should control a given geographical location of which they

are accountable for if there is any price increase. The use of consumer - cooperatives, workers cooperatives and other vital recommendation were made in this research to help solve the channel distribution problems now existing.

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CHAPTER ONE

1.1 INTRODUCTION

For any product to be widely accepted in the society or economy, it must be effectively marketed to secure a large number of customers to maximize profit. Also in any economy, if there is scarcity of essential commodities with resultant high prices, the cost of living of the citizens of such a nation will be high especially when there is an increase in the population. Generally, marketing activities are those activities concerned with the demand filing efforts of the organisation. These activities interact with one another as components of the total system of which a company manufactures a product, distributes and makes it readily available to the buyers.

The manufacturer or producer is responsible for the design of the products. Early marketing techniques followed production and were responsible only for the movement of gods from the manufacturers to the final point of sale. Today, however, marketing is much more persuasive. In large corporations the marketing functions precede the manufacture of a product, they involve market research, product development, design and testing.

Marketing concentrates primarily on the buyers or consumers, determining their needs and desires, educating them with regard to the availability of

products or commodities, developing strategies to persuade them to buy and finally enhancing their satisfaction with a purchase. Hence in marketing the ultimate consumer is defined as the "KING" because all efforts are geared towards satisfying him.

From the above it becomes necessary for the manufacturer or producer to effectively market his product and satisfy the consumer needs. In so doing some factors tend to hinder this smooth operation and this includes distribution (transportation), misleading advertisements, inadequate supply of the essential commodities etc. Hence the customer being the "KING" has been wooed, disrespected and not satisfied adequately.

In other to solve this problem, the Nigeria National Supply Company (NNSC) was established but its objectives were not achieved. Though the problem was a little bit reduced by the administration of Major General Mohammadu Buhari (retired) when a lot of shops where such commodities were locked up were broken into and the commodities were sold at an affordable price to the citizens.

It can be noted from the above that it becomes necessary for a research of this nature to be conducted in order to find out solutions to this problem of distribution management of essential commodities. A critical review of the management of the marketing operation of essential commodities is analyzed. Problems faced by producers and

wholesalers have been analyzed and solutions proffered to provide for sufficient supply of these commodities to cope up with the unsatisfied demand. Possible solutions are recommended on how the problems could be tackled.

1.2 STATEMENT OF PROBLEM

Despite the numerous distribution channels available in Nigeria, producers of essential commodities are still faced with the problems of distributing their products or commodities to reach the ultimate consumers to meet the unsatisfied demand.

A lot of producers in manufacturers find it difficult if not impossible to reach the ultimate consumers of their products due to the corrupt habit of their respective wholesalers, retailers and distributing agents.

Every market is bothered or worried about finding the answer to the question of how which channel of distribution to adopt. Since the success and failure of any marketing programme is determine by the effectiveness of the marketing mix, a conscientious effort is to be made to arrive at a proper mix.

The failure to properly implement the marketing mix will definitely affect the producer and the distributor to effectively make the commodities available to the ultimate consumer and consequently leading to high pricing of the product or commodity

by the distributors or sellers.

1.3 STATEMENT OF HYPOTHESIS

As a result of increase in the demand of some essential commodities within the country, there has been an increase in the complex nature of channel distribution management.

The corollary of such an increase is of course to enrich those in control of channel of distribution management at the expense of others. Nigeria needs effective channels of distribution and this calls for men of good integrity.

To achieve this, the country will need to institute the use of consumer-cooperative, worker cooperatives etc. This will reduce a lot of bottlenecks faced by the distributive system of the essential commodities.

It will go along way to solve the existing problems faced by the distribution agency if the following pattern of distribution is adopted.

Producer-retailer - consumer.

Importer-agent -consumer.

When channels of distribution are being narrowed a lot of bottlenecks are being checked.

1.4 SIGNIFICANCE OF THE RESEARCH

This research work presents a detailed analysis of the activities carried out in the distribution of essential commodities in Nigeria. It is hoped that

this research will generate the need to adopt the systematic approach to distribution of essential commodities as a strategy to improve the standard of living of the citizens.

This research work will also be of great significance as it will assist top management to whom the power and responsibility of distribution of commodities or products are entrusted upon. This study will assist management in devising means of improving the smooth distribution of essential commodities and the development of the Nigeria economy.

1.5 OBJECTIVE OF THE RESEARCH

This research work is aimed at:

i. Identifying and analyzing the relevant marketing problems associated with channel of distribution management of essential commodities in Nigeria.
ii. Pin pointing the effective distribution channels strategy and management of essential commodities.
iii. Proffering recommendations for strategic distribution channels for essential commodities.

1.6 SCOPE AND LIMITATIONS OF THE RESEARCH

In the course of this research of effective channel of distribution management for some selected

essential commodities such as detergent, etc role of middlemen, alternative channel choice are be discussed and analyzed.

The research has also gone through quite a few constraints such as the financial implication of moving from one area to another in order to gather data for this research. Another constraint is the reluctant habit of the staff of those organisations, as information sought were made available. My state of ill-health also served as a constraint as I have always been down. Materials needed for this research were not easy to go by. Efforts have been made so far toward making this research finding as authentic as any other research in the same field.

Some of the distribution agents are actually ignorant of these channels and do not fully utilized them thereby making if difficult for the products/commodities to reach the ultimate consumer in good time and at an affordable price.

Constraints such as time factor and access to these wholesalers, lack of good knowledge by the retailer also served as an inhibiting factor in obtaining information for the research.

1.7 DEFINITION OF KEY TERMS

The following are a few of the relevant terms used in the research work and are very pertinent to the understanding of the whole content.

DISTRIBUTION: This is the flow of goods and services

from the manufacturer/producer to the ultimate consumer in such a way as to bring about the desired result or availability in width or depth. It is defined as the actual movement and storage of goods after they are produced and before they are consumed.

EFFECTIVE DISTRIBUTION CHANNEL: These are the main distribution channels namely direct selling agents and distributors, for the purpose of this research, the channels of distribution are made up of agent distributors, sub-distributors, wholesalers, sub-wholesalers, retailers and petty traders.

PHYSICAL DISTRIBUTION: This is the physical flow or movement of goods to the ultimate consumer. This consists of all the activities concerned with moving the goods or products such as transportation and warehousing.

PRODUCT: This is anything that is seen as being able to satisfy a need or want.

ESSENTIAL COMMODITIES: These are vital goods that can be turned to commercial or other advantage. They can be used for trade, commerce or only for consumption. For the purpose of this research, emphasis are on detergent, riced milk as the essential commodities.

CHAPTER TWO

2.0 REVIEW OF RELATED LITERATURE

2.1 BRIEF HISTORY OF CHANNEL OF DISTRIBUTION IN NIGERIA

Distribution is defined as the process of making goods readily available to the ultimate consumer at an affordable price. Distribution of goods plays a vital role in the development of every economy. The distribution channel have today undergone a lot of modification as it were during the pre-civil war period and after the independence.[1]

Import-export trade is the dominant story of this period, because the colonial masters were keen on securing raw material for their manufactured goods (the colony's imports). The bulk of internal trade in Africa during this period and even up to the present has been transacted in a system of market places. In the rural areas, the major market days occur periodically, for example, on a four-day, five day or cycle and may operate on a ring system as the markets are held in different towns in turn.[2]

Local food stuff and handcrafts were originally the main items of trade, but as we started importing business, the local items found their way into the rural markets often through the efforts of inherent traders. With the growth of ancient cities and the

establishment of many towns in this period daily markets became established in the urban areas.[3]

The urban markets eventually grew to be large, modern structures with permanent stalls assigned by line of trade. Today they are still dominant. A very good example is the Onitsha Market which was completed in 1955 at a cost of one million naira (₦1m) and became the largest market place in tropical Africa.

Retail shops started to sprang up around the urban daily markets as well as in the residential areas of the urban areas, they also started appearing in the rural areas.

The boomday of colonialism saw the rise of the departmental stores featuring self-service. These stores were operated as divisions of foreign merchant houses; for example, the United Africa Company (U.A.C.) owned by Kingsway Stores, the first and best known stores. Initially the department stores drew their customers mainly from the expertriate population, but since Nigeria's independence, they have been drawn by a largely Nigerian clientele.

As at today, many stores have joined including Patterson Zochonis(PZ), and many indigenous supermarket like Kowa stores and Banadeen stores all in Zaria.

2.2 DISTRIBUTION CHANNEL DURING THE POST-CIVIL WAR PERIOD (1970-1979)

This period opened with the post-war reconstruction efforts, which were followed by the launching of the ambitious ₦30billion 1975-1980 third National Development Plan. The gigantic development was to be financed largely from the increases announced in late 1973 by the oil-producing and exporting countries (OPEC) of which Nigeria is a member. The implementation of the plan led to a general rise in the tempo of business activities.[4]

The following events on development directly or indirectly caused changes in distribution channels. To start with there was a general rise in consumers' income, education and mobility. This increased the number of private cars and motorcycle plying the roads. The more affluent consumers were demanding better quality package goods sold in more pleasant surroundings. The population of urban centres was increasing as the exodus of the people from rural to urban centers continued.

Secondly, a rise in the number of supermarkets, (specializing in food items) though many were expanded or added wings of existing departmental stores. In addition to the above, there was the appearance of modern shopping centers with boutiques, specialty stores and departmental stores having packing space for cars.

Furthermore, there was the discouragement of foreign merchants from participating in the distributive trades, in order to increase indigenous participation. This was formalized by the Nigeria Enterprises Promotion decree of 1972 with amendments in 1976 and revised in 1977. The decree divided all business into three schedules. In schedules I, Nigerians would have 100 percent ownership, in schedule II, at least 60percent Nigerian ownership and in schedule III, at least 40percent Nigerian ownership. Included in schedule I, is retail trade (except by within department stores), schedule II includes distribution agencies, manufacturer's representative, commission agents, supermarkets and department stores having a turnover of more than ₦2million and wholesale distribution of imported goods.

In continuation, a high level of price inflation (on the order of 40% per annum) was caused in part by rapid implementation of heathy salary increase recommended by the Udoji commission and the increased demand for goods without any corresponding increase in supply.

Scarcity of essential commodities such as milk, beef, sugar, soft drinks, cement and petrol became rampant.

The Nigerian National Supply Company was established to import and distribute some essential commodities, and state co-operative store were to be the main outlets at the state level.

Mismanagement and severe logistics problems in the form of inadequate storage and transportation facilities have made the Nigerian National Supply Company unable to flood the country with scarce goods as planned.

In addition, the Federal and state governments were encouraging the expansion of co-operative movement, especially consumer co-operative stores as a major force in retail trade; so far, the average consumer still regards the central market place as the place to obtain best value for money.

Finally up till now, major market infrastructural projects are being executed, bigger daily markets and modern shopping centres which when completed should have a major impact on physical distribution and retail trade.

2.3 THE SECOND AND PARTIALLY THIRD REPUBLIC TILL DATE

The marketing system for locally produced rice is essentially the same all over the country. The marketing of this rice was until 1976 handled entirely by private entrepreneurs, but from 1977, the establishment of the Nigerian grains board introduced a limited form of government participation in the production, processing and marketing of rice.[5]

Until 1976, the importation of rice from various countries into Nigeria and its subsequent

distribution to consumers was handled exclusively by private international commodity traders (Nigerian and non-Nigerians) licensed by the federal government to import rice and other foodstuffs. The uncoordinated pattern of rice importation and distribution emanating from this arrangement resulted in uncontrollable and haphazard pricing of rice all over the country. Government was therefore compelled to establish the Nigerian National Supply Company (NNSC) in 1976.

This company started functioning in 1977 charged with the onerous responsibility of importing rice and other specified food items and distributing same to consumers at tolerable prices. Since 1977, about 80percent of all rice imports to Nigeria has been handled by the NNSC, while the remaining 20: Percent is locally produced.[6]

The NNSC was established as a parastatal to import massive quantities of rice, distributes the bulk of its supplies through the state co-operative federations. There is also the Northern national co-operative wholesale association, which purchases and distributes essential commodities through the state apex organisations.

Consumer goods from Nigeria National Supply Company and the Northern wholesale association are delivered to the state co-operative wholesale association. These in turn supply the cooperative unions at the Local Government Areas. From these unions, goods are distributed to cooperative

societies at the village and town areas.

2.4 DISTRIBUTION CHANNEL

A lot of diagnoses has been preferred to the explanation of the distribution problem in Nigeria but most of them have been very much myopic and jaundiced in implementation to the extent that the problem still lives very much within, hence the need for present attempt. Prominent among the earlier works include works of people like N.U Nwokoye [1] "modern marketing for Nigeria". In his book, N.U Nwokoye saw the task of distribution as making goods physically available to buyers (page 131) This bridges the gaps of space and time between production and use or consumption. He identified two major flows in the distribution channel in the flow of little or ownership through the exchange sub-channel and flow of physical product through the logistic sub-channels. The prefix sub is used to indicate that these sub-channels are defined with respect to a given distribution channels, such as manufacturer to retailer to consumer. The exchange and logistic sub-channels do not necessarily coincide since little may flow one way and physical product way.[7]

Distribution can be viewed as a strategic managerial system since it is a component of the firm's marketing mix. Thus all the distribution decision choice of channels, distribution, selection, logistic decision and so on are made to

be constant with the other aspects of marketing programme for the product. For instance, a high quality, high priced product may be selectively distributed through a limited number of outlets.

Product distribution entails the performance of certain essential function. The allocation of the function to the middleman who form particular channel depends on the kind of middlemen involved. Each middleman perform one function, otherwise, he would not exist in the channel. These functions include:-

A. **BUYING:** A middleman often makes purchases for retailers. To have on hand merchandise that retailers will want to sell, the wholesaler of consumer goods studies fashion trends, consumer demand and retail prices so that he can make best possible purchases.

The small retailer would find it practically difficult if not impossible to contact all the manufacturers whose products are sold in his store and to make all the decisions necessary in selecting the products that he will sell. For these reasons he relies on the wholesaler to has close contact with source of supply.[8]

B. SELLING: Wholesalers often take over the complete selling function of manufacturers. This is particularly so in the case of manufacturers who do not wish to be involved in selling activities or who are too small to afford hiring and training a sales

force. They depend on the wholesalers to find a sales force. They equally depend on the wholesalers to find customers for their products.[9]

C. **WAREHOUSING:** There are many wholesalers who bring the various products they handle together in one place. Warehousing by the wholesalers provides many advantages for the retailer. This is as a result of the proximity of the warehouse to the retailer and which affords him to expect much quicker delivery than he can get from a manufacturer whose plant or factory may be for away. Secondly, the retailer needs not to use his limited space for the storage of large qualities of goods. He can simply reorder when his stock are almost exhausted. [10]

D. **BULK-BREAKING:**- There are different channels or ways the wholesaler shifts his goods and these may include roads, railways etc. At his warehouse, he provides there large quantities for the purpose of selling in small units, bulk breaking provides services both to the manufacturers and to the retailers. Some manufacturers will not ship their goods to the retailers in smaller quantities and it will be impossible for the majority of retailers to buy and store such huge qualities, bulk breaking therefore, helps manufacturers to dispose of their goods and helps retailers by allowing them to buy in small quantities for resale.

B. **TRANSPORTATION:** Because manufacturers use to deliver goods by railroads to wholesalers, the

cost of transportation was not so great as it is now being shipped by roads, air etc in small quantities direct to retailers. Retailers who buy from wholesalers benefit indirectly from this saving (railroads transportation) because it reduces the total cost they use to pay, but now that the railroads transportation is not effective, retailers suffer as the transportation is no longer charged as it use to be, thereby making the ultimate consumer to suffer.

C. **CREDIT:** Many wholesalers extend financial assistance to their customers through the practice of delayed billing. For instance, they may send toys and Christmas decorations to retailers in the fall but not expect payment until a certain period of time. This form of credit allows retailers to pay wholesalers out of their income from the sale of the goods. [11]

2.5 TYPES OF MIDDLEMEN

When the manufacturer does not deal directly with the final user of his products, but uses the services of middlemen to act as a bridge between himself and the industrial user, he is using an indirect channel of distribution. Sometimes the producer uses the services of more than one type of middlemen in order to get his goods to market. [14]

Some middlemen, like retail stores, usually

become owners of the goods they sell. Other middlemen simply assist in buying and selling operations necessary in getting goods from the producer to the consumer. Middlemen are divided into two main types: according to whether or not they actually assume ownership of goods.

1. Agent middlemen
2. Merchant middlemen

1. **AGENT MIDDLEMEN:** The Agent middlemen are those who perform buying and selling services for manufacturer or producers. They do not take title to goods, that is, they never become the owners of the goods in any way

The job of some agent middlemen is to find buyers for firms with goods to sell, while other agent middlemen are responsible for finding sources of supply for certain merchandise. When an agent's efforts result in a satisfactory sales transaction between buyer and seller; a commission is paid to the agent by the principal, i.e the firm for which the agent has performed the marketing *functions/services. The agent commission is usually* a percentage of the amount of the sale transaction.[15]

Agent work chiefly for wholesalers or manufactures to sell goods to other wholesalers or retailers. The few agents who sell directly to consumers are confined to the real estate and the stock market. Types of agent in the wholesaling field include brokers, purchase agent, manufacturers

agent and auctioneers. [16]

A. **BROKERS**:- As an agent, a broker usually deals in one type of product because of this, he is a specialist who can offer his principal (the firm he represents) important information about the conditions of the market - such as current price being asked, supply available, the demand for the products such as sugar, grain and fruits and vegetables (fresh, canned and frozen). Brokers have no continuous - relationship with their principals. Each transaction that a broker handles is complete in itself. They are of particular use of seasonal goods such as tomatoes.

B. **SELLING AGENTS**:- The selling agents sell the entire output of a line of goods for one or more manufacturers. They usually have a full authority with regard to selling prices, terms and sales force and they maintain showrooms in which they display the goods which are for sale. They do not have a warehouse. The selling agents usually operate under a long-term contract with their principal and is such that the selling agents are considered almost part of the manufacturer's organisation since the manufacturer depends entirely upon the selling agents for the job of selling his goods. [17]

C. **MANUFACTURER'S AGENT**: A manufacturer's agent is

much more limited in scope than a selling agent. A manufacturer's agent handles part of the output of one or more manufacturers within an exclusive territory. Unlike the selling agent, a manufacturers agent does not have wide freedom in adjusting prices or otherwise making promises on behalf of the manufacturer. The manufacturers agent can make sales only in accordance with the terms laid down by the manufacturer. [18]

2. **MERCHANT MIDDLEMEN:-** These are middlemen who actually become the owner of the goods that they handle. (That is they take title to goods, they become completely responsible for selling the goods). If the goods should go out of style and fail to sell, they accept the loss. They also take the responsibility of finding customers for the goods they have purchased. They may perform all wholesaling functions, or they may offer acquainted number of functions. Those merchant wholesalers who performs these functions are called: Regular or Services wholesalers, while those who perform partial service are called Limited function wholesalers.

Service wholesalers give complete wholesaling service. They carry full lines of merchandise, they extend credit, they buy in large quantities and resell in smaller ones. They provide transportation services, they accept risk and they assemble and

store goods. [19]

A service wholesaler may carry merchandise in a wide variety of lines (general merchandise wholesaler), or he may deal in a speciality. The service wholesaler in a speciality line carries only one or two types of products within a certain field instead of handling toys in general, he may handle only dolls, for instance. Because he specializes in one area, the speciality is an expert who can provide dependable market information to his customers. Service wholesalers also service industrial market where they are usually called industrial distributors. The industrial distributor sells equipment accessories, standard parts and supplies to industrial and commercial companies, he performs much more the same service for his customer as wholesalers do in the customer field. [21]

a. A jobber:- A jobber is a wholesaler who market specialized lines of merchandise to certain types of retail stores. Although he is a wholesaler, the Ralk Jobber performs many of the functions of the retailers as well while the retailer takes ownership of the goods but the jobber has the complete responsibility of selecting the merchandise to be displayed, setting up the display facilities, removing old merchandise, and substituting fresh items. [21]

b. Limited function wholesaler:- In contrast with the service wholesaler, the limited function wholesaler performs only a part of the service

offered. There are three types of limited function wholesalers;

a. Drop Shippers:- The drop shippers take orders from retailers and arrange for delivery of the goods directly from the producers. Often the drop shippers operate with little more than an office. Because the drop shipper does not maintain a warehouse, break bulk or offer delivering services, he sells at lower prices than full services-wholesalers. The drop shippers assume ownership of the goods before reselling them, although he does not handle the goods physically. The advantage of drop shippers is that freight handling and freight cost are reduced at minimum. Shipment is sent directly from the producer to the drop shipper's customers. Drop shippers deal almost exclusively with bulky item such as coal humber and building materials where breaking bulk is not required and where customers are willing to accept shipment in carload or truckload lots. The chief functions of drop shippers, then, are to find customers for producers and assist customers by finding sources of supply.

b. Cash and Carry Wholesalers:- These middlemen maintain a warehouse to which customers bring their own trucks and pick up their own merchandise. They provide no credit or transportation services to their customers and immediately cash payment is required. Because

of these limited services, cash and carry wholesalers offer goods at lower prices than the general wholesalers.

c. Truck Jobber:- A truck jobber combines storage selling delivery and collection in one operation by using his truck for storage and transportation. The truck jobber carries his stock in his truck and makes the rounds of detail stores, selling as he goes. His advantage to retailers is immediate delivery of small lots of merchandise. The truck jobber sells for cash and limits his stock to rationality advertised specialities and fast moving items of a perishable and semi-perishable nature. [22]

2.6 PHYSICAL DISTRIBUTION

"Physical distribution can be defined broadly or narrowly depending on the marketing context within which it functions". "Physical distribution involves the actual movement and storage of gods after they are produced and before they are consumed". Its goal is therefore to get the right goods to the right places at the right time for the lest cost. "Physical distribution has been termed or called the other half of market.

DESIGNING THE PHYSICAL DISTRIBUTION SYSTEM

The starting point for designing physical distribution system is to study what consumer want

in the form of service and what the competitors are offering. Customers are interested in several things and these include:

1. On-time delivery.
2. The suppliers willingness to meet the customers emergency merchandise needs.
3. The care with which merchandise is delivered in god condition.
4. The suppliers willingness to carry inventory for the customers.
5. The supplier readiness to take back defective goods and re-supply them quickly .[14]

THE FIRM'S STRATEGIC USE OF PHYSICAL DISTRIBUTION

"Physical distribution is an integral part of a firms marketing programme in that the management of this activity can affect a company's marketing mix particularly its product planning, pricing and channel of distribution policies".

1. **ADJUST TO TIME, RATE AND PLACE:-** The firm can use physical distribution profitably by applying transportation and warehousing facilities in adjusting its rate, time and place of production to meet market demand. For instance in agriculture, where there is seasonal production, but year round consumption, proper use of warehousing facilities will enable a producer to store the seasonal surplus for the year round consumption. [23]

In other cases warehousing enhances seasonal consumption but year round production, e.g the case of umbrella or rain coat. A manufacturer likes to produce on a year round basis in order to operate his plant efficiently. Consequently, he has enough surplus during the peak season without the need for overtime operation or additional capacity.

Transportation and warehousing therefore links location of production and market demand and as a result, retailers are therefore able to expand their product line.

2. **INFLUENCING BUYING AND SIZE OF INVENTORY**

If management has adequate storage space it is a position to buy in large quantities thus taking advantage of quantity discount offered by suppliers. Also if manufacturers and middlemen have access to warehousing facilities on short notice they are able to stock up when retailers run a sale on products which they normally stock for resale. Finally strategic use of warehousing can enable a buyer to speculate on inventory price increase. [24]

When a firm foresees a rise in the price of a given product, management may be willing to take the risk of stock-pilling, the article in unusually large quantities with the expectation of capitalization on price increase - Staton P. 398. This is a common practice in Nigeria and is referred to as HOARDING. [24]

3. **STABILIZE PRICES:-** Careful warehousing and

transportation can help stabilize prices within an individual firm or entire industry. If a market is temporarily glutted with a certain product say palm oil, the sellers can warehouse the product until demand condition improves. This type of situation is common with agricultural products. Moving such products from one area to another may relieve glut situations in one area and effective servicing or supply in another. For example, oil palm is moved from southern states of this country where there is glut to the northern states where there is abundant demand. [25]

4. **DETERMINE LOCATION OF MIDDLEMEN**

Mainly the cost of physical distribution facilities will influence a manufacturers decision on where to locate his branches or in what cities he would seek wholesalers. This is one reason why companies establish their branches in central cities. Transportation factors also influence the location of regional distribution facilities. Management may narrow its choice to say Calabar in the east, Lagos in the west, Kaduna and Kano in the north. Looking at both, the cost of physical distribution and the speed with which orders can reach the customers are two key issues to consider and they both involve transportation and warehousing facilities.

5. **DEVELOP THE DISTRIBUTION CENTRE**

The thought behind the distribution centre is to develop under one roof a speedy and fully integrated order-taking, filling and delivery system. Normally, various classes of goods are bought in under one roof and with the help of the modern techniques in data processing, material handling, record keeping and inventory control, firms are able to process orders efficiently and rapidly. The advantages are that distribution cost are reduced as a result of reduction in the number of warehouses, excessive inventories, inconsistent deliveries and cut-of-stock conditions.

2.7 THE RETAIL TRADE

Retail trade consists of those firms that distribute goods and services to ultimate consumers. As such, it is the pivotal point around which all marketing of consumer goods revolves.

Manufacturers and wholesalers rely on retailers to provide the structure in which their goods flow quickly, smoothly and in large volume. Consumers depend on retailers to buy gods to meet consumers needs and to make shopping as convenient and enjoyable as possible.

The retail trade performs a vital function in the marketing of goods and services. In many ways, it serves as the buying agent for the consumers: selecting merchandising for him or her to choose from.

For manufacturer and wholesalers, the retail

trade serves as a storage function (inventory goods for sale). A finance function (Carrying credit for consumers), risk taking (buying merchandising subject to the need of the market).

Successful retailers must constantly adjust to changing conditions. They continually change their day-to-day modes of operation in trying to meet their customers needs and wants, they bring together in convenient locations the products of the earth forest, oceans, farm and factory. Because retailers specialize in small quantity distribution, they are generally far more efficient than manufacturer who try to handle both product and distribution.
Basically, the function of the store retailer are as follows:-

a. He seeks out goods buying sources in many locations.
b. He provides a wide range of sizes, colours, types, styles, brands for his customers.
c. He keeps merchandise in stock over weeks or months.
d. He provides a pleasant place for consumers to shop in.
e. He prefers customers service that makes buying easier, such as credit, gift, wrapping and packaging
f. He sells at competitive prices.
g. Provides information about the market to wholesalers and producers.

Retail stores are many, some of which will only

be mentioned in this study as they can be classified according to the merchandise they handle and by their form of ownership. These includes:-

1. Independently owned and operated stores
2. Corporated chain
3. Voluntary chain
4. Franchise chain
5. Lease dealerships
6. Manufacturer - owned stores
7. Co-operative stores (including workers co-operative shops)
8. Supermarket
9. Hypermarket etc.

2.8 CHANNEL DESIGN DECISIONS

In developing channel of distribution, producers have to struggle with what is ideal and what is available. In a typical case, a new firm starts as a local or regional operation selling to a limited market. Since it has limited capital, it usually utilizes existing middlemen. The number of middlemen in any local market is apply to be limited: a few manufacturer' sales agent, a small number of wholesaler, an established set of retailer, a few trucking companies and a few warehouses. The best channel may be a foregone conclusion. The problem may be to convince one or a few of the available middlemen to handle the line.[28]

If the new firm is successful, it may branch to

new market. Again the producer would tend to work through the existing intermediaries, although this may mean using different types of market channel in different areas. In the smaller markets, the firm may sell directly to the retailers, in larger markets it may work only through distributors and in rural area it may work through general goods merchant while in urban areas, with limited - line merchant. In one part of the country it may grant exclusive franchise because the merchant are accustomed to work this way; in another, it may sell through any and all outlets wiling to handle the merchandise. In this way, the producer's channels system evolve as an expedient adaptation to local opportunities and conditions.

2.9 DETERMINING CHANNEL OBJECTIVES AND CONSTRAINTS

The starting point for an effective planning of channels is a determination of which markets are to be reached by the company. In practice, the choice of market and choice of channel may be interdependent. The company may discover that market it would like to serve cannot be served profitably with the available channel.

"A producer of gypsum wallboard defined its target market as all contractors and tray wall applicator. But this firm could not get lumber yard to handle it's product, since existing lumber yards are tied to existing competitors. This led the firm

to change its target market to large tract builders who wanted to deal with the producer directly rather than through lumber yard intermediaries. Thus the choice of market target was redetermined after the consideration of channels".

Each producer develops its channel objective in the text of constraints steaming from the customers, products, intermediaries, competitors, company policies and the environment.

CONSUMER CHARACTERISTICS

In designing their channel, producers are greatly influenced by customer characteristics. When the number of customer is large, producer tends to use long channel with many middlemen on each level. The importance of the number of buyers is modified by their degree of geographical dispersion. It is less expensive for a producer to sell directly to five hundred or so customers who are concentrated in a few geographical centre than to sell to them if they are scattered over five hundred or so locations.

Even the number and geographical dispersion are further qualified by the purchasing pattern of these buyers. Where the ultimate customer purchases small quantities on a frequent basis, lengthier marketing channels are desirable. The high cost of filling small and frequent orders lead manufacturers of such products as hard wares, tobacco, and drug sundries to rely chiefly on wholesaler. At the same time, these same manufacturers may also by pass their

wholesalers by selling direct to certain larger customer (retail chain and cooperative association) who can place large and less frequent order. The buyer's susceptibilities of different selling methods also influence the producer's channel design. For example, a growing number of furniture retailers prefer to make selections at trade shows, and that has increased the popularity of this channel.

PRODUCT CHARACTERISTICS

Product characteristic also influence the channel design. Pentable products require more direct marketing because of the danger associated with delay and repeated handling. Products that are bulky in relation to their value, such as building materials or soft drinks usually require channel arrangement that minimize shipping distance and the number of handling in the movement from producer to ultimate customer. Unstandardized products, such as custom-built machinery and specialized business forms, are usually sold directly by company salesmen because of the difficulty in finding middlemen with the requisite technical knowledge. Products requiring installation and/or maintenance service usually are sold and maintain directly by the company or the dealers given exclusive franchise. Products of high unit values are often sold through a company sales force rather than through middlemen.[29]

MIDDLEMAN CHARACTERISTICS

Channel design must take into account the strengths and weakness of different kind of intermediaries in handling various task. For instance manufacturer representative are able to contact a customer at a relatively low cost per customer, because the total cost is shared by several clients. But the selling effort per customer during the contact is often less intense than if the company's salesmen are doing the selling. In general, intermediary differ in their aptitude for performing such function as promotion, negotiation, storage and contact as well as in their requirement for credit, retain privilege, training, and frequency of shipment.

COMPETITIVE CHARACTERISTICS

Channel design is influenced by channel that the competitor's use. The producer in some industries want their product to be complete in or near the same outlets carrying the competitor's products. Thus food producers want their brands to be displayed next to competitive brands, and this means using the same middlemen. The marketing channel used by competitors sometime define what the producer want to avoid rather than imitate. Avon decides not to compete with other cosmetics manufacturers for scarce and inconspicious position in retail stores and established.

COMPANY CHARACTERISTICS

Company characteristics play important role in channel selection. The company overall size determine the extent of its markets, the size larger accounts and its ability to secure a cooperation of intermediaries it elects to use. Its financial resources determine which marketing function can be handled and which one is delegated to intermediaries. A financially weak company tends to employ commission method of distribution and tries to use intermediaries who are able and willing to absorb some of the storage, transit and customer financing costs. The company's product mix influence is channel patterned. The wider the company product mix. The greater the ability of the company to deal with its customers directly. The greater the average depth of a company's product mix, the more it is likely to favour exclusive or selective dealers. The more consistent the company product mix. The greater the homogenety of its marketing channel. The company's past channel experience and current marketing policies influence channel design. A policy of speedy delivery to ultimate customer affects the function the producer wants intermediaries to perform, the number official stage outlets and stocking points and the types of transportation system used. A policy of heavy advertising leads the producer to seek intermediaries willing to handle displays and join in cooperative advertising programs.

ENVIRONMENTAL CHARACTERISTICS

Channel design is further influenced by environmental factors. These include:-

i. Economic condition: When economic condition are depressed, producers wants to move their goods to market in the most economical way. This means using shorter channels and dispensing with inessential service that did add to the final price of the goods.

ii. Legal factors:- Legal regulation and restriction also affect channel design. The law has sought to prevent channel arrangement that may tend to substantially lessen competition or tend to create monopoly.

iii. Agreement by the manufacturer: The most sensitive area have to do with agreement by manufacturer not to sell to certain type of outlets, attempts by a manufacturer to force its full line on dealer, arbitrary action by a manufacturer in the withdrawals of or refusal to renew dealer franchise and attempts to set up territorial restrictions that substantially lessen competition.

2.10 CHANNEL MANAGEMENT DECISION

After a company has determined its basic channel design, individual middlemen must be selected, motivated and evaluated.

SELECTING CHANNEL MEMBERS

Producer differ in their ability to recruit qualified middlemen for the proposed channel operation. Some producer have no trouble finding business establishment to join the channel. Their proposal attracts more than enough middlemen either because of the high prestige of the firm or because the specific product line appears to be good money maker. In some cases the promise of exclusive or selective distribution will influence a sufficient middlemen to join the channel. Often small producers of new product find it very hard to get shelf space in food outlets.

Whether producer find it easy or difficult to recruit middlemen, they should determine what characteristics distinguish better middlemen from the poorer ones. They will want to evaluate the middlemen number of years in business, growth record, solvency, cooperativeness and reputation [31].

MOTIVATING CHANNEL MEMBERS

In order to excel middlemen must be motivated to do their job very well. The factors and terms that led them to join the channel provided some of the motivation, but these must be supplemented by continuos supervision and encouragement from the producer. The producer must sell not only through the middlemen but to them. The question of motivation is a complex one, since there are grounds for both cooperation and conflict between producer

and their distributors.

The job of stimulating channel members to top performance must start with the channel manufacturers attempts to understand the needs and psychology of particular middlemen. Middlemen are often criticized by manufacturers, according to Mcvey (1960).

"For failure to stress a given, or for the poor quality of his salesmen's products knowledge, his disuse of supplier advertising materials, his neglect of certain customer (who may be good prospect for individual items but not for the assortment). And even for his unrefined system of record keeping, in which brand assignation may be lost" [22].

However, what are shortcoming from the manufacturers point of view may be quite understandable from the middlemen point of view. Mcvey listed the following four proposition to help understand the middlemen:

"The middleman is not hired link in a chain forged by a manufacturer, but rather of independent market... After some experimentation, he settles upon a method of operation, performing those function he deem inescapable in the light of his own objective, forming policies for himself wherever he has freedom to do so...

(The middlemen often act) primarily as a purchasing agent for his customers, and only secondarily as a selling agent for his supplier... he is interested in selling any product which these customer desire to buy from him...

The middlemen attempts to weld all of his offering into a family of items which he sells in combination, as a package assortment, to individual customer. His selling efforts are directed primarily at obtaining orders for the assortments, rather than for individual items... unless given incentive to do so, middlemen will not maintain separate sales record by brands sold... information that could be used in product development, pricing.

Packaging or promotion planning is buried in non standard record of middlemen and sometimes purposely secreted from suppliers".[31]

These propositions serves as provocative departure from otherwise stereotyped thinking about the performance of middlemen. The first step in motivating others is to see the situation from a view point.

Producer vary in their level of sophistication with respect to handling distributors relation. We can distinguish between three approaches: cooperation, partnership and distribution programming.

Most producer see the problem of motivation as one of the figuring ways to gain cooperation from independent and sometime difficult middlemen who "aren't loyal" or "are lazy". They will use the carrot and stick approach. They will dream up positive motivator, such as higher margins, special deals, premiums, cooperative advertising allowances, display allowances, and sales contest. If these doesn't work, they will apply negative sanctions,

such as threatening to reduce the margin, slow down service, or terminate the relationship. The basic problem with this approach is that the producer has not really studied the need, problem, strength and weakness of the distributors, instead the producer put together a miscellaneous set of device that are based on the crade stimulus response thinking. Mccammon notes.

"Many program (developed by the manufacturer) consist of hastily improvised trade deals, uninspired dealers contests, attitude towards distributors programming is a luxury that no longer can be easily afforded".

More sophisticated companies try to forgo a long term partnership with their distributors. This calls for one manufacturer developing a clear sense of what it wants from its distributors, and what its distributors can expect from the manufacturer in terms of market coverage, product availability, market development, account reconciliation, technical advice and services, and market information. It seeks agreement from the channel member on these policies and may even set up compensation base on adherence to these policies. In one case, the company instead of paying a straight 25percent sale commission, pays the following;

1. Five percent for carrying the proper level of inventory
2. Another 5percent for meeting sales quotas
3. Another 5percent for servicing the customers

effectively

4. 5percent for proper reporting of final customer purchase levels
5. Another 5percent for proper accounts receivables management.

Distribution Programming is still a further stage in the possible relation between manufaccurer and their distribution. McCammon defines this as a building a planned, professionally managed, vertical marketing system that incorporates the needs of both manufacturer set up a special department within the marketing department call distribution relation planning, whose job is to identify the distributors need and build up the programme merchandising and other program to help distributors to operate as optimally as possible. This department and distributors jointly plan merchandising goals, inventory levels, space and visual merchandising plans, sales training requirement and advertising and promotion plans. The aim is to convert the distributors from the idea that they make their money primarily on buying side (through an adversarial relation with the supplier) to the realization that they make their money o the selling side through being part of a sophisticated vertical marketing system.

2.11 DISTRIBUTION:- OVERVIEW

Distribution is a very important area of marketing and is a logical end of production

processes. Usually, more actual effort need to be put in the establishment and maintenance of distribution system in developing countries than in any other area of marketing activity. This is moreso because they are critical to the success of most endeavours. Two basic aspects of channel decision place them among the most critical marketing decision of management. The first is that "Chanel chosen for the company's products ultimately affects every other marketing decision," and the second is that "channel decision involve the firm in relative long run commitment to other firms. Channel provide the institutional linkage through which producers products flow to the market. The choice of marketing channels is always not easy in marketing management decision". [25]

Secondly, the product nature, its unit value, its degree of differentiation from competitive products may limit the number of possible channel alternatives. [32]. Also estimates of the sales volume and the cost could greatly influence channels decision. A manufacturer could decide either to use mass or exclusive distribution. Mass distribution provides maximum sales exposure for a product where exclusive distribution involves using a single middleman. For essential commodities, multiple channels and long channels are used to achieve mass distribution intensity.

The number of channel members needed depends on the coverage desired and is in turn influenced by

the nature of the products. Therefore, distribution involves the movement of goods from the producer to the ultimate consumer. The movement of goods may be direct from the producer to the consumer or through various types of intermediaries or middlemen, depending on the perishability of the item, among other factors.

Channel of distribution performs such function as creation of a place, ownership and time utilities. The goods on the shelve in the company's warehouses for example are of no use if they cannot be moved to where the consumer can buy them. Channels of distribution do bulk purchasing, assume task and break the bulk. That is to say, it entails the task of buying in large quantities from the producer and storing them for the final consumption. It also involves risk bearing in term of products absolency, robbery and fire out break and other likely natural disaster.

Lastly, it perform the functions of buying in large quantities and selling in bits as desired by the customers. [23]

Richard Burskirt defines channel of distribution as "a network of institution that have developed relationship with each other to facilitate the process of moving goods from the point of producers to their intended market." [23]

2.12 THE IMPORTANCE OF MARKETING TO THE NIGERIA ECONOMY

As a result of continues existence and dominance of the sellers market in Nigeria, practitioners of marketing have been blind folded as to the importance of marketing in the economic development of the country. Such a situation leads to the misconception that whatever is produced will be consumed since consumers have no option.

These rather unfortunate situation i.e the neglected role of marketing, is not only peculiar to Nigeria but to most other developing countries of the world. From the marketing point of view, the Nigerian economy exhibit the requisite characteristics for marketing system to operate efficiently in the country. It has an expanding economy which calls for the need to market new and increasing number of products and services. Again, it operates a free enterprise system, hence competitive atmosphere is said to exist. That is marketing efficiency can be generated and made to contribute significantly to the economic growth if competitive situation exist in the business in general.

Because of the narrowness of marketing characteristic the barter exchanges still features prominently in some areas of the country. It is the task of marketing to develop wider markets and extend marketing and distribution activities which

will expand the scope of exchange transaction.

The development of new industries should go hand in hand with the development of new markets, otherwise the output of such industries will be worthless without a ready market. Marketing has the role of converting the latent purchasing power resulting through increase income to an effective demand.. The change in particulars can be brought about through aggressive advertising. Provision of goods and services through the use of mass production and effective merchandising technique may go a long way in eliminating the problem of scarcity and thus bringing to minimal the gab between the rich and the poor.

Marketing as a multiplier of managers and entrepreneur in wider developed economy will as a matter of fact provide a useful training ground for the development of managerial and entrepreneurial talent much needed for the economic development in Nigeria.

Capital formation can be achieved through marketing efforts aim at shifting investors preference from trading to production and dissemination of investment opportunities. The lack of technological know how and apathy towards investment of funds in industries that retard the development of private sector in the country.

The Nigerian attitude to work and the overall national consciousness toward discipline work leaves much to be desired. There is insatiable demand for

affluence and conspicuous consumption. Marketing hopefully should help in changing such values.

2.13 ALTERNATIVE CHANNEL CHOICE FOR ESSENTIAL COMMODITIES IN NIGERIA.

A channel for distribution of essential commodities in Nigeria can also depend on the following: either to go on (i). Distribution Intensity (ii). Mass or Intensive Distribution (iii). Selective Distribution (iv). Exclusive Distribution.

a. Distribution Intensity: It is essential for a manufacturer to also decide how many middlemen it should seek at both the wholesaler and retailer levels. What this means is that in the case of consumer goods such as milk, eggs, detergent etc he must determine the number of retailers, wholesalers, agents and so on and the number of salesmen needed, the number of district sales manager etc.

Decision concerning the number of middlemen may be thought of as decision of the degree of distribution intensity; mass and exclusive with various shades of selective distribution in the middle.

b. Mass or Intensive Distribution: Mass distribution provides maximum sales exposure to a product. It is ordinarily adapted by manufacturers of consumer convenience good. A

manufacturer of convenience goods must have his goods or products available in any stores where consumers are likely to seek them. In the field of industrial product, intensive distribution is usually limited to operating supplies or other highly standardize items such as janitorial supplies, small tools and some lubricants. The extent of the work ability of intensive distribution relies on the retailers,. For instance, a retailer may decide to limit his assortment of toilet soap to just a few particular brands. Also intensive distribution places the burden of advertising and promotion on the shoulder of the manufactures. This is because wholesalers and retailers are not going to help advertize a products that all competitors are selling

c. Selective Distribution: Some manufacturers instead of adopt the selective type of distribution. That is, they actually use more than one but less than all of the intermediaries - who are wiling to carry the products. Selective distribution can be for all classes of products and by both established and new firms. The reputation and ability of local dealers however, influence the selection.

Selectivity of distribution is extremely important to the merchandising of quality men's wearing apparent, "selective distribution lower marketing cost. By the limiting number of accounts

sold, total distribution cost can lessen considerably, and frequently a little volume is sacrificed". Burskirt pg. 375. Selectivity can also reduce credit risk because the dealers are choosing on grounds of creditworthiness. It is also an effective tool for ensuring, to some degree, the consumer satisfaction with the product on service obtained, since the selected dealers will be capable of handling this aspect of marketing.

d. Exclusive Distribution: Here the supplier of the manufacture enters into agreement with a particular wholesaling middlemen or retailers whereby the supplier will sell only to that wholesaler or retailer in the given market. Under this exclusive distributorship (with a wholesaler or exclusive dealer with retailers), the middlemen are sometimes prohibited from handling a directly competitive line of product.

Exclusive selling agreement is common between the manufacturer and retailer. But may also be established between a manufacturer and a wholesaler as in the case of appliances and car parts.

When used: Exclusive distribution is used when any of the following conditions exist. [25]

1. A new firm having difficulties establishing a distribution system and securing desirable middlemen or an established form trying to market a new product. A risk exist because termination of the agreement by the

manufacturer may generate ill will.

2. Exclusive dealership is often used in the marketing of consumer especially products, and also expensive men's suits sold under heavy advertised brand.
3. Management often adopts this policy when it is essential that the retailer carries a large inventory in order to ensure customer adequate choice. Exclusive distribution is also desirable when the dealer or distributors must furnish installation and repair service as in the case of large machineries.

2.14 DISTRIBUTION CHANNEL MANAGEMENT

Management of the channels of distribution can be seen as the analysis of the organisation's programme, its planning, implementing and control to facilitate desired exchanges with target markets through proper channel of distribution in order to achieve the set organisational objectives. Distribution management in brief, involves getting the product or service to the consumer when he/she wants and where he/she wants it.

The development of appropriate channel management or strategy is preceded by objective setting. As may be expected, objective setting can take several forms depending on the goods a firm set for itself. However, typical distribution channel management objectives may include:

i. Growth in sales through distribution in new

markets

ii. Maintenance or improvement of market share through existing channels

iii. Achievement of a pre-determined pattern of distribution.

iv. Creation of an efficient channel system e.t.c for achievement of channel objectives, a firm decides on the channels its goods will pass through to reach the consumers. A number of alternatives are available to firms producing consumer goods. These alternatives may be to select any of these channels among others:

(i) From manufacturer → the household or

(ii) From manufacturer → wholesaler → retailer → household.[8]

Another area of decision making in channel strategy is determining the actual number of components that will be involved in the channel. The answer to this will be guided by whether the firm wants an exclusive, extensive, limited or selective distribution for its goods. This decision relates to the degree of exposure a firm wants for its product in the market. A firm's choice is dependent among other things on its objectives, types of goods, market size and dispersion, competition, environment etc.

The selective distribution strategy is often used to market furniture because of its unique use both to household and industrial users. Selective distribution is a special aspect of limited

distribution where sellers who can sell most profitably are carefully selected by the manufacturers, since the goal of physical distribution strategy is the minimization of costs of storage and physical movement of goods from factory to ultimate user. Where a firm undertakes physical distribution activities with consumer goods, decisions are taken in these areas:

i. The extent to which a firm centralizes or disperses its inventory.
ii. The optimal inventory to carry; and
iii. The selection of mode of transportation to use in conveying its goods from the factory to the point of need.

2.15 PROBLEMS OF EXISTING CHANNELS OF DISTRIBUTION IN NIGERIA

There are allegations of diversion of goods into private trade at various stages of the distribution pipeline and favouritism in allocation of shops.

Moreover, there are some genuine logistic problems of storage and transportation and the periodic management shake-ups at the NNSC itself makes execution of government plans to fall flat. In 1979 a kilograms bag of rice was sold for between ₦25 - ₦35 and by mid 80's the price had reached nearly ₦120 and almost ₦2000 in 1995 and presently

in sold for about ₦3,500.

This problem can be counted in the part of the manufacturers who have a problem in the selection of most appropriate channel out of the ones below:

1. Sell directly to consumers, the number of salesmen and vans required and logistics involved would be too expensive for effective management of the channel.
2. Sell to en-large network of wholesalers, say 10,000 for example who would sell to retailers who in turn will sell to consumers, by passing the distributors. The number poses a problem to their control and there is the issue that most of them have no sales force and vehicles necessary for redistribution.
3. Sell re-directly to petty traders. This is also quite expensive for the manufacturers, since we have more than one million petty traders and they have little involvement or royalty to the manufacturer.
4. Sell to supermarkets and self service stores. Experience has shown that these outlets were invaded by petty traders who will buy off the products within minutes and sell them even within the premises at exorbitant prices.

Finally, another major factor is the uncontrollable population growth. As recently reported, Nigeria population growth could reach 150million or more by the year 2000. In other words, in six or five years time, our population

would have grown by more than 50 percent. It follows that efforts must be made to put a check on population growth. This could ensure that the limited essential commodities can be distributed equitably. In all earnestly our major problem is actually knowing our population since we have been making projections (right wrong) from census.

AVAILABILITY OF RAW MATERIAL IN NIGERIA :

This deals with the root cause of the distribution problems we have today in our country. It is rather intriguing that Nigeria after forty years of independence, a country blessed with abundant natural and human resources could be faced with such a predicament that many families were out of job since some of the factories established in the country were shut down due to lack of raw materials.

Majority of Nigerian industries have grown and developed, very little concern as to how their raw materials will be obtained and in most cases like the detergents, there has been about 95 percent dependence on imported materials for production. Many took it for granted that the raw materials have been imported, and it is imported as none is available locally or efforts have not been directed to identify the local raw materials that could be used as closed substitutes. The raw materials for rice is rice itself. Several factors are impossible for the phenomenal growth in rice production and importation in Nigeria within this considerable period. Among these are the increase per capital

demand for rice from 5.30kgs per year in 1968/69 to 6.9kgs per year in 1975 and further projected to over 15kgs in 1995 respectively. Presently it is projected to the 35kg. Increase in per capital rice consumption is related to the fact that rice seems to show a fairly significant income elasticity. The break through of the recommendation of the Udoji Commission's award in 1976, makes benefits in sectors other than those of consumer durables, which in turn bore immediate impact of the over generous income-arrears awards, those who particularly felt the effect are the low income earners especially sector.

Moreso, the astromical increase in rice importation can be abscribed to the fact that the rise in the consumer income has made him/her to be more favourably disposed to imported rice than the locally produced ones. Again the imported rice has more advantages to the users for it has no stones, no repeated washing and it is more clean and well packed.

Other factors responsible for increase of locally produced rice include, the impact of the rice research and extension activities of the government, the price incentive and the impact of the National Accelerated Food Production Programme (NAFPP) which was launched in 1984, introduction of various governments considerable subsidies on rice inputs inform of fertilizers and improved seeds, and the pattern and intensity of cultivation including

climate, edapic, biotic/cultural and sociological, rainfall and water availability are the major determinants. In fact, the importance of rice in the Abakaliki area of Anambra State is partly due to the fact that water is retained for long periods in the upper soil layers caused by very deep shale in the subsoil and slit deposits at flood times.

Upland rice cultivation depends on 762-1270 of rainfall per annum. Such rainfall conditions make most parts of southern Nigeria and the middle-belt, especially areas of southern guinea savanna suitable for the cultivation of upland rice. North of the 762mm isohyet rice is cultivated mainly through the aid of irrigation.

In Western Nigeria, the main rice producing areas are located to the south and north of the main cocoa/kolanut zone. In the south, rice has been cultivated in parts of Abeokuta province since the early years of the 20th century. In fact, this was the first area of western Nigeria into which otyza sativa type of rice was introduced by the agricultural department and the variety of crop grown there known as ofada.

The production of the crop became important in the Owẹde, Odeda, Wasimi, and Ifo areas all located in the southern and south-eastern parts of Egba division. It was from this core that rice production later extended into parts of adjacent Egbado and Remo divisions.

In the Northern boundaries of cocoa zone, the main rice-producing areas are northern Ijesha, western, northern and central Ekiti division and parts of Akoko division.

Production of rice in the Shaki area of northern Oyo state is somehow isolated from the remaining group of rice-growing areas in this northern parts. But for the Shaki area, where some swamp rice is cultivated, upland rice pre-dominates in all these divisions. Production in Akoko division is yet an extension of the northern Ekiti rice-producing area while all the production in Shaki area is probably below 120 hectares.

Other two types of rice cultivated in the southern parts of Nigeria are the limited production of rice along the tidal fresh water swamp of Niger Delta and on the flood planes at Ilushi. Both areas depends on river floods as supplementary or sole sources of moisture for rice production.

Although the potentialities for rice cultivation are immense in the Niger Delta, problems of drainage control have made it necessary to develop special projects in order to stimulate rice-cultivation in the area.

Between Kaduna and Jatan rivers, potential areas have been estimated at 81,000 hectares with probably less than half of this under cultivation presently. A further 1498.5 hectares cultivated are in Native Authority Irrigation projects at Badegi, Dozhigi and Logwana (fed. Ministry of information,

1970). Benue and Plateau states, which in 1971 produced 31 percent of the country's total rice out put has important producing areas in Gboko, kastina-Ala and Markudi divisions which together accounted for about 58percent of the state's output that year. Other places in these states of rice production are Otukpo, Shendam and Wukari divisions.

In the northern parts, rice is also grown in Sokoto. From the above, it is obvious that rice can be produced virtually everywhere in Nigeria. It also shows the efficiency and effectiveness of Nigerian farmers in rice production inspite of the many constraints and handicaps which confronts them. With regards to the raw materials for the detergents, omo, specifically, the following readily comes to mind:

1. S.T.P.P - Sodium Tripoly Phospate
2. S.T.S - Sodium Tolene phosphate
3. S.S - Sodium Sulphate
4. A.D - active detergent
5. Perfume
6. Water
7. Mono Astra Blue.

Apart from water, all the other six raw materials are mainly imported from United Kingdom and the United States. Omo like other soap is the interaction product of caustic Alkali and fat. Fat is a mixture of triglycerides whose composition varies according to source. A triglycerides is an ester formed when the tridric alcohol combines with

fatty acids in the ratio of the molecule of glycerol to three acid. The fatty acid radicles may be identical, but in natural fats, they are more often different.

Common soap maker selects and blend facts to create useful soap characteristics, such as good lather and economic rate of water.

Soap molecules, in aqueos solution ionize. A small proportion of soap ions will subsequently hydrolyse to fatty acid molecules and this have a significant role to play.

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CHAPTER THREE

3.1 RESEARCH METHODOLOGY

Methodology means the methods used in compiling data for a research, because the selection of the data forms the basis of the data collected and their sources.

The major aim of this research work is to appraise or evaluate the effectiveness of the channel of distribution management for some selected essential commodities in Nigeria. Hence for any given problem to be solved, data relating to the subject matter must be collected and such data collected must be evaluated and analyzed properly.

However, this chapter is meant to describe the procedures and approaches adopted in conducting this study. It is divided into the research methods, the methods and sources of data collection, method of data analysis and the last part summarized the whole chapters.

3.2 RESEARCH METHODS

Basically, there are four methods of research namely:

i. Historical research method
ii. Descriptive research method
iii. Experimental research method and
iv. Predictive research method.

I. Historical Research Method: The Historical

research method deals with the determination, evaluation and examination of past events essentially for the purpose of gaining a better and clearer understanding of the present and making a more reliable prediction of the future. It is different from other methods in that, a researcher is expected to define the problem, formulate an hypothesis, collect and critically analyze the data and finally interpret findings.

The purpose for which research is undertaken varies as there are many individuals who are engaged in the activity. However, they can be outlined under the following leadings

a. The first purpose of undertaking internal research is to gain a clear perspective of the present situation. Most things have a history as it is generally profitable to be acquainted with history if the problem is to be fully understood.

b. A common motive underlying historical research is the simple scholarly desire of scientists to arrive at an accurate account of the past. This may involve nothing more than a scholarly interest in truth, that is, the desire to know what happened in the past.

II Descriptive Research Method:- This is concerned with the collection of data for the purpose of describing, interpreting and analysing existing condition but the central

purpose of descriptive research is the discovering of meaning.

Descriptive research gives a true picture of a situation with a full understanding (description of the phenomena). Accurate descriptions are imperative for making a wide range of policy decisions.

The ultimate goal of scientific research is the deduction of generalization that provide the basis for making predictions while generalizations are beyond the province of the descriptive research.

Other research methods include the following: Experimental Research Method:- This is a systematic and logical procedure of identifying and evaluating the relationship between variables that create a particular state of affairs under control condition for instance, H_2O represent two molecules of hydrogen and one molecule of oxygen explaining a relationship (which crates a particular state of affairs under control conditions).

Predictive Research Method:- This method deals with what probably will happen in the future. Its probability in nature .

Bearing the title of research work- An appraisal of the effective channels of distribution management for some selected essential commodities in Nigeria, it will be of immense importance to state that, the presentation of this study has been more of historical and to a large extent descriptive in nature.

Essential commodities which may have not been channeled through the proper ways may have caused a lot of undue hardship to the ultimate consumer hence there is the need to critically assess these hardship thereby proffering suitable solutions to the problem, for instance, in the 80's railroad were cheaper means of transportation but railroads are not actually functioning these days as it use to be. Some of this essential commodities are imported while some are made within the country.

3.2 METHODS AND SOURCES OF DATA COLLECTION

The word data means fact or unevaluated message, a raw material which are independent entities and are unlimited in number. Data can be classified into two, viz;

i. Qualitative data or attributes
ii. Quantitative data or variables.

However, a variable can be further classified into independent and dependent variable.

Data can be sourced in any types of research work to meet the need in question from two means and these are; (a) Primary source and (b) Secondary source.

The primary source of data is seen as data which in itself means earlier and original. These are information obtained from the original source (not from journals, or books). This includes the use of questionnaire, observation and direct contact with those concerned.

On the other hand, the secondary source refers to source other than primary source. The data obtained here include those from the use of journal, textbooks. e.t.c.

In all ramification, the data collected or gathered for this work have been from both the primary source and the secondary source.

3.3 METHOD OF DATA ANALYSIS

Having obtained the data, the same data needs to be analyzed in order to make sense. This chapter tries to present the methods used in analyzing the data collected.

Data analysis refers to strategies and procedures for summarising and exposing relationship among the variables in which the data have been collected. Data analysis decision are rarely made solely after the data have been collected.

The task of analyzing data is guarded by some assumptions as relationships are in most cases sought in the process. Some of these assumptions are that:

a. Hypothesis must be constructed before data are collected, although it is sometimes impossible to do this especially when the researcher suddenly stumbles on expected finding in the course of the study.
b. Unicausal explanations (that is A causes B) should be distributed, the attempt being directed in most cases in seeing relationships

between more than two variables.

c. The effect of some independent variables maybe interactive rather than additive.

As stated earlier there are various methods of analyzing data collected for research purposes, for example, single variable analysis, repression analysis comprising of single and multiple regression cordation analysis, T-text analysis of variance, factor analysis, discriminate analysis, non-parametric tests, test of hypothesis etc.

For the purpose of this study the method of analysis which involves the examination of only one variable at a time and this is used to analyzed data gathered for descriptive purposes.

CHAPTER FOUR

4.0 DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

Adequate information is the life blood of decision making and management. To effectively analyze a phenomenon requires a thorough understanding of relevant facts depending upon the availability of data.

Thus, to effectively analyze the physical distribution function of essential commodities, it is necessary to conduct an absolute analysis of organisations such as Lever Brothers Plc, Paterson Zochonis Plc (PZ), Levent is stores presently Called Peoples Choice Super stores. The researcher therefore tries to briefly analyze the effectiveness of the channels of distribution management of essential commodities such as rice and detergents produced or manufactured by these organisations. The roles of middlemen were critically analyzed.

However, the analysis purely limited within the scope of data available, this is because of high level of completion by PZ, Peoples Choice Superstores and ignorance of the consumer of such products or commodities. In order to obtain adequate information as regards the topic- Appraisal of the effective channels of distribution management for some essential commodities in Nigeria, two set

of questionnaires were administered on the manufacturers, Levers Brothers Nigerian Plc (specifically people choice superstores Kaduna (former Leventis) Middlemen and some distributors of the Nigerian National Supply Company(NNSC) for rice on the consumer of other essential commodities here in Zaria.

- The first set of questionnaire tried to compare the production and distribution of detergent and rice hence these two product are the focus of this study, while people choice super store and Paterson Zochoris (PZ) which have been in detergents business for upward of eight-hundred years now, the NNSC has been in the distributive trade for rice only for about sixty years. Omo detergent makes use of Sodium Tripoly Phosphate (S.T.P.P), Sodium Toluene Phosphate (S.T.S.I), Sodium Sulphate (S.S) and Active Detergent (A.D), perfume, water and palm and vegetable oil as raw materials, while the rice sold by NNSC was all imported from the U.S.A and Thailand and Pakistan.
- However, over the years, there was a huge decline in the production of detergent due to scarcity of raw materials, limitation of import licence, over dependence of imported raw materials and lack of spare parts to service machines in the early 80's. Also corrupt practices of some middlemen accounted for the scarcity and high cost or price of this product

(detergent). Some of the middlemen (distributors) adopted a corrupt means of selling in order to enrich themselves. This can even account for the present problem being faced by the Peoples Choice Super Stores (PCSS) which led to changing the company's name.

- Appointment of distributors of the NNSC by the government is normally based on influenced with the government; while that of the Lever brothers is based on capital availability, large warehouse, large retail outlets, and distribution vans. See distribution channels for Omo and Rice.

Omo:- Producer - Wholesaler -Retailer - Consumer

Rice Importer - Agent - Retailer - Consumer

- A point of interest is that when distributors flout company's selling price, Lever Brothers claim they could terminate them permanently, while in case of the NNSC, they claim they don't have any direct influence on the activities of their distributors.
- It was also discovered that the Nigerian National Supply Company (NNSC) does not engage in any form of backward integration by encouraging local farmers. But on the other hand, Lever Brothers Nigeria Plc has commenced experimental planting of sunflower and other annual crops ranging from palm plantations in Imo state, Ondo and Delta states over the

years. Sunflower, Soyabeans and Benni seed in Kano and Kaduna states, which when it meets objectives will go a long way to help salvage our national economy.

- Moreso, the following solutions were recommended by the two companies for the problem of distribution of essential commodities in Nigeria. They include;

1. Direct sales to consumers
2. Elimination of too many middlemen
3. Encouragement of co-operative societies
4. Encouragement of local producers and
5. Importation of essential raw materials and spare parts.

Now going to analysis of the questionnaires administered on consumer of essential commodities both questionnaire were issued out and had only one hundred returned. Questionnaires were distributed randomly to lecturers, registry staff, primary and post primary school teachers, consumers on street, clerks, cleaners and messengers.

1. The first question sought to know the family size.

Family Size:	No:
less than 6	23
6 - 7	27
8 - 9	26
10 - 11	14
12 and above	10
Total	100

Unlike a situation whereby you find more than ten people in a house hold in Nigeria especially in

the villages about 65%, of consumers investigated have less than 8 peoples in the house now.

2. The total income for the family members per annum is:

Income P/A:	No:
Below 130,000	26
130,000 - 250,000	24
250,000 - 300,000	27
300,000 - 500,000	13
500,000 and above	10
Total	100

It is pertinent to note here that Nigerians see the issue of salary as strictly confidential, so the figure supplied might be an under-statement of their actual annual earnings. Though some are in businesses and might have refused to disclose what they earn as profit on monthly basis.

3. Average number of regular consumers of rice. The questionnaire was administered to the consumers of rice to find out their opinion on the consumption of the product. The table below shows an insight to the percentage of the respondents.

OPTION	TOTAL NO ADMINISTERED	FILED AT RETURNED	
		NO	
VERY IMPORTANT	89	89	89
NOT IMPORTANT	11	11	11
TOTAL	100	31	100%

This goes to prove that an average Nigerian had developed an expensive taste for rice when we see that inspite of the high price the consumer complain about, (about ₦200 per measure normally called "mudu", we can still get 89% of them still consuming rice regularly. The 11% of those who don't eat rice regularly adduced high cost and scarcity as their principal reasons.

4. The average cost of a 50kg bag of rice in the market is about ₦3,350. This price is too high when compared to the government price of ₦2500.
5. The number of people that supports the banning of rice is:

Table 4.3

OPTION	TOTAL NO ADMINISTERED	FILED AT RETURNED	
		NO	%
YES	71	71	71
NO	29	29	29

The high income earners which makes about 29% of the returned questionnaire do not want rice importation banned, whereas majority of the low income earners who see rice as luxury suggested the ban on the importation of rice. Out of the 100 questionnaire returned filled, 29 suggested that, rice importation should not be banned.

6. Those who supported the ban on importation of rice gave these reasons.

a. Conservation of our meagre foreign exchange to importing rice,
b. To increase local production.

c. Provide more job for farmers and millers, adjust our taste for imported products and ensure self reliance,

d. Provide raw materials for local industries

e. It will generate more internal revenue and Nigeria can even think of exporting when we have in abundance.

7. The following substitutes for rice are made:

Table 4.4

Substitutes:	No. of those who suggested the consumption of the under mentioned food items instead of rice.
a. Maize	31
b. Millet	29
c. Garri	30
d. Guinea corn	30
e. Wheat	29
f. Yams	18
g. Sorghum	21

As all these contain carbo-hydrate as food value which rice also contains.

2. On those who does the actual buying in the family/home, it was discovered that the woman (wife) does the buying of those essential commodities (rice).

3. And the actual purchasing of rice mostly take place in the open market, others are co-

operative shops, local govt. H/Q's, and petty traders.

4. On the consumption rate per years, I discovered that people who buy a cumulative total of up to one bag and above do so mainly from the open market, and co-operative shops.

ON DETERGENTS

1. The following are the consumption pattern that was discovered.

Brand	No.
Omo	20
Elephant	4
Klin	2
Ariel	2
Apollo	3
Total	31

Most consumers prefer "Omo" among other brands, moreso, omo has a generic name over others.

2. As to why a particular brand is preferred than other brands, respondents mostly prefer quality and cleaning power, habit and cheaper price as main reasons.

3. The next issue is to find out where consumers buy their detergents from. About 18 buy from open market, 4 from petty traders and distributors each, 4 from supermarkets and only one from co-operative shops. This maybe due to the fact that consumers patronize the open market where goods are displayed since they were no longer seen on the shelves of the

supermarkets or in the vans of the salesman.

4. Availability, nearness and cheapness are the only reasons given by respondents why they buy from particular outlets. At difficult times, customers are forced to buy from any outlet carrying any detergents.
5. On consumption rate, larger families consumed more than families with less members. There is no significant impact of high or low income since detergent being a necessity is widely consumed by both high and low income earners.
6. Those who do not use only detergents have toilet soap, bar soap, soda, black soap, lux flakes and others as their alternatives. Moreso, most of the respondent do not belong to co-operative societies.
7. On investigating further why most respondent do not belong to co-operative societies, the following reasons were given.

a. No interest
b. No knowledge of the existence of anyone around
c. No money to register
d. No God Father

8. The following solutions were offered generally to solve the problem of distribution of essential commodities:-

a. More consumer co-operative shops who will sell only to registered members.
b. Government to issue import licence to only those who trade on essential commodities and

spare parts.

c. Commodities should be sold directly through workers establishments to their members of staff.

d. More essential commodities be produced and flood the markets.

e. Government should establish centres in villages and towns registering the consumers and selling directly to the consumers who will be issued a card each.

9. Finally the following suggestions were given by the consumers to aid the NNSC in its distribution:-

a. To sell to workers in their different sizes

b. They should re-package rice to different sizes e.g 2kg, 5kg, 8kg, 10kg, 15kg etc to meet the need of different consumers buying capacities

c. Local farmers should be encouraged by giving them improved seedlings and making fertilizers available to them at cheaper rates.

d. The NNSC should sell mainly through the consumer co-operative shops in the country.

10. Many suppliers and consumers have also indicated non-availability of raw materials or regular supply of the essential commodities as the major problem for distribution of essential commodities.

11. Most of them (both manufacturers and retailers) have opted for the selective type of distribution as the best option in alternative

channels selection for the distribution of essential commodities in Nigeria.

12. This study also reveals that distributors of rice and detergent (lever Brothers, Paterson Zochoris (P.Z), peoples choice super market stores) types, benefits and disadvantages of the types of middlemen available and their functions. The result of this study can go a long way to educate them.
13. The researcher also discovered that the companies (NNSC, PZ, ACSS and lever Brothers) make no good homework at all in the selection, motivation and management of their channels of distribution.

CHAPTER FIVE

5.0 SUMMARY, RECOMMENDATION AND CONCLUSION

5.1 SUMMARY

Distribution is the term used to described a range of activities concerned with the movement of finished products from their sources of production until it gets to the final consumer quality also applies to the movement of raw materials from sources of supply to the beginning of the product line in a competitive marketing environment. Distribution is one of the key elements used to strategically maintained and/or increase a firms market share. However a number of constraints impede the efficient and effectiveness distribution of goods in Nigeria. This is partly due to non availability of adequate infra structural facilities and effective channel of distribution management.

The research analyzed the practice of physical distribution management of essential commodities in Nigeria such as rice, omo, klin, Ariel etc. These products are produced by companies such as Paterson Zochonis (PZ) here in Zaria, peoples choice super store in Kaduna, Lever Brothers Plc. Though there are distribution zones. The segment of these areas were built and located strategically to ensure proximity and continuity in supply. This was not achieved by people choice super stores formerly

Leventis stores due to the corrupt practices of their distributors.

The products or commodities are distributed in two ways, the first system is where distance from the plant is so long. These commodities are first moved from the plant where they are subsequently distributed to the concerned wholesalers and retailers. The second is where distance is reasonably short from the plant, the commodities can be distributed directly from the plant to the retailers or consumers. This is sketched as follows:

i. PRODUCER → WHOLESALER → RETAILER → CONSUMER

ii. IMPORTER → AGENT → RETAILER → CONSUMER

Due to the long chain involved before these items finally get to the final consumer and the corrupt practices of the middlemen, it is deduced that, some of these items should be sold direct to the consumer.

5.2 RECOMMENDATIONS FOR EFFECTIVE CHANNEL DISTRIBUTION MANAGEMENT IN NIGERIA.

The issue of distribution of essential commodities in Nigeria can be effectively handled in two ways:-

1. Enough supply of these commodities to enable the forces of demand and supply to bring down prices and
2. Effective distribution backed by agents surveillance.

A. Manufacturers should sell directly to government and private institutions to avoid the submission of ghost names. The essential commodities should in turn be distributed to the members of staff on equal basis.

Government should identify the ten top priorities of essential commodities like food, raw materials, spare parts etc and approve import licence for them and a flow economy within a lot of finished product. Once this is down, production and supply of the commodities will greatly increase and prices will actually come down.

B. Most importantly, what we need is self-reliance. Self-reliance as a national development strategy refers to a nation's determination to rely on the utilization of domestic resources to produce most of its requirements in the form of goods and services.

This means efforts to mobilize unutilized resources capable of producing required goods and services, as contrasted with an open door policy which allows imports of goods and services for which a country has no comparative advantage. The elements for self-reliance strategy includes;

1. Heavy reliance on domestic resources for the production of required goods and services.
2. A reduced dependence on imports.
3. Domestic prices are relatively higher than they would have been in the absence of self-reliance.

According to Dr. D.K Murty of the University of Agriculture, Kan Pur, India, in new Nigeria of Monday 26th march 1984 pg. 9, he said "Nigeria can produce enough rice to feed the African continent if the government provides right incentives: he added that all the cereals produced in Nigeria, rice would be the easiest to cultivate in large quantities because its varieties could be cultivated in any part of the country. Government and its agents should take note.

C. Also, channel strategy should be based upon the firm's target markets and marketing objectives. The role of the channel of distribution should be carefully integrated with the various components of the marketing programmes to achieve effective marketing strategy. The two products in question is omo and rice are consumer market products as against industrial market products that will make use of direct distribution channel, therefore we shall still make use of intermediaries, though as minimal as possible taking into consideration the advantages that will accrue to manufacturers and consumers alike.

It is therefore recommended that the manufacturers sell directly to the distributors who should in turn sell to their own limited geographic locations with their own appointed retailers who is controlled by the distributor. The companies on the other hand should send their auditors on field,

supervision to monitor the activities of the distributor covering different territories at random. And any distributors found to be defaulting should be handed over to the government body set up to try economic saboteurs to mate out effective punishment. This will be a lesson to others. The form of the effective distribution channel should be thus:-

Manufacturer

↓

Distributors

↓

Consumer

↓

Retailer

D. I also recommend another channel to sell directly to consumers co-operative based in a geographical location. Consumer co-operative should be formed with the approval of the government ministry concerned and send of approval consumer co-operatives to manufacturers, who will then recognize selling stocks of them immediately.

E. Small scale farmers who form the bedrock of our agricultural output should be fully encouraged by the federal government.

F. The federal and state government should spend at least 25% of their annual budgets on agriculture.

G. It is not also unwise for the government to encourage all private sector with a turnover of more than N10 million to invest at least 10-20% of their turnover in agricultural production to enhance backward integration.

H. Moreover, storage facilities for 500,000 tonnes of grains should be provided by the government in all areas of production. Moreso, the land use decree should be fully implemented throughout the country so as to make it easy for farmers to acquire land.

I. The Federal Government should ensure that the Nigeria businessmen re-orientate their activities towards exploiting and making use of the available raw materials in the country. The development of our local raw materials and the fabrication of spare parts would require government to relax some measure in order to import the necessary machinery and other accessories.

J. While the government should also assign specific tasks to our research institute, universities etc to perform in order to quicken the development of local substitutes for both imported raw materials and spare parts, Nigerians should reject the high price and go for their substitutes.

K. Also, the establishment of the consumer protection council in 1995 to safe guide the guidance from the exploitation of the marketers

of consumer goods is a well-come idea, which when fully implemented according to plans, can go along way to bring prices of essential commodities down. At the same time, we are also grateful to God and the federal government for the establishment of the ministry for solid minerals, which will develop and utilize our local raw materials in conjunction with the raw materials research and development council, whose product would be exported to generate foreign exchange for the country as well as satisfy domestics needs.

L. Finally, if we fail as a naticn to take the present economic crunch to develop a sound raw material base and a realistic industrial policy, we shall for many years to come be enslaved economically to Europe, America and Adia. Now a dollar is officially changing at ₦120 and ₦130, not to talk of parallel/black market. With commitment, dedication and discipline, we shall be self-reliant. But the question is when can a Nigerian be so dedicated, disciplined, patriotic etc in order to freedom in all spheres of life and become self-reliant? Left to God to answer.

5.3 CONCLUSION

In all business endeavour, the consumer is always the "King" and his satisfaction remains the objective for setting any businesses. In the final

analysis, it is the impact of the consumer which shapes the policy and practices of the business. In economics, the economist are of the view that production is not done for its sake, and not for the producers (as can be seen in sellers market in those days), the economist therefore contended that no production is complete until the goods and services reaches the final consumers. If we agree with this, marketers of our essential commodities particularly the NNSC distributors and Lever Brother Nigeria Limited must adopt concrete distribution philosophy and let it permeate its entire operations. with its competitors, it can not but adopt distribution and marketing strategies and practices which encourages healthy competition, for it is only those manufacturers of essential commodities who can satisfy their customer's need and wants through integrated marketing and integrated distribution channel strategies that have the hope for long-term success.

Omo and rice are essential commodities that consumers must give preference to, in their "budget". Though the prices of these commodities are getting higher daily, still consumers cannot afford not buying them, because of their essentiality and necessity in life. Government and these marketers concerned should make sure that these commodities are fully available in all parts and corner of this country at affordable prices.

It is important to note here finally that marketers of essential commodities, for example developed and properly integrated marketing and channel distribution systems if it hopes to withstand the onslaught of the number of small scale competitors coming up and satisfy their consumers by making these commodities available to them where they need them at affordable prices.

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QUESTIONNAIRE FOR MIDDLEMEN AND MANUFACTURERS FOR DETERGENT AND RICE

1. Name .....
2. Company.....
3. Position .....
4. Are you manufacturer/middleman .....
5. Which product do you deal with .....
6. How long has your company been in business .....
7. What is your product brand name .....
8. What are the main raw materials used .....
9. What factors are responsible for the decrease in product supply over the years

a. .....
b. .....
c. .....
d. .....
e. .....

10. What are the major sources of supply of raw materials for detergent .....
11. What are the sources of supply of your rice?

a. .....
b. .....
c. .....

12. What are the problems encountered in your service of supply of raw materials?

a. .....

b. .....

c. .....

13. What are your package sizes and their price?

a. .....

b. .....

c. .....

d. .....

14. Where are your factories located for detergents?

a. .....

b. .....

c. .....

d. .....

15. Where are your warehouses located?

a. .....

b. .....

c. .....

d. .....

16. List the major criterial for appointing your distributors?

a. .....

b. .....

c. .....

d. .....

17. How many distributors do you have in the company.....

18. What is their geographical spread i.e how many in each state/name of the state.

1.	7.	13	19	25
2	8.	14	20	26

3.	9.	15	21	27
4.	10	17	23	28
5.	11	17	23	29
6.	12	18	24	30
				31

19. What distribution channel do you use?

a. Producer - Consumer

b. Producer - Retailer - Consumer

c. Producer - Wholesaler - Retailer - Consumer

d. Producer - Agent - Retailer - Consumer

e. Any other (specify)

20. Do middlemen of your company sell these products at company price? Yes [ ] No [ ]

21. If the answer to 21 is No, what are the steps taken by your company to ensure that these middlemen sell these products at company's price.

1. .....

2. .....

3. .....

22. What problem do you face in distribution of your products?

1. .....

2. .....

3. .....

23. Do you have shortage of these essential products? Yes [ ] No [ ]

24. If your opinion on 22 is Yes, what is responsible for the shortage of essential

commodities?

1. .....
2. .....
3. .....

25. Are the prices of these products so high or moderate?
26. If the respond on 23 is so high what is responsible for the price of your products in the markets.....
27. What benefits could producer/co-operative serve in terms of shortage
28. Do you have competitors? Yes [ ] No [ ]
29. If the answer to 28 is Yes, who are your competitors?
30. What recommendation can you give for solving shortage of essential commodities in Nigeria.....
    .....
31. Do you treat consumer as "Kings"
    .....

QUESTIONNAIRES FOR CONSUMERS

1. Name .....
2. Address .....
3. Occupation .....
4. How many are you in your family
    .....
5. What is the total earning in your family
    .....
6. Do you eat rice .....

7. If No, why? .....
8. What is the present cost of rice of a 50kg bag .....
9. Would you support banning the importation of rice Yes [ ] No [ ]
10. If a above is Yes, give reasons for your answer .....
11. Do you have substitute prudent to rice?
Yes [ ] No [ ]
12. If it is Yes what other substitutes do you have?.....
13. Who does the buying of rice in the house?
1. .....
2. .....
3. .....
4. .....
14. From where do you buy rice?.....
15. What is the rate of consumption of rice in your house per year? .....
16. What brand of detergent do you use?
1. .....2.....
3. .....4.....
5. .....6.....
7 .....8.....
17. Why do you prefer that particular brand?
1. .....
2. .....
3. .....
4. .....
5. .....

6. .....

18. Where do you buy your detergent?.....

19. Why do you buy from the outlet?.....

20. How many packet do you consume in a month .....

21. What problems do you encounter in buying detergent?

1. .....3.....

2. .....4.....

5. .....6.....

22. *Do you use detergent for washing* .....

23. Give reasons for your answer .....

24. Do you belong to a co-operative .....

25. Give reason for your answer .....

26. Do you encounter any product in procuring these essential product? ....

27. If your respond is Yes, what suggestion would you offer to solve the problem of distribution of essential commodities?

1. .....3.....

2. .....4.....

5 .....6.....

7 .....8.....

28. Do you prefer producer selling directly to you or through middlemen?

29. If your response in 28 is yes give reason .....

30. What advice can you give to the NNSC to aid effectiveness in the distribution of its rice.

1. .....3.....
2. .....4.....
5. .....6.....
7. .....8.....

31. What advice can you give to Lever Brothers Nigerian Limited to aid in it's effectiveness in the distribution of detergent and other essential commodities?

1. .....
2. .....
3. .....
4. .....
5. .....
6. .....
7. .....