PRICING AND DISTRIBUTION POLICIES: A CASE STUDY OF UNITED NIGERIAN TEXTILES PLC, KADNUNA

BY

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DECLARATION

I hereby declare that this thesis is originally written by me; that it is a record of my own research work; and that it has not been presented in any other higher institution for a higher degree. All quotation have been duly acknowledged.

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CERTIFICATION

This thesis entitled "*Pricing and Distribution Policies: A Case Study of United Nigerian Textiles Plc., Kaduna*" meets the regulations governing the award of the degree of Master of Business Administration of Ahmadu Bello University, Zaria, and it is approved for its contribution to knowledge and shcolarly presentation.

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DEDICATION

To the special glory of Almighty Allah and to the memory of my late Mother Alhaja Munirat Ibrahim.

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ACKNOWLEDGEMENT

The successful completion of this dissertation can be attributed to generous assistance I received from individuals whose names cannot all be mentioned due to lack of space.

My profound gratitude goes to my late mother Alhaja Munirat Ibrahim whose efforts enabled me start my elementary education which constitutes the foundation I am building on today. May her soul rest in perfect peace.

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ABSTRACT

This thesis is concerned with pricing and Distribution policies. The study aimed at examining thoroughly the Pricing and distribution policies used by United Nigerian Textiles PLC. in selling its products to the consumers.

In order to facilitate the research work data were collected from both the primary and secondary sources. Personal interviews were also used as a supplement for data collection. The exploratory method of research was used in the course of the study. The research population covered both the staff and management of the organization. Of the total questionnaires administered were analysed by means of simple percentage.

The study was organised into five chapters. The first chapter, which was purely introductory, concerned itself with the background information, statement of the problem. the research question, purpose of study, significance of study, hypothesis of study, limitations and scope of study and methodology. Chapter two focused mainly on literature review covering all such areas as the pricing strategy and policy, setting prices, distribution strategy and policy, customer buying behaviour and other related topics.

While chapter three deals mainly with research methodology of the study, analysis and presentation of data was carried out in chapter four. Finally, in chapter five, the study was summarized and concluded and based on findings, appropriate recommendations were made.

CHAPTER ONE

1.1 INTRODUCTION

Apart from food and shelter, clothing is another basic human need. This is true the world over and Nigeria is not an exception. In family budgeting, the purchase of a product of this unique industry (the textiles industry) occupies an important position. Its ranking varies from family to family, occupying 3rd or 4th position in some family budgets. But with young Generation and among fashion conscious citizens, it is given an unprecedented 2nd position, being the next favoured after food. With some other 'crazy' individuals, it is 'clothing first - the food can come later'. The fact that this industry is Saddled with the responsibility of clothing the entire nation makes it very important sector of the Nigerian Economy.

Textile fibres and their use pre-date recorded history. Archaeological evidence indicate that textiles of fine quality were made thousands of years before written records cited their existence. The history of textiles is an integral part of the history of civilization. The legendary fig leaf of the Garden of Eden was supplanted by textile body coverings. Early civilization possessed both

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ingenuity and a desire to enhance appearance and environment.

The Textiles industry is one of the oldest established industries in Nigeria. Efforts towards the manufacture of textiles in Nigeria began in the early 1960s, although there had been several cotton spinning mills scattered all over the country with majority of them in the Northern and Eastern parts of the country. The mills thrived on the production of finished cotton textile goods such as sewing thread, hair plaiting threads, under- and outer-wear fabrics because the basic raw materials - cotton fibre then, was readily available and produced locally.

Majority of the Nigerian Textile firms concerned with the manufacture and marketing of textile materials for commercial and Economic reasons are concentrated in big cities like Kaduna, Kano, Gusau, Aba, Benin, Lagos and others. Some of the best known names in the industry include United Nigerian Textiles Plc, Arewa Textiles Nigeria Plc, Zamfara Textiles, Nichem Textile Nigeria Plc., Western Textile Mills and a host of others.

It was generally felt before now that the ban on the importation of foreign made textile had shielded off foreign competition and had consequently created a healthy

environment for the Nigerian textiles industry to thrive. However, the fortunes of the industry in the last one decade had started experiencing down-turn. The Market situation in the industry declined putting most of the textile firms in the country in a serious financial squeeze. Many companies in the industry have folded up outright while others have Resorted to the sad experience of retrenching their workers in order to remain afloat.

This issue has been of particular interest to the author; hence the choice to examine the current approach of effective implementation of pricing and distribution policies in the industry with particular reference to United Nigeria Textiles (UNT) Plc.

Pricing is one of the most important elements of marketing Activities within an organisation. It is the process through which prices of commodities are fixed in a market. In other words, it is simply the amount of money that is given in exchange for a product or service. Pricing is Very important for the survival and expansion of any organisation; therefore a good formulated pricing policy to attain such goal can not be overemphasized, especially that this relates to textiles industries where there is a keen competition.

Recognising the importance of pricing in an organisation, Richard R. Still in his book 'Essentials of Marketing' stressed the fact that products can only be matched with markets when both buyers and sellers agree on prices, then do ownership transfers actually occur, and that without prices there can be no marketing. Either buyers or sellers may propose a price or prices, but it does not become one, until it is accepted by the other party.

Pricing policies constitute the framework within which pricing Decisions are made to achieve pricing objectives of an organisation. Thus, pricing policies provide the guidelines within which pricing strategies are formulated and implemented. They form an important part of the company's image and goodwill and should be changed only frequently. Each company needs a 'bundle' of price policies appropriate not only to its pricing objective, but also its overall marketing situation. This is important because, the consumer today is socially aware, economically conscious and educated and critical in his purchases, so that they conform to this Strict evaluative Criteria. This social awareness and education are very important that make it absolutely difficult for the marketer to fool or cheat him (Consumer) as against the most primitiae stage of marketing where there was virtually and universally

accepted object or substance that acted as a common value of measure and people only decided the exchange of their goods through a simple, but crude flattery system of trade which was characterised by a problem of double coincidence of wants, lack of common value for measurement and so on.

Another important aspect that this study will be considering is the 'distribution policy' of United Nigerian Textile Plc. This refers to guidelines or outlines or statements which are written down to serve as pointers to the manner or way that distribution can be effectively handled. In fact Kenneth R. Davis in his book 'Marketing Management' views distribution in terms of a marketing channel which according to him refers to a combination of market intermediaries used by a manufacturer in making his product available to the ultimate consumer. These intermediaries represent a variety of business that perform the functions needed by the manufacturer in moving his product through a marketing channel to ultimate consumer.

These functions can be very complicated, and costly involving ownership, possession, and promotion of goods or they may represent either ownership, possession and a minimum promotion. He stated categorically that the physical distribution function of marketing channel

warrants special attention, because the costs incurred as well as the importance of managerial action. On the cost side, it has been estimated that half of the costs of marketing are physical distribution costs, which include transportation, handling, warehousing, capital cost for inventories.

In view of the above, one is prompted to incline 'that a well developed distribution network by an organisation for the purpose of marketing its company's products cannot be over-stressed especially in our present stage of development in which virtually all aspects of the economy is highly developed in terms of technological Development which has led to mass production. It is expected that the distribution system must be highly developed too side by side with the general development. The achievement of this, depends to a large extent on the distribution policy of the organisation. This is very important because it will now means shifting the distribution emphasis from the old, primitive and undeveloped system of transporting goods, experienced in the olden days to a more sophisticated method, hence the well formulated distribution policy.

1.2 THE OBJECTIVES OF THE STUDY

The researcher viewing how important pricing and distribution are in any business organisation has decided to carry out an indepth research study of these two terms with a view to understanding the implications of the two to the fixing of prices on the company's products. The investigator intends to know the impact of distribution on the pricing policy of the products. This is because in most organisations, the high prices of some products are traceable to the cost associated with the distribution system of the organisation.

1.3 STATEMENT OF THE PROBLEM

The researcher has note with concern that there is always a gross departure from the set policies and their implementation. This she feels can be very dangerous as the implementers may lose sight of the organisational objectives and when such happens, then it will give way to unguided execution. With the present economic situations that business organisations are facing, no single organisation can afford to succeed without any sense of direction. The changing prices of goods and services tend to tempt any one marketer to follow suit, but if the market knows, he is being guided by a laid down policy, he may not

go beyond the bounds set by the policy. This is the problem the researcher intend to look into.

1.4 SCOPE OF THE STUDY

The researcher is fully aware of the fact that there are many textile companies in Kaduna State which would have been very appropriate for this study research into all their pricing and distribution, but due to the numerable constraints that surround her, she cannot go beyond the United Nig. Textile Plc.

Some of these problems ranged from distance, academic pressures, finances to problems poised by respondents in responding reluctantly to questions, the Researcher has decided to limit his scope to only one textile firm, that is United Nig. Textiles Plc. Even within the industry, the study will restrict itself to the pricing and distribution aspects only.

The researcher is aware that there are several methods that are available for him as tools for collecting data, but it must be mentioned here too that it is equally difficult to make a choice of any one research method for use as the best. All these methods have their advantages and disadvantages. However, it is advisable that

investigator must have a thorough knowledge of each with a view to choosing the one that is most suitable to him to employ in gathering his data.

Thus, for this study, the researcher intends to collect his data purely from primary sources, using the survey method with emphasis on oral personal interview and Descriptive method with emphasis on direct observation method. The investigator will conduct personal interview among the company's personnel, distributors and the ultimate consumers. This will be discussed at length in chapter three.

1.5 LIMITATIONS OF THE STUDY

Apart from the problems which arose from the use of the different research tools in this study, the following are some of the limitations of this study.

1. Complete information could not be obtained on the implementation of the policies, as some top management staff were unwilling to supply the information as required due to reasons which were not disclosed.

2. Inability to visit all the distributors at their Various locations to see and confirm information

supplied by some of them, moreso that they are well scattered throughout the country, an impossible task to be carried within a limited time constraint.

3. There was a problem poised by some respondents especially those at the supervisory and operative levels who were afraid of commenting on certain issues which they felt were organizational secrets.

4. Lack of Relevant text for indept academic purposes. In viewing some literatures that relate to the subject matter, none talked directly on pricing and distribution policies as they relate to textile industries.

5. Above all, apart from the fact that the investigator suffered from time constraint, there was that problem of finance to support the investigator in his search for data.

1.6 SIGNIFICANCE OF THE STUDY

This study is very important not only to the investigator, but also to future researchers and the organisation at large. To the Researcher this study has served as a challenge to the Researcher in terms of

academic exercise and also a test of his ability to work independently under time constraint. In fact the study has enabled the investigator to understand the extent to which United Textiles Nig. Plc values pricing and distribution policies as framework for price fixing and delivery services respectively.

Finally, this study has enabled the investigator to make a historic contribution on the subject and could form the basis for subsequent Research work. To future researchers, as earlier stated not so many books have been written on the subject pricing and distribution policies 'in textiles industry' but with this piece of work, other intending researchers car build on this foundation, thereby contributing to his knowledge.

To the organisation, this study is very significant to the organisation, under consideration, because in the course of the analysis and interpretation of data, it may discover some problems and when such problems are uncovered, useful recommendations are normally made for possible improvement.

1.7 STATEMENT OF HYPOTHESES

Hypothesis is a conjectural statement of the relationship between two or more variables. It serves as

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a guide for the investigator in the entire process of research endeavours and keeps the investigator on the main line of study. The statements of hypotheses tend to present assumed answers to the researcher's principal questions, the acceptance or rejection of which he (researcher) assesses in the course of the study.

In fact the acceptance or rejection of any hypothesis depends to a large extent on the open mindedness and persistent objectivity of the researcher in testing such statements. The hypotheses outlined below relate to the pricing and distribution policies and their implementation in textile industries.

Ho_1 Well formulated pricing and distribution policies and implementation strategies have helped to sustain the company (United Nig. Textiles Plc) in the midst of the cut-throat competition posed by its co-competitors in the same industry.

H_1 Poor formulated pricing and distribution and their implementation strategies have not in any way helped to sustain the competition posed by its co-competitors in the same industry.

Ho_2 There is a well developed distribution network in United Nig. Textiles Plc, this has helped to minimize the build-up inventory hold-ups, thereby reducing the cost of carrying unsold products in the warehouse.

H_2 There is no well developed distribution network in United Nig. Textiles Plc; this has not helped to minimize the build-up inventory hold-ups thereby increasing the cost of carrying unsold products in the warehouse.

Ho_3 The survival of the United Nig. Textiles Plc is due to the multi-product productions of the company, so that the failure in the sales of one product is supplemented by the high successful sales of other products.

H_3 The survival of United Nig. Textiles Plc is not due to the multi-product productions of the company, so the failure in the sales of one products is not supplemented by the high successful sales of the other.

CHAPTER TWO

LITERATURE REVIEW

The aim of this chapter is to expose some of the ideas and contributions of experts on the more vital aspect of marketing - pricing and distribution policies and implementation. The essence of this is to enable the author compare the ideal situation with the present approach based on available data for proper analysis.

A Review of literature in any research work is very important and needful. This is because it enables the researcher to assess the different opinions of the different writers on the subject matter under study. The researcher who collects these opinions analyses them critically on the basis of which conclusions can be drawn with regards to the present situation and further predictions can be made into the future.

The review of literature, it must be properly understood is not just reviewing for its sake, the review must have some relevance to what the researcher is researching into. The review in this study will concentrate on pricing and distribution policies as view by other writers.

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2.1 PRICING STRATEGY

price is defined as the amount for which a product, service or idea is exchanged for sale. This is however. regardless of the product's worth or value of the potential purchasers. Within this framework of classical economic theory, prices are arrived as a result of the interplay of supply and demand.

In other words, pricing is the exchanged value of goods or services and the value of an item is what it can be exchanged for in the market place. It is quite tempting to describe 'price' as the amount the buyer pay for a product, buyers and sellers perceive price differently. Also other professionals and disciplines have quite different views of the meaning of price. From marketing point, however, our principal concern are:

- how pricing affect customers' acceptance of a product in the market place;
- how pricing influences the image of product and enterprise or organisation;
- how it affects the character of competition in the market place and

- how it influences the revenue including profits flowing to a firm from the market.

2.2 PRICING POLICY

Prices policy is largely concerned with the price level. How this works, depends to a large extent on how changes in price level are supposed to occur. The orthodox view of market economies has produced two explanations on price level;

a) a market explanation
b) a monetary explanation.

On the market explanation, prices rise because either demand rises or supplies fall. Demand changes when the condition changes. New purchasers come into the market or more afflient or eager purchasers are willing to pay more to avoid waiting or making do with substitutes.

Alternatively supply may fall at a given price because costs have risen, or new more profitable markets have opened up elsewhere or natural or commercial accidents have reduced output below expectations. As the prices rises some purchasers will be attracted back or encouraged to sell their stocks. however, if the market forces are

allowed to re-arrange their plans in the light of the higher price, the new market price may be somewhat higher than originally.

Pricing policy[1] is one of the most difficult area of marketing, since such rules as exist can offer only a general rule. In the final analysis, it is the market place which determines the value and thus, the price. Value is determined not as source planners would believe, on some notion of 'right' and 'fair' price, but solely on the basis of what buyers are prepared to buy.

Pricing is a crucial decision in marketing management[2]. In economic theory, the problem of pricing has been approached in different ways. One common approach is to strive at an equilibrium price depending on the market structure, viz - pure competition, oligopoly on the market structure. here demand and cost conditions are assumed or presumed to be known; and from the seller (the firm) point of view of the basic assumption is the desire to maximize profit.

In marketing however, though pricing explained by economic theory is important, more attention is to be paid on the practical side as well as on the firms profit or other objectives. In other words, the firm considers the

practical possibilities and implications of pricing at the optimum or equilibrium levels and also in terms of its own objectives of pricing. Policies are guidelines for achieving the objectives and are supposed to be suitably worked out considering the various practical situations. So, the pricing policy serves As a framework within which the marketer works out his pricing objectives.

Prices policies re established by management as a guide to price strategy and tactics. A rice policy prescribed course of pricing action that is predetermined to ensure uniformity of procedure by those in management responsible for the administration of prices. Although pricing policies vary in Degree and scope among business firms, the most common in use may be identified in the following two categories[3].

Category 1: Price variation policies could be

(a) price discount policies

(b) Geographic price policies

(c) Objective oriented price policies

(d) Competition oriented price policies.

Category 2: Pricing objective could

(a) Target return

(b) Market share

(c) Price stability

(d) Meeting competition.

The adoption of any one of the above pricing policies depends on the organisation and its broad organisational goal.

According to Resley, price policy provides the framework for pricing decision[4]. The selection of the price policy is guided by the corporate goals and the circumstances of the market. Since many firms more than one market, the differences between markets may call for a different policy in each as was noted above. On the other hand it may be entirely feasible to adopt a uniform price policy for an entire company. This decision comes from an awareness of the applicability and the likelihood of one or various policies to serve best the corporate objectives in the face of variable market circumstances. These major price policies in common use their goals and a significant factors involved in each fallow. A firm's policy (pricing policy) Depends on the objective or goals of the organisation.

Price is said to be the governor of marketing activities since sales are merely circumcised by pricing or product[5]. According to him, the price of any product

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determined by top management Executives is expected to be in such a way that would bring about the largest volume of sales within a sufficient profit margin. Sometimes the pricing policy of an organisation is based on the information given by the lower management. pricing policy of an organisation is simply an outline or guidelines which spell out ways and methods to be employed in fixing prices on products. It is important because it provides some sense of direction for the formulation of pricing strategies and implementation.

Chatterjee is with the view that pricing policy should take into consideration the layer of price sensitive and non sensitive buyers, the extent of competition and the different parties that might be involved in setting prices at different levels.

M.G. Giles[6] was with the view that so many companies have no clear pricing policies, and even where such policies exist, they often cover only a range of general and specific strategies, objectives and practices. Low prices are set in order to penetrate the market, to gain a major market share in a comparatively short time.

This therefore means that pricing policy can only be valid if the market is very price-sensitive, or if

production costs fall a great deal, or if competitors re discouraged.

Mr. James Atumye Mawo in his thesis titled 'An Effective Distribution Channel for Essential Commodities in Nigeria' felt that before one can appraise or appreciate conveniently the pricing policy of a "company, one has to understand its pricing objectives, the income level of its dominant consumers, the nature of the market competitiveness or non competitiveness, what are the strengths and weaknesses of their competitors and Several other relevant Variables[1]. he went ahead to state that the objective in pricing generally is to maximize the sales of all spread of their markets in Nigeria and even beyond.

In formulating the pricing policy, consideration should be given to government intervention through its policy on pricing.. Under normal conditions government acts as a caretaker to both manufacturers and consumers alike. Here the government tries to check the excesses of both groups for the goods in all directions. This explains why even though the forces of supply and demand are conventionally allowed to take their course freely, the Federal Government of Nigeria through the productivity, prices and income board ensures that such Freedom is not abused. The convention is normally that the manufacturers

through the Manufacturers Association of Nigeria (MAN) decide on what prices to charge for their products and forward same to the productivity, prices and income boards for approval or disapproval.

It must be noted here that from all indication the Productivity Prices and Income Board functions have been reduced to that of a rubber stamp, so that when recommendations are brought, they are simply rubber stamped to fulfil all formalities. This method initially ensured that a cordial relationship exists between the manufacturers and consumers, all other things being equal. But recent events have indicated that this arrangement has gone out of control and meaningful use to the consumers. That is why it is not surprising today that producers set any price for their products without due consideration to their consumer under the cover of foreign exchange and deregulation problems.

Prices in our Economies are used as measure of value and that the many difficulties that arise in appraising prices stem from the fact that the items on which prices are being compared are unfortunately not identical, for example, two television sets may sell for ₦3,582.00, but represent different quality characteristics[8]. According to him one set of television may have different technical

features, that provides superior reception, the other may have a more attractive cabinet. In this case, it may seem unrealistic to assume that products can be compared in order to analyse prices. This calls for quality differentials with differences in prices. Thus, a company's products of varying quality and size and the prices of this family of products must be carefully structured. The two main determinants of a firm's price structure according to Kenneth are (a) price differentials on the same product and (b) product line prices. These pose some of the most interesting problems in the price policy area.

The development of a satisfactory price structure requires special insight into the demand and cost Relationships of different products within the line. It also calls for appraisal for a legal restrictions imposed on firms when it comes to price setting. Major characteristics of the government legislation must be taken into account. This is because government actions have influenced the development of pricing policies in many ways. At one extreme it is the government regulation on prices as in the public utility field, and at another extremes are the anti-trust laws that have the broad objectives of preserving the competitive system.

The point departure in any review of government regulation of pricing policies is the Sherman Act of 1890, which aimed against monopoly of any part of the trade, or commerce and monopoly of any part of the trade, or commerce and any organisation that refused to comply with, was dealt with as spelt out in the act. These was the Clayton Act which was as an amendment to the Sharman Act and aimed at a number of unfair competitive practices, like price discrimination, exclusive and tying contracts, inter-corporate stock holdings and inter locking directorates.

There was the Federal Trade Commission Act of 1914, to prohibit unfair methods of competition, commerce and provided a method and organisation for handling cases that fell under its preview. The Robinson and Patman Act of 1936 was designed to curtail pricing discrimination.

Based on the above review it may be necessary to conclude this, that effective pricing policies emerge when management has well-defined concept of the role of price competition in the marketing mix. The economists' theory of price will be helpful in thinking about the competitive environment and the probable behaviour of costs and revenues.

As the executive develope a price structure, he must set appropriate quantity, casy, trade and geographical price differentials; always being aware of legislative constraints. In the same manner, the multi-proeduct firm. the task of product line pricing calls for an appreciation of the inter-relationship between individual product cost and revenue.

Above all,l there must be a concern for the appropriate price level for the firm as a whole. Policies must be set to guide the pricing of new products and adiusting the prices of established products overtime.

2.3 SETTING PRICES

Cox and Brittain[9] were of the view that the most basic method of setting retail selling price is to add standard mark up to the cost of buying. The problem with this approach is that it takes no account of competitors price or demand for the prcduct, but they could be crucial in determining if a line sells or not.

They propound ways in which marketer may set prices. they include:

Demand Oriented Pricing:- Here prices are set according to the anticipated demand for the product or services, which could be[10]

1. By customers: Price discrimination is determined by the marketers assessment of what an individual customer might be willing to pay. The eventual selling price of an item/product will depend to some extent on the negotiating skill of the customer.

2. Version: The price of an item in a line of products will be determined by the demand for that model.

3. Place: There is need for the marketer to serve the need of his or her local market place.

4. Time: When a product is purchased, many determine its price.

Marketers/Retailers price according to the price charged by the competitors. Most firms, however, price at or near competitors prices especially in a homogeneous market[11].

The multi-stage approach:

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- The recommended method for setting retail price is to take into Account cost, Demand and competition in a multi-stage approach by selecting the target market, determination of the floor price, determination of the ceiling price[12]. Cox and Brittain[13] were of the view that price lining could be used mostly in variety products. Price lining is the setting up of reduced number of distinct selling prices within a line of merchandise, goods being marked at these price points and at no others. With many types of merchandise or products, customers tend to group themselves into fairly narrow buying zones. The lower the unit price the greater the frequency of purchase, the narrower and more sharply defined will these zones be. Normally one, two, or three prices can be incorporated within the zone limits, depending on their breadth.

Wingate and Samson[14] also believe that in setting prices, the prices of competitors should be considered. They also stated that most firms use price-lining policy in line with that of Cox and Brittain.

In retailing/marketing there are three basic prize zones viz:-

1. The prestige zone:- Very price oriented marketers will carry a few of these high priced lines which will

be responsible for generating 5 to 15 percent of the total sales volume of his business.

2. The volume zone:- This mid-price zone is aimed at the typical customer and will produce at least 50 per cent of the sales volume.

3. The Promotion Zone:- Promotional merchandise is priced within this zone which may be responsible for generating 15 to 45 percent of the total sales volume.

2.4 FACTORS INFLUENCING PRICING DECISIONS

In placing price for goods sold by marketer, certain factors influence the pricing decision, these include:

a) Cost consideration
b) Company objective
c) Market channel and distribution policy
d) Product and Market factor
e) promotional strategy
f) demand for goods.

a) Cost Consideration:- Cost and prices are related. Sales revenue should cover costs. The marketer should estimate the price he can obtain for his product.

taking into account the nature of demand, competitors position, promotion, etc. Then he works backwards to make product suitable to such prices.

b) Company Objectives:- pricing objectives should be derived from company objectives. pricing policies should be consistent with pricing objectives and pricing strategy should be in line with both pricing policies and objectives.

c) Market Channel and Distribution Policy:- This should be considered in making price decisions. How the product gets to the market. This calls for the organisation of a system of transportation, storage, communication that is capable of making goods and services readily available to customers and at a reduced cost and at the same time improve sales.

d) Product and Market Factor:- Stages in product life cycle determine the amount the management has at its discretion in making pricing decisions.

e) Promotional Strategy:- The essence of advertising a product is to create awareness and induce consumers to patronise such product. This consequently increases the sales volume. The step taken by the management to

promote its product will in this case influence the price.

Cox and Brittain[15] Stated that the cost of goods sold is the amount which the retailers have paid the suppliers for goods actually sold. It is by far the largest expense incurred by a retailer who makes profit by adding on the margin from which all expenses may be paid and the net profit left must be large enough to service and replace the capital and thus keep the retailer in business.

The ability of the Retailer to be in business would however depend on the pricing decision of the management or producer of the goods he sells.

Wingate and Samson[16] are of the view that the largest single factor in establishing retail price is the cost of the merchandise to be sold. In addition to cost, there is also the expense of handling the merchandise in terms of getting it ready for sale. pricing decisions should be very closely heed the Requirement of the target market, if that need is for the best possible price deal than low prices would be afforded. If exclusively service and status Are required, higher prices should be in order[17]

Cox and Brittain[10] also stated that the analysis of competitors pricing strategy will determine what ricing strategy a retailer may adopt in order to compete effectively, and that pricing decision must be consistent with overall company objective. However, if the price is perceived as a key element in the consumer's purchase decision, then price will be used to establish a differentiating role. Some other factors that will influence the pricing decision include intermediaries, financial institutions by altering rates of interest, trade unions may demand higher wages or the government may change the legal frame.

2.5 DISTRIBUTION STRATEGY

Distribution is concerned with the movement of goods from the producer to the consumers. After producing goods or products the manufacturer is faced with the problem of distribution. How can the product be made available to the ultimate consumer. Distribution management is concerned with selecting and locating middlemen who will move the product efficiently from factories to the consumers. It concerns how the product gets to the market. This calls for the organization of a system of transportation, storage that is capable of making goods and services readily available to customers. The marketing manager is

interested in devising an efficiency system that minimizes cost (storage and shipping) and at the sometime improves sales.

a) Channel of Distribution:- These are the routes that goods and services take in going from the producer to the consumer. The members of these channels are producers, wholesalers, agents, retailers and consumers. Although facilitating firms such as financial institutions and transport organisations may play a vital role in the process, they are generally not regarded as channel members. The term is restricted to those who actually participate in the negotiation of the transfer of the title to good and services.

Wholesalers and retailers are called middlemen because they act as go-between for producers and consumers. They sometimes called distributors because they play very vital role in the distribution process. Their main functions include transportation, Storage and promotion of the product and bulk breaking that is, breaking large bundles, cartons or other packages into smaller ones. They perform financing and other risk-bearing functions. In Addition, they provide the producer with information about current market conditions as well as inform, educate and advise the customers.

A company usually has the option of choosing amongst alternative channels. It may not use the services of wholesalers or retailers. It may in fact do away with both.

The most common or conventional routes that manufactured goods take to reach the consumer are listed thus:

Manufacturer - Consumer (M - C)

Manufacturer - Retailer - Consumer (M - R - C)

Manufacturer - Wholesaler - Retailer - Consumer (M-W-R-C)

Manufacturer - Agent-Wholesaler - Retailer - Consumer (M-A-W-R-C)

The basic alternative channels available to any producer are illustrated below. The arrows show the direction of movement of the products.

A Producer → Consumer

B Producer → Retailer → Consumers

C Producer → Wholesaler → Retailer → Consumer

D Producer → Agent → Wholesaler → Retailer → Consumer

Diagram showing Distribution Channels

Channel A depicts a direct route whereby a producer decides to dispense with the services of all middlemen. Instead, it sells directly to consumers. This is the shortest route possible. Route B is another alternative whereby the producer by-passes the wholesalers and sells to the retailer who finally sells to consumers. Channel C involves utilizing the services of both wholesalers and retailers in getting goods available to consumers. The fourth and final route, D, utilizes agent middlemen in addition to wholesalers and retailers in making goods available to the final user or consumer.

The selection of a channel is an important marketing decision in that it affects the effectiveness of the distribution system as well as its efficiency.

b) Physical Distribution:- This is another aspect of distribution and is concerned with the actual movement and storage of products after their production and before their consumption. It involves transportation, handling and storage of goods. Physical distribution management also deals with location of warehouses and inventory control.

For goods to have place utility, they must be transported from where they are produced to where consumers need them for consumption. Goods transportation may be done by road, rail, and in some cases by air. Transportation by road is cheaper, suitable for short distance; for bulky goods, rail is very suitable. It is also cheap and relatively safe. Air transport on the other hand is suitable for moving light cargoes over very long distance. It is one of the safest means although in Nigeria cases of cargo theft are very frequent at airports. It is relatively very expensive.

In choosing a means of transport, a marketer should take into consideration the various advantages and disadvantages of each means of transport Available. The nature of product, the cost of each means of transport, the distance covered, safety in transit and the urgency with which goods are to be delivered should be considered carefully.

Handling of goods within the store or warehouse is another important aspect of distribution. The need to handle goods may arise during loading, off-loading and stacking.

Storage, another important physical distribution

function, creates time utility; it holds and preserves goods until such a time that they are more useful and needed. Decisions regarding storage and inventory should carefully be taken are of by the storage and inventory management.

2.6 DISTRIBUTION POLICY

Kotler said that marketing channel decisions are among the most critical decision that management faces as they affect every other marketing decision in the organisation[19]. In fact the firms pricing decisions depends upon whether it seeks a high quality deals or medium size dealers. The task of top management therefore is to formulate a dependable and workable distribution policy taking into consideration the nature of marketing channels, major decisions facing marketers with respect to designing, managing and modifying their channels.

All producers would like to link the marketing institutions that will help them to accomplish the objectives. This set of marketing institution is called distribution channel, which is defined as the set of all the firms; and individuals who take title of the goods or assist in transferring title to the particular goods or services as they move from the producer to the consumer.

By distribution policy it refers to the framework or outlines or guidelines which are designed or made to achieve the distribution objectives of the organisation theouth the formulation and implementation of distribution strategies. The American Marketing Association defines market channels[20] as the structure of infra-company organisation unit and extra-company, agents and dealers, wholesalers and retailers through which a commodity product, or service is marketed. A marketing channel might be defined as the sequence of institution listed in the order of their participation as buyers, sellers or holders of the physical products or services in providing the facility to move these products or services from producer to the ultimate consumers.

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According to the Writers, the problem of selecting a channel would have been Easier for the producer, if all he needed to do was simply to select the channel route according to the type of merchandise one handles. Regardless of the classification of the channel institutions however, each one differs in the amount, kind and quality of Service it provides. If a company were forced to choose a designated wholesaler as a route to market, it might be wise to sell directly to the consumer. But this is very risky because of the kind and quality of service offered by another unusually aggressive wholesaler;

the company might instead find it more efficient to market its products through the wholesaler. It is difficult here to make generalization as to which channel institution is the best because all these conventional channels or channel institutions have their different strengths and weaknesses.

It becomes more prudent to consider the selection of any specific channel in relation to its competitive strengths and weaknesses, the services rendered by it to customers and its position in the business environment within which it operates.

2.7 SELECTIVITY OF DISTRIBUTION

It is worthwhile to note that the selection of distribution channel through which the organisation's products will flow through to the ultimate consumer is very important but could be very dangerous as wrong selection could constitute a lot of problems in marketing the company's products.

Therefore it becomes absolutely necessary that before such a choice is made, the manufacturer must consider critically and objectively the forces that encourage the flows and barriers that cause resistance inherent in each

channel alternatives. In fact a question could be asked by the manufacturer thus 'How many Retailers and wholesalers will be included as the channel in order to achieve the greatest promotional push with the least Resistance? With this question poised, it may appear at a glance that the company would benefit by having its products in as many outlets as will agree to handle them; but the question is would such a policy provide the company's product as much promotional push as would a more selective policy? In the formation of such policy, three broad courses of actions are open to the manufacturer and include:

1. Extensive or widespread distribution.
2. Careful selection of the outlets through which he sells.
3. The use of exclusive outlets distribution.

These three broad courses will be discussed later in this chapter.

There are five considerations which describe the qualities which the channel should possess in order to provide management with maximum of excellence in building an effective linkage to the consumer. They include the followings:

1. It should provide for the physical movement of goods to the point of consumption and the consummation of necessary market transactions in the most economical and satisfactory manrer and in a minimum of time.

2. It should provide the optimum amount and quality of promotional and communication to assume the rapid role of the product to all buyers in the channel, especially the ultimate consumer.

3. It should provide an adequate feed back of information that will enable the company to modify its products or procedures to meet market demands.

4. It should possess sufficient flexibility in its institutional patterns to adapt itself creatively to changing market conditions.

5. Above all it should coincide with the company's capacity and functions as a unit that is completely Sensitive to company objectives and complementary to the cooperating institutions in the channels.

These qualities are very important and careful eradication of the channel institutions based on them by the producer may avail him the opportunity to choose the

most suitable of the so many available. If this happens then the image of the organisation will be protected as the channel chosen will be the one that has the image of the company at heart.

Some marketing experts search of an approach to be used in determining the dimensions of the channels system and what had to be done by various parties to sell the products effectively. Hecto Lazo and Arnold Corbin tried to summarise the Central thrust of their approach thus:-

> 'From a managerial point of view, a series of functions must be performed in getting goods to the consumer. These may be performed by the processor or manufacturer, by the ultimate consumer or by the middlemen who facilitate the process of distribution, thereby adding time, place and convenience utility to these goods. There is a difference in the cost of performing these functions depending upon who performs them and the degree of efficiency achieved by the performer. Obviously simply to assign the performance of the function to the manufacturer or to the consumer does not in itself guarantee that the performance will be the most economical or most efficient land therefore save on cost[21]".

This therefore portrays the fact that designing a channel system that will achieve the producer's objectives in a fully optimal fashion is seldom feasible. Most systems are built a step at a time with the expectation the result will probably be sub-optimal.

The analysis have to be made from the customer's level taking into consideration the length of channels, and a choice can then be made between selling direct and using middlemen. If the decision is to use middlemen then the type and number of each, as well as their location must be clearly specified. The writers went a step forward to state the Determinants of channel length and according to them direct selling can only be undertaken where the following condition prevail:-

1. The size of the individual buyers are large.
2. Prospective buyers are reasonably concentrated;
3. Salesmen must be trained to demonstrate or explain the product;
4. The customer needs help installation and servicing and
5. The product must be immediately available.

There are also other considerations that must be taken into account for example should the company sell through sales branches with stock or without, what pattern should the selling process take?

In fact there are so many elements that are very important and should be incorporated into a distribution policy of an organisations, but unfortunately, most organisations simply consider few variables which they feel are important and by-pass a number, this in turn creates a lot of problems for the marketing manager to formulate and implement his distribution Strategies, since he has to do so in conformity with the organisation's broad distribution policy.

First-level distribution policies -

These are basically three different distribution policies that affect a number of the first level intermediaries (those that are once Removed from the customer, such as retailers and include intensive selective and exclusive distribution.

An intensive distributior policy -

This policy seeks to provide maximum Availability and is customarily used in the sale of convenience type of consumer goods and industrial supply products. In the industrial product sector, an intensive distribution policy is often adopted by those producers who wish to sell to an entire industry to cover, for example, all banks, schools,

hospitals, doctors' offices, frozen food wholesalers or store handling fresh meats.

Selective Distribution -

This involves fewer middlemen than intensive distribution. Here, the extent of the selectivity will vary from producer to producer depending on the nature of the product, the availability of large or specialised middlemen example department stores and industrial distributors at first-level and the actions of competitors.

Exclusive Distribution -

This is the most severe distribution policy in the sense that it substantially restricts the number of intermediaries. In fact, the basis of the contract is an agreement to limit the distribution to a single outlet in a given (Defined) geographical area. This Agreement may call for an exclusive franchise granted by the producer, an exclusive franchise given by the outlet or both. Under the agreement, the producer agrees to sell his product to only one outlet in a given area.

Looking at the three different distribution policies, all of them have their advantages and disadvantages.

However, a choice of any of them may be based on the nature of the product and the spread of the prospective consumers.

Westing, a marketing expert, on his part, tried to recognise the fact that distribution is undisputedly one of the major costs of doing business loaded with opportunities and challenges for marketing people[22]. He observed that producers for long have recognised the necessity for constant system improvement and cost reduction, this he concluded has been achieved in different aspects of the production, but the distribution cost needs much to be done.

He continued by Saying that the key to profits for most companies will be in distribution cost Reduction and more particularly the improvement of service to customer, who will buy only from those who can deliver the goods when and where they are wanted. If one can visualize the flow of goods from factory to consumer and As a distribution pipeline, he can quickly frame a picture of the opportunities in the distribution. He feels that when the products are moving in a continuous flow, distribution and costs are highly minimised.

There are three conflicting aims here[23]. The objectives of distribution systems management are simple, they are three in number but oppose to each other.

a) Maximize service - both in order and delivery service.

b) minimize distribution costs-Transportation, inventory, maintenance, warehousing, data processing, all those costs essential and necessary in initiating, controlling and Effecting flow of goods to the customer.

c) Maximize informatior feed-back. This feed-back to the marketing Headquarters is important so that product can be kept moving in as near a continuous flow as possible and so that guidelines are furnished to the manufacturing organisation for production scheduling.

The problem that arises is how can one maximise service and at the same time reduce costs. How can one reduce costs and at the same time provide maximum information feedback to the factory. The real answer here may be optimise Service and cost to arrive at the best balance of these factors for profitable progress of the business.

In conclusion, it may be important to recall the fact that most distribution systems are built a step at a time, starting with the consumer and moving to the manufacturer. Direct selling is rarely undertaken in the case of consumer goods, but common in the case of producer goods. However,

it must be said here that most larger producers of consumer goods favour a mixed strategy, using their own sales force to sell direct to large retailers and using wholesalers to service the smaller retailers.

The manufacturer's distribution policy affects the number of first-level intermediaries (those closest to the ultimate buyer). After the channels system has been designed, it is necessary to search out and evaluate prospective middlemen and sell them on oining the system. The search should be continuous one and is usually the responsibility of the company's sales force.

Conflicts between the seller and his various intermediaries center arourd trade margins, sales effort and inventory requirements. These three elements are used by most sellers as a basis for appraising their individual intermediaries. However, in his interactions with middlemen, the producer must be careful not to violate andy of the federal laws that govern Certain of his activities.

From the aforementioned views of different writers it is gathered that most of these writers acknowledged the importance of distribution system as a vital aspect that can not be overlooked in an organisation, even-though it may increase the cost of the organisation's goods and services.

Andre Gabor[24] contended that pricing problems also Feature prominently when relating them to differentiated products which are sold in competitive markets. The means by which product differentiation can be achieved include distinctive quality design presentation, trade marks, identification with the source of supply and price.

Price according to him is the only element in the marketing mix which determines the success or failure of a product; and in actual marketing situation price exerts its influence in combination with other factors, including the degree of the competition, an important aspect that is neglected. He argued the fact that price is capable of independent variable and would therefore demand a separate analytical and experimental treatment.

One cannot, but accept the above assertion due to the unquestionable importance of price in the marketing mix and the fact that in the present economic situation even the pricing of established products has become a practically continuous task.

An American[25] business consultant is with the view that 'price is the only Variable in the marketing mix that generates income, all the like product development, packaging, advertising and sales promotion, etc. are cost

incurring. While accepting Fact on price as true in the formal sense, it will also be fair to acknowledge the contribution of other elements mentioned above to enhancing the sale of the products in appropriate quantity at the desired price[26]. just as price is important it cannot generate the desired profits if packaging, advertising and sales promotion are not properly Carried out. Having accepted the fact on the importance of price, subsequent discussion on the subject matter may be inclined towards the descriptive or prescriptive aspect of it. This would mean attempting to discover the principles and methods that should be followed in order to optimise the outcome of pricing decision.

Distribution[27] has been viewed as one of the most important elements in the marketing mix. Some marketing experts feel that whatever a business produces, whether tangible commodity or intangible service, all the processes of production and marketing only achieve their consumption when the customer takes possession and makes his payment. As far[28] as some of these commodities are concerned, in normal situation the buyers are always distant physically from the producers. Therefore, an essential element in marketing process for goods to be distributed to the point where the customer can conveniently take possession of them. Many producers outsell their co-producers not

necessarily because their fair prices and quality but because of the well Developed and managed distribution system, strong cord that links the producer with the ultimate consumer[29].

Distribution[30] entails a considerable elements of risk for which there is no insurance. The greater the risk involved, the greater must be the compensation for assuming the risk. The basic risk that every business person faces is that the goods he buys or produces any or man not be sol at a price that a business person assumes varies directly with the perishability of the merchandise.

It is generally accepted that distribution is comparatively expensive in the country (nigeria) and it is certain to take more of management's time in the future as it seeks to reduce costs to the consumer and at the same time increase sales. An extensive and highly complex distribution system is absolutely essential to the maintenance of our high standard of living. one therefore is constrained to conclude here that some organisations do not make elaborate provision for distribution services in the company because of the cost involved.

Channels of distribution[31] is the route which a product passes through from the point of consumption. The

manufacturer would hardly achieve his objective if after producing his goods, he is unable to get them to the consumers[32]. Similarly it will be very chaotic situation if every consumer/buyer must have to find his way to the manufacturer's premises to bring new products[33]. It is in attempt to minimise this problem of inconveniences, that he must decide on channels of distribution to use. In this case he closes to undertake the distribution directly to the consumers/users through the use of salesmen or distributions outlets; or he may choose to under take direct distribution, in this case through middlemen.

2.8 CUSTOMER BUYING BEHAVIOUR

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The consumer is the focus of all retail decisions. It is therefore important to appreciate how consumers go about making their buying decision[34].

Cox and Brittain[35] suggested that the buying process is essentially a decision process designed to provide awareness of a need or a want, this is followed by an information processing stage prior to the purchase decision. But the buying process should not be considered complete until the product or Service has been used and remitted in satisfaction or dissatisfaction in the original need or want. A study of the customer including his

education, interest, financial status and buying habits is the basis of successful marketing[36].

Wingate and Samson[37] suggested merchants should not buy items that customers will not buy no matter how good the bargain might be. The marketer who takes time and trouble to study customers, to listen to them and to analyse what they have bought in the past, has taken the first step towards successful selling. A careful analysis of past sales records tells much about what customers want and are likely to buy again. Sales records can provide satisfaction.

Marketers have found that today consumer is better educated and more sophisticated than ever before[38]. The consumer is more knowledgeable, Selective and more aware of quality. Consumer's Attitudes towards family, work, themselves and their personal needs and the economy have changed a great deal in the last 25 years[39].

According to Gillepie and Hedit[40], customers respond to economic and social changes by altering their living habits and attitudes towards spending. The marketers' job is to close track of these changes. By studying economic and social changes marketers can predict changes that will occur in buying behaviour in their Trading area.

There is a growing 'consumer movement' which requires business to operate in the best interest of the consumer[41].

2.8.1 The Buying Decision Process

The buying decision process is essentially a decision process designed to provide solutions to problems. The first step in the process is the awareness of a need or a want, this is followed by an information processing Stage prior to the purchase decision. The buying process should not be considered complete until the product/service has been used[42].

2.8.2 The Felt Need/Want

Human beings have certain fundamental needs for survival: food, water, shelter (warmth) and security. These may satisfy in quite simple way or through expression of more complex Requirements - wants. These felt needs or wants can be considered as a problem. The material response of the human being to this problem state is to seek a solution, and the process of seeking a solution leads naturally to the search of information and the exploration of alternative ways of solving the problem[43]

2.8.3 Pre-purchase Activity

This stage is concerned with gathering information and processing it to allow the consumer to move towards a purchase decision. Firstly, the consumer becomes aware of the product and serve which may satisfy his or her requirements. Interest is then generated which becomes more intense as more information is gathered, resulting in a desired to obtain the item, and finally action - the decision to purchase[44].

2.8.4 The Purchase Decision

The purchase Decision is not a single decision but a bundle of decisions, any one of which can result in a change of mind and alternative route being followed. The actual time of purchase is important as it can either help or hinder the decision process[45].

A consumer who decides to execute a purchase decision will be making up to five purchase decisions: brand decision, vendor decision, quality decision timing decision and payment mode decision[46].

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CHAPTER THREE

RESEARCH METHODOLOGY

Research methodology is particularly concerned with the methods used in gathering or collecting data information for any project assigned as part of an academic exercise or research work undertaken by an organisation to solve any particular problem. A lot of research methods or designs have been used by different people at different levels, but in ignorance it is only when it is viewed from an Academic point of view that it becomes technically difficult and cumbersome.

For instance our forefathers who did not see the four walls of academic do not inflect punishment without finding out the actual cause of the problem, they have to gather facts about the problem, weigh such facts as relation to the issues under consideration on the basis of which pronounce judgement or decision in form of punishment which is manifested as different degrees. If it is so, then the importance of research methodology can not be over-stressed, and moreso in our present day rate of development in all aspects of human endeavour - economic, social, political, cultural and technology.

The research of this study is undertaking a Research on the pricing and distribution policies in the textile industries with particular reference to United Nig. Textiles Plc., Kaduna. Thus for the purpose of this study and the time constraints, the Researcher has decided to employ the survey research and descriptive research methods with particular emphasis on direct personal interview (survey) and direct observation method (Descriptive). The Investigator is aware that there are Several Research methods that are available for sourcing data information, even within the two methods chosen. For example, in survey method alone, there are various sub-methods like:

a) Questionnaire method which can either be structure or unstructured.
b) Personal interview method which includes direct and indirect interview methods.
c) Telephone interview.
d) Mail interviews and
e) Computer interviews.

With descriptive research method - this include direct observation and indirect observation.

All these methods have their advantages and disadvantages therefore the choosing of the personal oral

interview method and direct observation method does not in any way place them above others.

3.1 DIRECT PERSONAL INTERVIEW

This involves asking the respondents question such that he is fully aware of the underlying purpose of the survey and in fact most marketing surveys are relatively direct. One of the advantages of this method is that the direct questions in most cases are relatively easy for the respondent to answer and tend to have the same meaning across respondents, and the responses received are comparatively easy to interpret. However, occasions may arise when respondents are either unwilling or refuse to answer questions.

For the purpose of this study, the researcher had personal interviews with designated management supervisory staff, operatives and customers whose department the researcher is convinced will supply relevant data concerning the topic being researched into. The researcher questions among other things ranged from pricing and distribution policies of the company, formulation of strategy and implementation the distribution patterns of United Nig. Textiles Plc., marketing coverage, intermediaries, which group of customers form a greater

percentage of the entire company's customers, competitive strength and weaknesses, quality and problems experienced from customers.

The different categories of respondents were interviewed and responses received, the percentages of responses of different categories were calculated as outlined below.

CATEGORY OF RESPONDENTS	SAMPLE POPULATION	NO. OF THOSE INTERVIEWED	NO. OF THOSE RESPONDED	% OF RESPONSES
Management staff	8	2	2	100%
Supervisory Staff	12	8	4	50%
Operatives	10	8	7	87.5%
Customers	15	11	11	100%

As earlier Stated. the researcher selected Few departments in which he interviewed the staff and is sure

that the information so collected will provide the insight into the subject matter when such data are objectively analysed. While interviews with the management staff, supervisory staff and ope·atives was conducted within the company, that, that of the customers was conducted both in the Kaduna Central Market and Nasarawa Market and others were direct consumers of the company's product. The data information collected will be analysed, synthesised, interpreted and presented in the preceding chapter. This research method is a primary source of collecting data information.

3.2 DIRECT OBSERVATION

observation method is another common method used in collecting relevant marketing information. This method can be very simple but can equally be dangerous. This is because it simply involves observing certain happenings or events and recording whatever information is required. It is dangerous because of the likelihood of the individual researcher to be subjective and his emotional instability can lead to a complete distortion of the data information in the event he is observing.

However, for some elements of objectivity to be demonstrated in the observation method, certain general

characteristics of the observational approach must feature prominently and are equally seen as conditions that must be made.

a) The data must be accessible to observation. The interviewer must be able to see the object, however. these are situations where things can not be observed for example motivation and attitudes.

b) The behaviour must be repetitive. frequent or otherwise predictable.

c) The event must cover a reasonably short span.

The investigator is also aware that there are several types of observational approaches. for examples:

i) natural or contrived situation
ii) Open or disguised observation
iii) Structured or unstructured observation
iv) Direct and Indirect observation; and
v) Human or mechanical observers.

The investigator Decided to consciously adopt the direct observation method. This method involves simply observing the object or event under consideration with a

view to ..... whatever data information he needs from such observation. here some element of structured observation is involved.

For the sake of this study, the researcher observed objects and events in different departments within the United Textiles Nig. Plc. among which included the marketing department, the company's reception room, the warehouse, the procurement department and production section. The silent data information being observed included among other things the company's customers and how frequent they trooped into the marketing department; customers at the reception room waiting to see procurement manager or marketing department either to place order for finish products or supply Raw materials. The data so gathered will be blended, analysed, interpreted and presented accordingly in the preceding chapter.

3.3 ORIGIN, ORGANIZATION AND ACTIVITIES OF UNITED TEXTILES PLC

United Nigeria Textiles Plc was incorporated in 1964 and commenced operation as a textile finishing plant in 1965, using imported grey baft as the main raw material. By 1967, the company had Developed into a fully integrated mill with its own spinning and weaving facilities capable

of producing grey cloth from locally grown cotton. In the same year United Nigeria Textiles acquired a major share in Zamfara Textile Industries Limited in Gusau in Sokoto State, thereby taking the first step towards the formation of the UNT PLC Group of companies[1].

At the invitation of the then North Central State Government (Now Kaduna State Government) Funtua Textiles Limited, another subsidiary company, was established at Funtua (now in katisna State) in 1978. This Factory was designed to produce bed sheets, and pillow cases, thus diversifying the group's range of product.

In 1977 the company went public and offered ten million (10,000,000) ordinary shares of 50kobo each at par to the Nigerian public.

Another subsidiary company, Unitex Limited, and an associated company, Supertex, were set up in 1981 and 1982 respectively. Unitex is purely a spinning mills whereas Supertex is a finishing plant with the capacity of producing popular Wax fabrics.

The Group; has an installed capacity for producing well over 100 million metres or finished goods per annum. In 1995, the parent company had a work force of 5,500

workers while the group provided employment for about 10,000 people. Clearly the United Nigeria Textile Plc group is the biggest of its kind in "West African sub-Region and the largest single employer of textile labour.

The products of the group are designed to meet the specific requirements of both local and international markets.

Most of the supportive administrative activities are being computerized and the manufacturing process now includes such sophisticated aspects as computer assisted design and colouring materials.

Almost all the companies within the group are currently pursuing programmes of modernization and expansion from ginnery to spinning, and from weaving to finishing. Technology is continually being updated and a great number of technicians in the field of textiles have been trained.

3.4 OBJECTIVES OF UNITED NIGERIA PLC

Its basic objectives include

i) Production of top quality of textile materials.

ii) Satisfaction of customers' demand at a profit.

iii) Rendering of Social Services to the individual, government and the society as part of corporate social responsibility.

iv) Profit maximization.

3.5 THE ORGANIZATIONAL CHART

A close observation of the figure below will suffice for an insight into the company's organisational set-up.

MANAGING DIRECTOR

CHIEF EXECUTIVE

3.6 ORGANIZATIONAL STRUCTURE

Management is seen as the function of executive leadership anywhere. It is primarily a mental activity combined with the work of planning, organising and controlling the activities of an organisation for the accomplishment of certain objectives.

Board of Directors:- The Board of Directors was selected/elected by the shareholders which is an indirect form of control over the management of the corporate affairs. Their responsibilities are to manage the business. The Board of Directors gives written objectives of the firm which defines the goals of the organisation. The Board also issues policy statement. statements which indicate the broad framework within which each of the organiosational functional areas should operate to achieve the desired goals.

General Manager:- The Board of Directors employs the General Manager who Eventually employs the officers. He reports directly to the Board of Directors and he is responsible for interpreting the company's objectives. policies and goals as they are set by the board. He ensures that they are adhered to, and that the company's activities are profitably managed.

KASHIM IBRAHIM

Manager - Administration:- He oversees the administrative function of the office or day to day basis. Basic functions are that he writes memos to the departments as directed by the top management, procures supplies for office use, ensures billing, job analysis, job evaluation. training programme for the company, etc.

Manager - Finance:- In the organisation he should be mature and dynamic individual who can communicate economic data to top management which can form the basis for decision making. He oversees the entire range of financial or cost recording, budget and Planning, salaries and wages functions performed within the company. The manager prepares annual financial Statement and informs top management on the financial position of the company.

Other managers depending on their fields also have their responsibilities.

3.7 STAFF STRENGTH AND DUTIES

The company has a total staff of 5,500. Out of this number, 29 constitute the management. 313 constitute senior staff and others constitute junior staff. The company is currently managed by a Board of 11 directors (5 of which are at the executive level).

The Board of Directors is made up of 14 Directors including the Chairman. The duties of the Board include planning and directing the policies of the company. The Chairman presides over Board meetings.

Administration section directs and controls activities of the production managers while the Company Secretary takes minutes of meetings, takes charge of correspondences. gives and retrieves information and files documents.

The Accountant compiles the accounts,, transactions. He is in charge of all accounting duties.

The Commercial Section takes charge of sales and accounts to the accountant, while the printing unit manager takes charge of the printing of the textiles materials. He inspects the products to make sure that they are produced according to the standard set.

The Spinning Manager takes care of the spinning of the yarns and makes sure that the materials have been properly spun while the Finishing and Engineering Manager sees to it that the product have passed through the right process and is set for the final inspection and other routine operations.

There are casual labourers who perform tasks on jobs: the store keepers take charge of the stores, the cleaners maintain the Company's premises and offices clean and also drivers and securitymen who are charged with the responsibilities of driving the company's vehicles and protect the company's property respectively.

CHAPTER FOUR

DATA ANALYSIS

The importance of this chapter which is specially reserved for analysis of data can not be overemphasized. because the objective and the critical analysis help to reveal the hidden facts about the issues being Researched into. The analysis provides the basis for decision making by the management of an organisation or any designated group vested with the responsibility of doing so.

This study is directed basically to analysing the pricing policies and distribution policies of United Nigerian Plc, Kaduna. The sources of gathering Data have been discussed in the previous chapter and these included both primary and secondary sources.

4.1 PRICING POLICIES

United Nigeria Textile has a broad policies on pricing. These policies are formulated by the top management taking into consideration the goals of the company. The pricing policies are directed to the marketing and Account departments. This is because the two

departments are solely involved in fixing prices for the company's products.

Pricing Policies and Procedures

a) At all time the price level adopted is covering cost with margin and it is also competitive enough while the adopted price level still choice between the brands or product lines.

b) Price Policy - No use of list prices but one price (Non-varying)

c) Margins to adopt - No specific or fixed margin has been adopted by the company in the marketing policy. It appears price level policy has taken care of the margin that should be adopted for the product brand/lines.

d) Specific price adopted - At all time the specific price adopted is always even and never odd-even.

e) Payment terms - By the marketing policy of United Textile Plc, payment terms is solely on cash and carry basis unless otherwise. Customer (distributors) are asked to make a fixed Deposit before the materials of

their request are produced; and they would only collect upon full payment.

Pricing in United Nigeria Textile is cost oriented, that is the cost of procuction input to a large extent determines the final cost of the wrappers. This study reveals that in as much as the firm would keep the prices of its products low, bearing in mind price control agreement, market situation, competitors' prices, cost of such factors as labour, raw materials, overhead costs are so prohibitive that the company cannot price its products below these costs. Still, with these prices, the company is still justified because of the quality of its product.

4.2 UNITED NIGERIA TEXTILES AND ITS PRODUCT

United Nigeria Textiles Plc produces Several types of textile materials ranging from Real, Classic, Diamond, Hollander Wax to other types of prints.

The prints produced by United Textile are considered popular among the women who are Fashion conscious than men. In the Eastern part of the country, Wax is more preferable while in the northern part both Wax and Prints are in demand. The demand for wrappers is high in the north.

Consumers have Recommended the quality of the United Textile products as compared to products of other textile companies. United is considered as one of the market leaders in the country. This has been possible because of the high quality control emphasized by the company. This quality control has only been possible because of the company's ability to ensure good quality of input.

4.3 DISTRIBUTION ARRANGEMENT

Distribution is one of the important elements in the marketing mix; and its importance in any organisation cannot be over-stressed. It helps to attract customers, especially those who find the transportation of their goods from the production point to their warehouse difficult.

The distribution arrangement in United Textiles is optimal for their customers that is to say that those customers that feel comfortable to make adequate arrangement for the physical distribution of purchased goods can do so, but those who would not want the company to deliver the goods at their warehouses, will lift the products by themselves using their trucks.

Finish products From United Textile company are sold directly to distributors who are financially fixed and

these distributors in some cases choose the designs for their products. These distributors are known as 'Registered Customers'. The product sold on one system channel is mostly taken to Kano. The privilledged distributors in turn Sell these textile products to other middlemen who later sell them to retailers or consumers. The relationship between the company and its distributors is cordial.

Distribution of United Textile products also extend beyond our national boundaries. The company receives orders and prepares delivery document in the office for the contract middlemen and individuals who may want to buy the products. These depots are in Kano, Lagos, Onitsha, etc.

United Nigeria Textile Company has mapped out strategies/warehousing, inventory and other logistic decisions involved in moving their products from Kaduna to the ultimate consumers. This strategy has been successful because it is well co-ordinated and carried out most effectively. The products are tied in bales of hundred pieces and then out in six yards by the middlemen or retailers.

The products are grouped into grades such as grades 'A', 'B' and 'C'. 'A' is 200,000 metres of cloth. 'B' is

100,000 metres of cloth and 'C' is 60,000 metres and below.

It is important to note here that in United Textile Company no Retailers have been selected for distribution since all the products are usually channeled by policy to distributor only.

4.4 RAW MATERIALS OF TEXTILES

The major raw materials used by United Textile Company are:

- Cotton lint
- dye stuff and
- yarn sete

These materials are not always available and where they are Available they are insufficient due to government Restrictions on importation of goods. The poor yield of cotton also accounts for insufficiency of the raw material in the company.

4.5 PROMOTION

United Textile Company, promotion or Advertising is considered to be of less importance, because the product it produces does advertising itself. There is however, some

element of public relation activities in the United Nigeria Textile Company. In some cases, the company produces and gives out diaries and calendars some of which are produced annually.

By the product of United Textile advertising itself does not mean that the company does not undertake any promotion at all, although there is some element of promotion through its public relation strategy, it is not effective as should be.

4.6 HINDERANCE

The first hinderance identifies in the study is the fact the textile company has not yet embraced the philosophy of the modern marketing concept which has its cordiate points consumer orientation backed by integrated marketing. By integrated, it means that marketing is a general management function is which there is an intelligent adoption and co-ordination of product, price promotion and place to build a Strong exchange relationship with consumers.

Marketing is regarded in United Textiles as the marketing manager's function only. It is almost in isolation of the other functional departments who co-operation he needs to have in order to have the right

product at the right price and place backed up with the right promotion.

Moreover, the company has been operating for years without paying attention to research aimed at improvement and development. Hence it depends on whatever information and designs the traders who constitute the bulk of distributors send.

Government regulation is another hinderance. The government ban on textile products has made consumers in Nigeria to prefer the imported textile to locally produced ones which they claim are more durable and of better quality than local textiles products like United products.

Exchange rate is another problem to United Textile Company. This affects the company in the sense that textile company is both capital and labour intensive. The heavy equipment used by the company are imported and expensive at the same time. We cannot but appreciate its high cost of production problem.

Another factor is the distribution system in the company has always been a complex and inefficient one. The major problem lies with the difficulty in pushing its products to the markets. What is mostly practiced in Arewa

textiles and other Nigerian textile companies is to have wholesalers/distributors, who in turn dispose the products to interested dealers from where the traders eventually take them to the market. This gives room to high prices of the products by the time they get to the final consumers.

Competition is another hinderance. The Chairman of the Unityed Textiles Company had vividly confirmed the general effects on the industry of smuggling into the country of foreign textile when he said that 'smuggling into the country of foreign textiles has been on the increase'and the prices of goods from foreign countries with low cost of production are still flooding the market. posing great threats to the textile industry. This goes to confirm their acceptance of the superior quality of foreign made textile goods over the ones produced locally.

Poor quality of the product is another problem or hindrance. The Study has revealed that the textiles are some times of low quality compared with those produced abroad.

The quality of raw cotton used in spinning makes a lot of difference in the quality of the finish goods. To a large extent the quality of the Nigerian cotton contributes to the poor quality of the locally made textiles.

Following closely the foregone analysis in this research study, the analyst is constrained to accept hypothesis one partially; because it is accepted that the company has formulated policies and distribution, but their implementations do not conform with the broad policies, hence partial acceptance.

Hypothesis two (2) is rejected as United Textile Company does not have a well-developed distribution network system. In fact, distribution services are optimal.

However, hypotheses three (3) and four (4) are accepted fully, because the study revealed that the survival of the company depends to a large extent on the multi-product production and high quality of the products, which also gives the company a differential advantage over its competitor.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1 SUMMARY

The study started with an introduction in which the researcher introduced the topic to be researched into. As part of the introduction a brief review of the history was given, the main objective for undertaking the research study was conspicuously stated, the statement of the problem limitations, scope of the research and the significance of the study were equally stated.

The researcher went ahead to review some literatures with Relevant information on the subject matter, the research methods used in gathering the data for this study was discussed at length. The study employed survey and descriptive research methods to gather its information, with specific emphasis on oral interview and direct observation methods respectively.

Finally, the study analysed and interpreted the data collected on the topic titled 'Data Analysis'. This chapter is said to be very important because it is in this chapter that the truth of the organisation's pricing and

distribution policies are fully understood and appreciated. This is where the statement of hypotheses formulated in chapter one tested in order to accept or reject same. This is followed by summary, reccmmendations and conclusion.

RECOMMENDATIONS

Having studied closely the pricing and distribution polices of United Textiles Company, the investigator finds it necessary to make the following recommendations for possible improvement.

1. The investigator has established from the research findings that United Textile Company is very comfortable with the position it is now as one of the leading textile industries in Nigeria. as result no further desire to initiate any improvement on the existing products or carry out research on its products or initiate the development of new ones. This is dangerous to the organisational survival, because it is presently envied by its co-competitors who were embarking on studying its strengths and weaknesses with a view of overtaking it by attacking it in different ways.

It is therefore advisable that present position. it should not be contented with its present position and so relax but instead should explore new markets. research for new products and search for new users of the product, review and reverse its marketing strategy and of course embark on renovation and improvement where necessary.

2. It should endeavour to source raw materials locally and improve also on the quality of the products it produces.

3. Develop the distribution system of the company to meet the standard of others. It is noted that even though the company has a well distribution policy formulation in its broad policy formulation, it is sad that after many decades of this policy formulation no tangible distribution network arrangement to enhance effective physical distribution of goods purchased from the company. The researcher in his observation approach tried to observe the traders or truck that are ready for immediate delivery should the need arise, but saw none at all. The fact that it is leading others does not mean that it should overlook certain aspects of the after-sale services that accompany the purchase of goods and services

4. Government should intensify effort at curbing smuggling. Textile dealers have had difficulty in disposing of their textile goods and as a result most of them still carry large quantities of stock. So, the responsibility of curbing smuggling rests squarely on both the industry and the government.

CONCLUSION

Suffice it to say that this study has posed a lot of challenges to the researcher in various ways; one of these challenges is that the researcher was researching into an area where no attention has been given to by marketing experts.

In the course of analysing and interpreting the data collected, the researcher discovered that the company has both pricing and distribution policies but not well developed and implemented as hypotheses one and two stated. therefore the researcher accepted the two hypotheses partially.

The investigator also discovered the secret behind their survival and competitive strength is not from pricing and distribution policies formulated from the multi-product production they embark upon. Secondly the quality of their

products which company has a differential advantage over others.

The researcher also uncovered that the company does not embark on any promoting efforts at all, this is deliberate according to the organisation, and the simple reason is that the company has enough customers, which it has not been able to satisfy adequately, so advertising the product again will mean inviting prospective customers it cannot satisfy.

The company has keen competitors like Arewa Nigeria Textile Plc, Kaduna Textiles Plc and Nortex Industry, but not withstanding the number of competitors within the industry, United Nigeria Textile Plc has a competitive strength and as such has been able to stand the taste of the time in the textile industry.

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