PERCEPTION OF BUSINESS EDUCATION UNIVERSITY STUDENTS AND LECTURERS ON PRICING AND DISTRIBUTION POLICIES ON MARKETING OF CONSUMER GOODS IN NIGERIA

BY

Nneka Henrietta ANENE
(M.ED/EDUC/21511/2012-13)

THESIS SUBMITTED TO DEPARTMENT OF VOCATIONAL AND TECHNICAL EDUCATION IN PARTIAL FULFILLMENT FOR THE AWARD OF M.ED BUSINESS EDUCATION

DEPARTMENT OF VOCATIONAL AND TECHNICAL EDUCATION, FACULTY OF EDUCATION, AHMADU BELLO UNIVERSITY, ZARIA - NIGERIA

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FEBRUARY, 2014

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DECLARATION

I Anene Nneka Henrietta, declare that the work content of this thesis entitled PERCEPTION OF BUSINESS EDUCATION UNIVERSITY STUDENTS AND LECTURERS ON PRICING AND DISTRIBUTION POLICIES ON MARKETING OF CONSUMER GOODS IN NIGERIA has been done by me in the Department of Vocational and Technical Education under the supervision of Prof. A.A. Udoh and Prof. M.M Aliyu. The information derived from the literature has been duly acknowledged in the text and a list of references provided. No part of this thesis was previously presented for another degree at any university.

_____ _____

Anene, Nneka Henrietta **Date**

CERTIFICATION

This Thesis titled "Perception of Business Education University Students and Lecturers on Pricing and Distribution Policies on Marketing of Consumer Goods in Nigeria" meets the regulations governing the award of degree of M.Ed (Business Education) of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This research work is dedicated to my dear mother Chief (Mrs) Rose .U. Ofojekwu (Enyi Okwesilieze).

ACKNOWLEDGEMENT

The researcher wishes to express her gratitude and appreciation to Prof. A.A. Udoh and Prof. M.M Aliyu who served as my first and second supervisors respectively. Their kind directives and guidance made this work possible. She is sincerely indebted to Mal. Adamu Ibrahim and Mrs. Charity Nwoha for their persistence encouragement despite all the obstacles encountered during this work. Her special thanks go to the Head of Department Prof. A.A. Udoh for his advice and encouragement. The researcheris grateful to Prof. (Mrs) A.Z. Mohammed for her role in research methodology assisted by Dr. Oni in shaping this work.

Special thanks to Prof. (Mrs) T.O. Ojo, Dr (Mrs) P.E. Onuigbo, Prof. (Mrs) E. Ike, Dr. (Mrs) M.F.Ahuwan, Prof. (Mrs) S.L. Ajayi and all who contributed in one way or the other to make this work successful. Her special regards are extended to Mrs. R.T Umar for her words of encouragement. Thanks must also go to Mr. Joseph Maji and Mal AbubakarMaidama, and other Non-Academic staff of Department of Vocational and Technical Education for their assistance.

The researcher extends hergratitude to her husband Mr. Dominic Anene for his understanding. She is equally grateful for her wounderful children for their love and understanding throughout the period of carrying out this work.

Ultimately she wishes toexpress her profound gratitude to God Almighty for His wonderful kindness, guidance and providence throughout the period the work was being put together.

ABSTRACT

The study was carried out to assess the "perception of business education university students and lecturers on pricing and distribution policies on marketing of consumer goods in Nigeria. Literatures of other authors were reviewed in order to know their viewpoints and also to expose the researcher to the in-depth knowledge regarding the subject of the study. To achieve the objective of this study, five research questions and five Null hypotheses were raised. Pearson Product Moment Correlation coefficient was used in testing the Null hypotheses at 5% level of significance. The researcher used questionnaire to obtain data. Descriptive survey design was used to carry out the study. The population for the study was five hundred and thirty eight (538) respondents made up of four hundred and seventy eight (478) business education students and fifty nine (59) of their Lecturers from selected six (6) Federal University each from six (6) Geo-Political zone in the country. Due to the manageable size of the population, the researcher used all the respondents therefore there was no need for sample size and sampling procedure. Descriptive statistics of frequency distribution and percentage as well as Pearson Product Moment Correlation Coefficient were used for data analysis. The findings revealed among others that there was a significant relationship between pricing and distribution policies on marketing of consumer goods. It was therefore recommended that marketers of consumer goods should combine the three basic methods of pricing which are cost, demand and competitive pricing in order to maintain profit while considering customers interest. Moreover marketers of consumer goods should check the channels and the flow of these products in the case of deviation of any sort from planned strategy.

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OPERATIONAL DEFINITION OF TERM

Cash Discount: This is a deduction granted to buyers for paying their bills within a specified period of time.

Consumer Goods: Consumer goods are products destined for use by ultimate consumers or households and in such form that they can be used without further processing.

Convenience Goods: These are goods that are purchased frequently which the consumer has complete knowledge of the product (or its substitute) before going out to buy.

Distribution Policy: Is concerned with decision on moving goods from the producers to target consumers

Fixed Cost: This is an element of cost that remains constant regardless of how many items are produced.

Geographical Pricing: This aspect of pricing considers the geographic limits of a firms market, the location of its production facilities the source of its raw material and its competitive strength in various market areas.

Leader Pricing: Many firms, primarily retailers temporarily cut prices on a few items to attract customers. The idea is that customer will come to the store to buy the advertised leader items and then stay to buy other items.

Marginal Cost: Marginal cost is the cost of producing and selling one more units. It is the cost of the last unit produced.

Marketing Mix: Is the term that is used to describe the combination of four inputs that constitute the core of a company's marketing system which are the product, the price structure, the promotional activities and the distribution system.

Marketing: Marketing is any exchange activity intended to satisfy human wants.

Penetration Strategy: This is setting a low initial price to reach the mass market immediately.

Perception: An interpretation or impression based on ones understanding of something.

Prestige Pricing: This pricing strategy is used when buyers associate price with quality because people take its high price to be a sign of high quality.

Pricing Policy: Is the process of deciding price which should include and integrate business conditions, competitor's activities, consumer demand, product variable, channel of distribution and general resources which can determine the success or failure of a business.

Product Line: Is a broad group of products intended for essentially similar uses and possessing reasonably similar physical characteristics.

Product Differentiation: Product differentiation involves developing and promoting an awareness of differences between one company's product and those of competitors.

Psychological Pricing: This type of pricing takes the psychology of the buyer into consideration.

Rebate: This is a refund of a portion of the purchase price.

Seasonal Discount: This is a discount given to a customer who places an order during slack season.

Shopping Goods: Shopping goods are products for which customers usually wish to compare quality, price and style in several stores before purchasing.

Skimming Strategy: Skimming the cream strategy means setting a price that is high in the range of expected prices.

Specialty Goods: These are goods with unique characteristics and/or brand identification for which a significant group of buyers are habitually willing to make a special purchasing effort.

Trade Discount: Sometimes called functional discounts - These are reductions from the list price offered to buyers in payment for marketing function that they will presumably perform.

Unsought Good: These are goods not frequently purchased by the consumer because the need for it has not raised or the consumers don't have knowledge of the product or the service

Variable Cost: Variable cost is an element such as labour or material cost that is directly related to production. Variable cost can be controlled

in the short run simply by changing the level of production. When production stops for example all variable production costs become zero.

CHAPTER ONE

INTRODUCTION

1.1. Background to the Study

At one time there was no marketing because blacksmith, carpenters, tailors and others knew their customers personally. With the industrial revolution this personal contact came to an end (Stanton, 1981). There was mass production of goods which required mass markets for their sales. Thus, pricing and distribution became major activities in marketing of consumers goods (Stanton, 1981). Stanton (1981), opined that consumers' goods are products destined for use by ultimate consumers or households and in such form that they can be used without further processing. He further stated that consumer goods are further classified into four (4) namely:

1. Convenience goods
2. Shopping goods
3. Specialty goods
4. Unsought goods

Perception: Perception is the process of becoming aware of objects, qualities or relations by way of the sense organs. The individual learns to know his world through his sense organs, but what he perceives also depends on what he brings with him from his past experience and what his present needs and wishes are as he faces the world. What we perceive

is called precept, that is, what we get out of the field. Perception mechanisms include analysis, synthesis and integration of series of information.

Marketing mix: is the term that is used to describe the combination of the four inputs that constitute the core of a company's marketing system: the product,the price structure, the promotional activities, and the distribution system.

The most important element in the marketing activities of any organization is pricing. According to Kotler (1980), pricing is a process through which prices of commodities are fixed in a market. Kotler (1980) said that, "Price is the only variable in the marketing mix that generates income, all others such as product development, packaging, advertising and sales promotion generate cost".

Pricing policies constitute the framework within which pricing decisions are made to achieve pricing objectives of an organization. Thus, pricing policies provide the guidelines within which pricing strategies are formulated and implemented. Pricing strategies form an important part of a company's image and goodwill. Pricing is thus the only element which determined the success or failure of a product in actual market situations (Akanbi, 2002).

Distribution policy on the other hand refers to the guidelines or outlines or statements that are written down to serve as pointers to the

manner or way they can be effectively handled. Olayinka and Aminu (2006) viewed distribution in terms of marketing channel which to them is the combination of market intermediaries used by a manufacturer in making the product available to ultimate consumers. These intermediaries represent a variety of businesses that perform the functions needed by the manufacturer in moving his goods through a marketing channel to ultimate consumer. These functions can be very complicated and costly involving ownership, possession and promotion of goods. They stated categorically, that "the physical distribution function of marketing channel warrants special attention because of the costs incurred as well as the importance of managerial action".

Distribution as an element of the marketing mix is a very critical activity in terms of effective and efficient movement of produced goods and services from the point of manufacture to the point of use or consumption. It has been argued that improper utilization of distribution can subsequently contribute to price inflation of commodities. This is occasioned by the fact that, although the goods and services exist at their point of manufacture, they are not made readily available for consumer, hence scarcity of such products and subsequent price increase (Kotler, 1980).

As a result the marketing executives have a complex decision which involves distribution policy and the management of physical

distribution. A decision maker finds himself faced with a number of problems which cannot be solved independently of each other. Which marketing channel or channels should be at each distribution level? How large should the inventory be? How should the inventories be deployed geographically? How many branches of warehouses should be and where should they be located. Should public warehouse or branch ware house be used/ what mode of transportation should be used? The way any of these questions is answered will directly affect the possible ways the others can be decided. These decision are interlocking ones, and a decision maker cannot afford to make any of them independently (Edward and Richard, 1984)

From the above, it is obviously clear that a well-developed distribution network by any organization for the purpose of marketing its company's product cannot be overstressed especially our present stage of development in which virtually all aspects of the economy is highly in terms of technology which has led to mass production. It is necessary that distribution systems are highly developed in order to meet the needs of the consumer or target market. The extent of this depends solely on the distribution policy of the organization.

According to Stanton (1981) consumer goods are products destined for use by ultimate consumers or household in such form that they can be used without further processing. In marketing of consumer goods the

markets has to take into consideration some basic characteristics of consumer goods. Stanton (1981) further stated that such characteristics include time and effort devoted by consumer to shopping, price and quality, frequency of purchase, time spent in planning the purchase and how soon wants is satisfied after it arises.

The marketing executive therefore should consider the following marketing areas these are length of channel, importance of retailer, number of outlets, price stock margin, gross margin, advertising, brand or store name, responsibility of advertising and importance of packaging. (Kotler, 1980).

Business Education students and lecturers perceive some consumers (convenience) goods to have a low price and mass distribution strategy because of low unit price. Also they see some consumer (specialty) goods as having unique characteristics and/or brand identification that they are willing to make a special purchasing effort to buy. AccordinglyAkanbi, (2002) consumers see this category of consumer goods as having high price with exclusive distribution. It is on the basis of the given background that this study was conducted on perception of Business Education students and lecturers in Nigerian universities on pricing and distribution policies on marketing of consumer goods in Nigeria.

1.2 Statement of the Problem

The researcher observed that the pricing and distribution policies decisions for modem business organization are complex. With the present economic situations in Nigeria that business organizations are facing, no organization can succeed without any sense of direction. Once there is a laid down policy, there are limits which the marketers can go with the changing prices of goods and services.

The researcher observed that in Anambra and Kaduna States there was a deviation from the normal trend (normal trends are situations that associate high price of a product with high quality of that product). In the past the prices of commodities determine the quality and scarcity of products also signified the genuineness of the product there by high demand for it. In line with this, Nickels and McHugh (2002) attested that there were occasions when a high price was used as a recommendation for the product. According to them one frequently finds that the consumers, without the knowledge of the true value of certain type of merchandise, believes that the higher the price the better the quality. They further stated that for some shoppers' expensiveness are associated with exclusiveness. A good example is to be seen in the marketing of cosmetics where price has become part of the brand image.

The researcher noticed in the past seven years in Kaduna and Anambra States that high prices did not imply high quality and that

scarcity did not indicate high demand and genuineness. This prompted the researcher to really find out the cause(s) of high prices no longer associated with high quality. In order to deeply investigate the issue, the researcher had interaction with retailers, consumers, producers and wholesaler of consumer goods in Kaduna state (Zaria) January, 2011. Interaction with retailers revealed that high quality products were priced the same with low quality products and that in some cases the low quality ones were priced higher.

The researcher's interaction with the consumers in Zaria January, 2011 was rather very pathetic. A housewife narrated how her home would have crashed if not for the intervention of her in-laws. In her own case, her husband bought a highly priced product thinking that he has bought something of value for the wife, only for the wife to open the product to discover that the product was of low quality and the content was not as it should be. The wife in annoyance complained bitterly which led to argument between her and the husband. In the process, the man ejected her from the house but thanks for the in-laws that intervened and with great pleading brought her back to the house. In the case of the producers they claimed that the difference in the quality of their product is as a result of the criminal act of product adulterators. They said that once consumers use the product that is not of value to their own product the

consumer shifts immediately to repurchase products of close substitutes which to them are a loss of patronage.

The wholesalers however stated that they only purchased from the rightful producer in order to avoid adulterated ones which normally are of low quality. The organizations did not take into consideration the reactions of customers (of which business education students and lecturers are part of it). There is also problem regarding the decision as to what policy to use, how to use it, when to use it, the reaction of the consumers on what price they are presented to pay as well as the overall effect of these policies on the entire organization objectives is no doubt a pressing issue to marketing executive.

There is also problem of inability of companies to accord to pricing the importance it deserves while taking pricing decisions. Some firms recommended the price at which the retailer should sell their brands to the public. This, most of the time posed considerable problems for the marketing manager concerned with consumer products. Most of the times, companies do not set realistic prices at which the product will be sold to the consumers.

More so, there is problem of unavailability of some consumer products when needed by the consumers. All these constituted the problem which this study went to investigateemperically.

1.3 Objectives of the Study

The major objective of this study is to assess the perception of Business Education Students and Lecturers on pricing and distribution policies on marketing of consumer goods. The specific objectives of this study are to:

1. identify the pricing policies which producers or organization use in setting consumer product prices.
2. assess the impact of pricing and distribution policies on the marketing of consumer goods as seen by business education students and lecturers.
3. assess areas that such practices and strategies are deficient.
4. determine the relationship between pricing and distribution with regards to level of purchases by business education students and Lecturers.
5. assess the effectiveness of distribution of consumer goods as an element of the marketing mix.

1.4 Research Questions

The research work provided answers to the following questions:

1. What are the pricing policies used in setting up consumer product prices?

2. What are the perception of Business education students and lecturers on pricing and distribution policies on marketing of consumer goods?
3. To what extent are these policies practices and strategies deficient?
4. What is the relationship between pricing and distribution with regard to the level of purchase by Business Education Students and Lecturers?
5. To what extent is distribution of consumer goods effective as an element of the marketing mix?

1.5 Null Hypotheses

In line with the research questions, the following null hypotheses were raised for the study.

1. Null hypothesis one - There is no significant relationship between pricing policy used and setting of consumer products price.
2. Null hypothesistwo - There is no significant relationship between pricing policy and distribution policies on marketing of consumer goods and the perception of Business education students and lecturers.
3. Null hypothesis three – There is no significant relationship between product availability and price/quality of consumer goods.

4. Null hypothesisfour – There is no significant relationship between the pricing and distribution of consumer goods and the level of purchase (patronage) by Business Education Students and Lecturers.
5. Null hypothesis five - There is no significant difference between effectiveness of the distribution network and consumer goods awareness as an element of the marketing mix.

1.6 Significance of the Study

This study will be of immense importance to the organization's marketing consumer goods, Business Education Students, lecturers, the public and academia.

The findings and recommendations will be of valuable importance to the organizations marketing consumer goods in terms of policy measures which are aimed at getting marketing success possible for survival and profitability as well as ensuring continued patronage of their goods by their customers.

It will be very useful to Business Education students and lecturers as the knowledge of these policies will help them to become articulate consumers.

The findings will be very useful to the public particularly the policy makers in terms of their decision and actions toward price monitoring and consumer protection.

To the academia, the findings of the study stand to add to the existing literature on the effective pricing and distribution policies and how it could be used to achieve successful marketing.

1.7. BasicAssumptions of the Study

This research was based on the following assumption that:

1. business education students and lecturers see pricing and distribution policies as important components in marketing of consumer goods.
2. experts who validated the questionnaire have knowledge in the field.
3. respondents will answer to the questionnaire honestly without bias or suspicion.
4. the sampled population will be representative of the 300L business education student and lecturers in Nigeria University.

1.8. Delimitation of Study

The study was delimited to six (6) Nigerian Universities with each from the six Geo-Political zones namely:

1. Ahmadu Bello University, Zaria - North West
2. AbubakarTafewaBalewa University, Bauchi - North East
3. University of Ilorin, Ilorin - North Central
4. University of Nigeria, Nsukka - South East
5. University of Science and Technology, Port-Harcourt - South South
6. University of Lagos, Lagos - South West

The reason for choosing these universities is that they are the oldest universities offering this course therefore they should have more experience in teaching methodology and equipment in terms of infrastructure.

The study was further delimited to two types of consumer goods namely:

(a) Convenience goods:- washing soaps and detergents, toothpaste, toilet roll and Beverages.

(b) Specialty goods:- fashion clothing, cosmetics and Jewels.

The reason for the choice of the two products is because they are very popular, common and people frequently use them.

This study was delimited to 300 level students of Business Education and Lecturers in the Department of Vocational and Technical Education of each of these institutions. The choice of 300 level students of business education was made because at 300 levels the students must

have been exposed to marketing courses which will enable them to give reliable response. The choice of the lecturers was based on the fact that they are the people that teach the students and it is believed that they have the information required.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The review in this study looks at pricing and distribution policies as viewed by other writers under the following sub-headings:

2.1. Concept of Consumer Goods

2.2 Concept of Perception

2.3 Concept of Marketing Mix

2.4. The Concept of Price and Pricing

2.5. Importance of Pricing and Pricing Policies

2.6. Pricing Strategies and Price Adjustment

2.7. Methods of Setting Prices and Pricing Objectives

2.8. Factors to Consider when Setting Prices

2.9. Distribution Channel and Factors Affecting Channel of Distribution

2.10. Pricing and the Law

2.11. Channels of Distributing Consumer goods

2.12. Middlemen and their Classifications

2.13. Wholesaling - Types, Function and case against Wholesalers

2.14. Retailing - Types and Functions of Retailers

2.15. Levels of Distribution Intensity

2.16. Barriers to Effective Distribution of Consumer's goods in Nigeria

2.17. Empirical Studies

2.18. Summary of the Reviewed Literature

2.1 ConceptofConsumer Goods

Consumer goods are products meant for ultimate consumers Stanton (1981) stated that consumer goods are products destined for us by ultimate consumers or households and in such form that they can be used without (further) processing. Similarly Akanbi (2002) explained that consumer goods are products that end up with the ultimate consumers. He further stated that consumer goods can further be classified according to the amount of efforts consumers are willing to expend for their purchases and the extent of their preferences for such products and services. According to Akanbi(2002),the main classifications of consumer goods are.

a. **Convenience Goods:** These are standard products and services usually of low unit value that consumer wish to buy immediately that their need arise and with little buying efforts such items are conveniently placed using all the available outlets in a given target

market. The major characteristic of convenience goods is that the consumer has complete knowledge of the particular product he wanted. Examples are newspapers, food items, small household goods as electric bulb, cups, blades, sweet etc.

b. **Shopping goods:** These are durable items with differentiated products attributes that consumers wish to compare in order to be able to find the most suited for their needs before buying. They are not very pressing needs that demand immediate satisfactions. They therefore have to be marketed differently. Examples of such goods are clothing, household appliances and furniture.

c. **Specialty Goods:** These are products that consumers insist on having. The buyers are willing to wait until the right products are available before they buy them. Consumers have either developed special tastes or liking for such goods. They are usually very costly items and include luxury items as cars, jewels, fashions clothing etc.

d. **Unsought Goods:** These are good people do not seek for either because they did not plan ahead to buy them or they did not know about their existence before they saw them as displays at the point of purchase. Most new and recently introduced products will fall into this class. Similarly, Smith and Taylor (2002) shared a similar view with Akanbi (2002) they stated that consumer goods is divided into convenience, shopping, specially and unsought goods.

2.2 Concept of Perception

Perception is the process of becoming aware of objects, qualities or relations by way of the sense organs. Oladele (2004) stated that the individual learns to know his world through his sense organs, but what he perceives also depends on what he brings with him from his past experience and what his present needs and wishes are as he faces the world. Thus, sensory experiences are gathered and processed in the brain into meanings which elicit behavior. What we perceive is called precept, that is, what we get out of the field. Perception mechanisms include analysis, synthesis and integration of series of information.

Importance of Perception

According to Oladele (2004) the following are the importance perception:

1. We have to perceive if we are to learn. What we learn and how we learn is a function of our perception.
2. Perception furnishes us with experiences that promote thinking and understanding
3. Perception helps us in problem-solving
4. Perception is indispensable in the development of memory and imagination.
5. Perception build up our emotion.

Essential Feature of Perception

Oladele (2004) went on to explain the following as the features of perception.

1. **Sensory Experience:** All perceptions occur when there is sensory experience, namely;
    a. Visual sensory experience which includes shape, colour, sizes of object.
    b. Auditory sensory experience consists of sounds and tunes. Tunes vary in pitch, e.g high and low pitches.
    c. Olfactory sensory experiences are odours which are sensed.
    d. Tactile sensory experience includes touch
    e. Gustatory sensory experience include taste, ranging from sweet, sour to bitter.
2. **Meaning:** When the sensory experiences are made to refer to a real object in the physical world, there is meaning. The meaning we make out of perception comes as a result of learning.
3. **Discrimination:** Is the ability to separate one event or object from another. We can distinguish pitches of sound through auditory sensory organ. If two things look exactly alike, we need to use two senses to discriminate between them e.g. read' 'I read yesterday'. 'I shall read tomorrow'. Visually, the stimuli are alike but auditorily they sound differently.

A motivated person is ready to act. How the motivation person actually acts is influenced by his or her perception of the situation.

Kotler (1996) in his own view stated that perception is the process by which an individual selectes, organizes, and interprets information/inputs by his or her perception of the situation.

Perception depends not only on the physical stimuli but also on the stimuli's relation to the surrounding field and on conditions within the individual.

The key work in the definition of perception is "individual". For instance Linda Brown might perceive a fast-talking computer salesperson as intelligent and helpful. Why do people perceive the same situation differently? People can emerge with different perceptions of the same object because of three perceptual processes: selective attention, selective distortion, and selective retention. As a result, people may not necessarily see or hear the message that marketers want to send. Marketers must therefore be careful to take these perceptual processes into account in designing their marketing campaigns.

Selective Attention: People are exposed to a tremendous amount of daily stimuli. For example, the average person may be exposed to over 1,500 advertisementa day. Because a person cannot possibly attend to all of these stimuli most stimuli will be screened out – a process called selective

attention. The real challenge is to explain which stimuli people will notice. Here are some findings:

People are more likely to notice stimuli that relate to a current need. For instance Linda Brown will notice computer advertisement because she is motivated to buy one; she will probably not notice stereo-equipment advertisement when a computer tops her needs list.

People are more likely to notice stimuli whose deviations are large in relation to the normal size of the stimuli. Linda Brown is more likely to notice an advertisement offering $100 off the list price of an Apple computer than one offering $5 off the list price.

Selective attention means that marketers have to work hard to attract consumers' notice. Their messages will be lost on most people who are not in the market for the product. Even people who are in the market may not notice a message unless it stands out from the surrounding sea of stimuli. Advertisement that are novel or larger in size, use bold colour, or provide contrast to their surroundings are more likely to be noticed.

Selective Distortion: Even noted stimuli do not always come across in the way their creators intended. Selective distortion is people's tendency to twist information into personal meanings and interpret information in a way that will support rather than challenge their preconceptions. Thus Linda Brown may hear the salesperson mention good and bad point about

an IBM computer. If Linda has a strong leaning toward IBM, she is likely to discount the negative statements to justify buying an IBM. Unfortunately, there is not much that marketers can do about selective distortion.

Selective Retention: People will forget much that they learn but will tend to retain information that supports their attitudes and beliefs. Because of selective retention, Linda is likely to remember good points mentioned about the IBM and forge good points mentioned about competing computers. She remembers IBM's good points because she "rehearses" them more (that is, she "talks to herself" more about IBM's good points) whenever she thinks about choosing a computer. Selective retention explains why marketers use drama and repetition in sending messages to their target market.

2.3 Concept of Marketing Mix

According to Kotler(1980) marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.

There are literally dozens of marketing-mix tools. Kotler (1980) popularized a four-factor classification of these tools called the four Ps: product, price, place (i.e., distribution), and promotion. The particular marketing variables under each P are shown in figure 2.It shows the

company preparing an offer mix of products, services, and prices, and utilizing a promotion mix of sales promotion, advertising, sales force, public relations, direct mail, and telemarketing to reach the distribution channels and the target customers.

Not all marketing-mix variables can be adjusted in the short run. Typically, the firm can change its price, sales force, size, and advertising expenditures in the short run. It can develop new products and modify its distribution channels only in the long run. Thus the firm typically makes fewer period-to-period marketing-mix changes in the short run than the number of Marketing-mix variables might suggest.

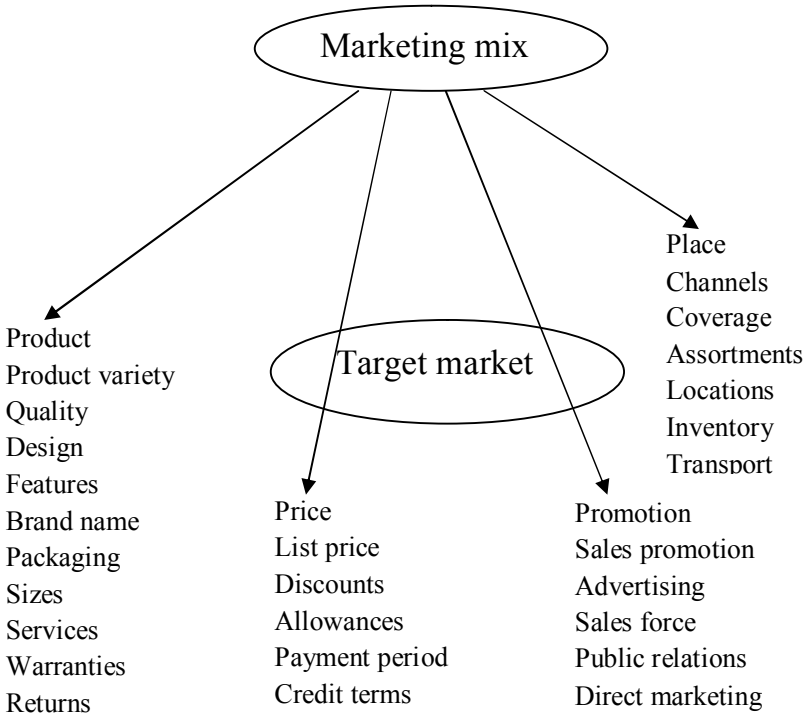


Figure 2.1: The four Ps of the marketing mix

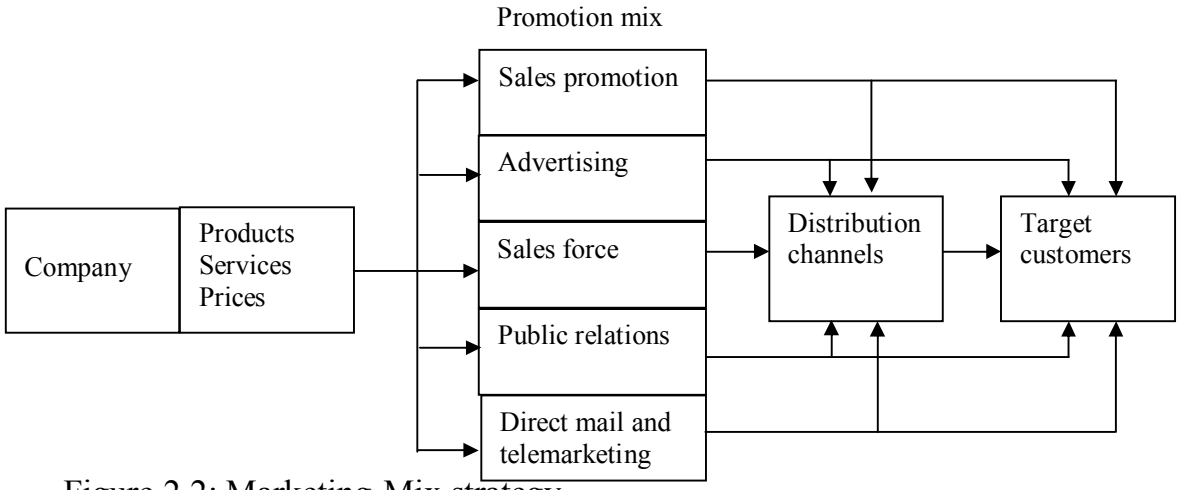


Figure 2.2: Marketing-Mix strategy

Finally, marketers must decide on the allocation of the marketing budget to the various products, channels, promotion media, and sales areas.

The most basic marketing-mix tool is product – the firm's tangible offer to the market, which includes the product quality, design, featurers, branding, and packaging.

A critical marketing-mix tool is price, the amount of money that customers pay for the product a decision has to be made on wholesale and retail prices, discounts, allowances, and credit terms. Price should be commensurate with the offer's perceived value. If it is not, buyers will turn to competitions' products.

Place, another key marketing-mix tool, includes the various activities the company undertakes to make the product accessible and available to target customers marketing companies must identify, recruit,

and link various marketing facilitators to supply its products and services efficiently to the target market. It must understand the various types of retailers, wholesalers, and physical-distribution firms and how they make their decisions.

Promotion, the fourth marketing-mix tool, includes all the activities the company undertakes to communicate and promote its products to the target market marketing organization has to hire, train, and motivate salespeople. It has to set up communication and promotion programs consisting of advertising, sales promotion, public relations, and direct and online marketing.

Note that the 4Ps represent the sellers' view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit. Robert LauterbornKotler 1980 suggested that the sellers' 4Ps correspond to the customers 4Cs.

4Ps	**4Cs**
Product	Customer needs and wants
Price	Cost to the customer
Place	Convenience
Promotion	Communication

Thus, winning companies will be those who can meet customer needs economically and conveniently and with effective communication.

Marketing mix: AccordingtoKotler(1999)marketingis the term that is used to describe the combination of the four inputs that constitute the core of a company's marketing system: the product, the price structure, the promotional activities, and the distribution system.

The four "ingredients" in the mix are interrelated. The systems concept; decisions in one area usually affect action in the others. Also, each of the four contains countless variables. A company may market one product or several – related or unrelated. They may be distributed through wholesalers or directly to retailers, and so on. Ultimately, from the multitude of variables, management must select the combination that will best adapt to the environment. Management is seeking the mix that will lead to the optimal synergistic results.

The product: Managing the product ingredient includes planning and developing the right products and/or services to be marketed by the company. Guidelines are needed for changing existing products, adding new ones, and taking other actions that affect the assortment of products carried. Decisions are also needed regarding branding, packaging, and various other product features.

Price: In pricing, management must determine the right base price for its products. It must then establish policies concerning discounts, freight payments, and many other price-related variables.

Promotion: Promotion is the ingredient used to inform and persuade the market regarding a company's products. Advertising, personal selling, and sales promotion are the major promotional activities.

Distribution: Even though marketing intermediaries are primarily a noncontrollable environmental factor, a marketing executive has considerable latitude when working with them. Management's responsibility is (1) to select and manage the trade channels through which the products will reach the right market at the right time, and (2) to develop a distribution system for physically handling and transporting the products through these channels.

The concept of the marketing mix is also applicable to nonbusiness and/or nonprofit organizations. To illustrate, the marketing mix for an art museum might include:

a. **"Product":** An exhibition of paintings and sculptures providing customer benefits of education, enjoyment, and use of leisure time.
b. **Price:** public donations and admission charges.
c. **Distribution:** direct from museum to its market. No marketing intermediaries (middleman) used. The Whitney Museum of

American Art opened a branch in downtown New York City, near Wall Street, to reach people who found it inconvenient to visit the main museum at its uptown New York City location.

d. **Promotion:**Advertisements in the media and elsewhere about a new exhibit. Signs at the entrance.

In conclusion, a company's marketing effort should start and end with the customers. Management should select its market targets, analysis them carefully, and then develop a program to reach those market. Permeating the planning and operation of this model is the company marketing information system – a key marketing subsystem intended to a management in its decision making.

2.4 The Concept of Price and Pricing

The primary purpose of any business is to make profit and it is, therefore, the primary duty of the marketing manager to know what is price and determine ways of setting good prices. Contrarily, Kent Monre (1979) in his own contribution defined price within the economic context as the amount of money to be sacrificed to acquire something desired. "Kotler (1980) in his own contribution stated that price, parallels the total product offered. That is, the buyer for a stated price receives the total product offered not only a product.

Some offerings may include after sales services or coupling with free maintenance for a particular period of time. This is an attempt to improve the relationship with the seller. Kotler (1980) went further and stated "price covers the total marketing offering, suggesting that the consumer also buys the information received through advertisement, personal selling or the distribution method chosen". Schewe and Smith (1980) stated that price goes by other names - rent, tuition, fare, rate, interest, toll, premium, honorarium and even bribe. According to them, all these names add up to one thing, what consumers pay for a product or service. They further stated that any transaction can be seen as an exchange of something of value usually money (price) for a bundle of satisfaction (product). The key to determining a product price lies in understanding the value usually money (price) for a bundle of satisfaction (product) price lies in understanding the value that consumer perceive in the product and that value results from their perception of the total satisfaction provided by the product from the total bundle of utility.

Similarly, Stanton (1981) in his own contribution defined price as "as an offer or an experiment to test the pulse of the market". Further asserted that what you pay is the price for what you get thus, Tuition - Education

Interest - Use of money

Rent - Use of living quarters, or a piece of equipment for a period of time

Fare - Taxi or bus ride

Fee - Services of a physician or lawyer

Retainer - Lawyers service over a period of time

Toll - Long distance phone call or travel on some high way

Salary - services of an executive or other white collar worker Wage - services of a blue collar worker

Commission - sales person services

Honorarium - Guest speaker

Dues - membership in a union or a club

Then in socially undesirable situations some people pay a price called blackmail, ransom or bribe.

However, Coreys (1981) saw price as "the art of translating into quantitative terms, the value of the product to customer at a point in time". In her contribution, Nwokoye (1987) opined, "price is the amount of money needed to acquire a given quantity of goods and services". Morden (1991) in his own opinion defined price as a value or sum of money at which a supplier of a product or service, and a buyer agree to carry out an exchange transaction such an exchange transaction takes place at either fixed or negotiable prices.

On the other hand, pricing has been defined by many authors. According to Peters and Donnelly (1992) they saw pricing to include the

process of deciding price which should included or integrate business condition competitors, consumer demand, product variables, channel of distribution and general resources which can determine the success or failure of a business. Similarly, Zikmund and Amico (1996) stated that price is a statement of value because it is the amount of money or other consideration given in exchange for a product. They asserted further that price has many names and that these names vary according to tradition or the interests of the seller.

For example rent and fee are terms used in specific exchange to describe price. According to them, some sellers avoid using the word price in order to make what is offered for sale appear to be a quality that price cannot fully describe. Thus, the students pay tuition not a price for education. The commuter pays a toll; the Professor who gives an off campus speech accepts an honorarium, the physician charges a fee for professional universities, government, professors and doctors all sell their services for a price, no matter what that price is called.

However, Loise, Kimbrell and Woloszyk (1997) in their own contribution suggested that price is the value of money (or its equivalent) placed on a good or service. It is usually expressed in monetary terms. In the same vein, Etzel, Stanton and Walker (1997) stated that price is the amount of money and/or other items with utility needed to acquire a product. Hudson (1998) opined that price is the value of a product

expressed in terms of Naira and Kobo. Similarly, Achumba and Osuagwu (1998) stated that pricing is a critical element in a company's marketing strategy. They opined that it interacts with other variables or elements of marketing mix to determine the effectiveness of each of the marketing mix variables. They also stated that pricing may be taken to mean the exchange of a good, service or idea.

Akanbi (2002) also had a similar view to Schewe and Smith (1980) and Stanton (1981). He stated that price is known by many names. According to him, some people call it fees, some refer to it as tuition, dues, rates and/or interests. Also some refer to it as charges, premiums, honorarium or dividends and some just use the name price. Stanton (1981), further stated that price is anything usually money (since the barter has been replaced by money as a medium of exchange) that is given up during a transaction in order to obtain in exchange a product (goods and/or services).

Based on all the definition so far quoted, the researcher wished to deduce that price is the value of a unit of commodity expressed in monetary terms. It is the quantity of money or anything which must be exchanged for a unit of a commodity.

Akanbi (2002) opined that pricing is part of the product that the value attached to any product by buyers is often assessed by the price. The product, the price and the services are put together to form the

offerings of the company to the market. According to Kotler and Armstrong (2004), pricing involves "harvesting your profit potential". He opined that if effective product development, promotion and distribution sow the seeds of business success effective pricing is the harvest. Kofo and Suraju (2007) asserted, a "price is the amount of money which will be accepted in turn for the legal transfer of product or services". Similarly Paul and William (2001) opined that price is anything we can pay for the value of goods and services consumed.

Conclusively pricing is the art of translating into quantitative terms (Naira and kobo) the value of the product to customers at a point in time.

2.5 **Importance of Pricing and Pricing Policies**

Pricing is of significant importance in any business organization. In line with this, Kotler (1979) postulated some fundamental reasons why price is essential, these included:

(a) Sellers consider price to be one of the key influence on buyer choice behaviour

(b) Price is the only element in the marketing mix that creates sales revenues others are cost

(c) Price is a basic regulator of the economic system because it influences the allocation of factors of production

(d) Price is quantitative, unambiguous and undimensional, whereas product quality, product image, customer service, promotion etc are qualitative, ambiguous and multi-dimensional.

(e) The price of a product or service is a major demand for the item

(f) The price of a product or service also affects the firm's marketing programmes.

Schewe and Smith (1980) stated that one function of price is to determine a company's product profit and that another important function of prices is to ration and allocate resources to their most efficient use. Stanton (1984) in his own contribution stated that price is a basic regulator of the economic system because it influenced the allocation of the factors of production (Land, Labour and Capital). Stanton (1984), maintained that the price of a product or service is a major determinant of the market demand for the item. According to him, price affects the firm's competitive position and its share of the market. As a result price has a considerable bearing on the company's revenue and net profit.

Farese et al (1997), shared a similar view with Schewe and Smith (1980), they stated that price has three main importance which included:

1. It helps to establish and maintain a firm's image, competitive edge and profits.
2. Many customers use price to make judgment about products and the company that make them.

3. Price helps to determine profits

The importance of price is that, it is one of the three main variables that determined profit. Thus, the profit per unit equal to the price less the total cost of producing that unit profit = price - cost. (Czinkota, Kotabe and Mercerl 1997).Etzel et al (1997) opined that price is significant in our economy, in the consumers mind and in an individual firm. According to them, in the economy price influences wages, rent, interest and profit. Price is a basic regulator of the economic system because it influences the allocation of the factors of production - land, labour, capital and entrepreneur.

In the consumers mind according to them, majority of consumers are somewhat sensitive to price but are also concerned with other factors such as brand image, store location, service, quality and value. In the individual firm, they further stated that product price is a major determinant of the market demand for its price affects a firm's competitive position and its market share. As a result, price has a considerable bearing on a company's revenue and net profits. Through prices, money comes into an organization.

Akanbi (2002) in his contribution stated that price is a regulatory factor that keeps the economy in balance. It serves to allocate the limited resources for their most effective uses. In his opinion, if the demand for a product rises, more profit will be made and more producers will be

attracted to the sector, and when the demand fall, prices will fall resulting in losses. Resources will consequently be diverted to other ventures where the prices will bring in enough profits to encourage investments. Asserted further that price also determines the type of customer that will patronize a manufacturer's product. Also explained that price is the most flexible variable in the marketing mix, that it can be changed quickly unlike the product itself, the promotional mix or the distribution mix.

Akpan (2003) identified the following as the importance of price

(a) Acceptance factor - price is an acceptance factor. People buy based on price. A high price is a surrogate indicator of high quality.

(b) Success factor most product fail because of price

(c) Determines revenue that accrues to an organization

(d) In buying situations poor pricing can affect the entire marketing programme

(e) Price is the only revenue generating element of the marketing mix. All other elements are cost.

Profitability depends, among other things, on a suitable price, therefore any business organization must bear this mind in dealing with pricing of their commodity. However company must state their pricing policies. The concept of pricing policies is discussed as follows:

Pricing Policies

It is essential for the marketing manager to formulate and implement policies which will maximize the profit per unit capital employed in the business. Pricing policies are general rules intended to keep an organization's decisions in line with its objectives. In other words, policies are guidelines that assist the member of an organization who make daily decisions. Without policies, decision makers run the risk of selecting a course of action that does not further the organization goals. Czinkola et al (1997) in their own view explained that company can base their policies on cost price, pricing, target pricing, historical pricing, product line pricing and competitive pricing.

Boone and Kurtz (1998) stated that pricing policy is a set of general guidelines that reflect marketing objectives and influence specific pricing decisions. According to them, firms implement variations of four basic types of pricing policies. They included:

1. Psychological Pricing - A pricing policy based on the belief that certain prices or price ranges make a good or service more appealing than others to buy. Two more psychological pricing techniques include:

(a) Odd Pricing - A pricing policy that ends prices with odd numbers just under round numbers to make them seem below - for instance N 9.95 rather than N1O.OO

(b) Unit Pricing - A pricing policy that states prices in terms of recognized unit of measurement or standard numerical counts.

2. Price flexibility - This is a pricing policy that permits variable prices for different customers.

3. Product line pricing - The practice of setting a limited number of prices for a selection of merchandise.

4. Promotional policy - A technique that temporarily lowers price below normal level in a temporary marketing campaign.

Related to the view of Boone and Kurtz (1998) was the view of Agbo (2000), who stated that pricing policies are guidelines or rules which the firm follows when making strategic and tactical decisions for achieving the objectives. Further asserted that pricing policies define the company's attitude towards price discount, the price image that the company wants and countering competitor's prices. He maintained that establishing policies for a company, management must consider the possible reactions of the various parties that will be affected. These are distributors, competitors, suppliers, company executives and salesmen, government and users. Marketers of consumer goods should set pricing policies that will enable them achieve their objectives.

2.6 Pricing Strategies and Price Adjustment

Pricing strategies include policy, objectives and action programmes to set initial prices and for adapting prices in response to opportunities and challenges from competitors. In line with this, Schewe and Smith (1980) stated that there are two main pricing strategies for marketers to follow skimming and penetration - as well as some variations of these approaches. They further asserted that with skimming strategy that the price is set at a high level, and the objective is to sell the product initially to the core market. Later when the core segment has been reached the price will be adjusted downward to appeal to consumers who are more price sensitive.

Furthermore, they explained that penetration strategy calls for low prices and high volume. In following this approach the price setters believe that the attraction of a low price will lead to such a high sales volume, that the total revenue will be greater than could be realized by a higher price. The idea is to reach the entire market with a low price thus generating the greatest volume. They also stated that while skimming and penetration are by far the most common approaches to pricing, they do not cover the full range of policies available to price setters that some other pricing strategies used by marketers are

1. Prestige pricing
2. Price leading

3. Customary Pricing

4. Survival Pricing

According to Zikmund and Amico (1996) managers may use several of these strategies to arrive at a price that reflect market realities, costs, consumers perceptions and other consideration. They stated further that pricing strategies may be broadly categorized under five headings namely:

a. Differential pricing strategies

b. Competitive pricing strategies

c. Product-line pricing strategies

d. Psychological and image pricing strategies

e. Distribution - based pricing strategies

However, Boone and Kurtz (1998) opined that the specific strategies that firms use to price their goods and services grow out of the marketing strategies they formulate to accomplish overall organizational objectives. One firm's marketers may price products to attract customers across a wide range, another group of marketers may set prices to appeal to a small segment of a target market, and still another group may simply try to match competitor's price tags. They explained that in general firms can choose from three pricing strategies.

(a) Skimming Pricing strategies: A pricing strategy involving the use of a high price relative to competitive offering to help secure initial market acceptance.

(b) Penetration Pricing Strategy: A pricing strategy involving the use of a relatively low entry price as compared with competing offering.

(c) Competitive pricing strategy: A pricing strategy designed to dcemphasize price as a competitive variable by pricing a good or service at the general level of comparable offerings.

Kotler and Armstrong (2004) had a similar view to Schewe and Smith (1980), they stated that pricing strategies usually changes as the product passes through its life cycle. The introductory stage is especially challenging, companies bringing out a new product face the challenges of setting prices for the first time. They can choose between two broad strategies. Marketing skimming and Market penetration

In setting out pricing strategies, companies need to develop pricing strategies that will counter the effects of inflation and other marketing environmental problems.

Apart from setting pricing strategies marketers use some strategy modification or related terms of sale so that prices differ for different customers under different circumstances. These possible modifications make up a price structure and these called Price Adjustment.

Schewe and Smith (1980) in their own contribution stated that cost demand and competition are the influences and they are guided by the organization's objectives and by the pricing policies designed to achieve these. They stated that in adjusting price, marketers can use discount - cash, trade, quantity, promotional and discount. According to Zikmund and Amico (1996), it is common for most prices to be adjusted with discount. This discount can be cash discount, trade discount, anticipated discount, non- cumulative quantity discount, cumulative quantity discount and seasonal discount.

Boone and Kurtz (1998) added that another way to adjust a consumer cost is that marketer may offer a rebate

- a refund of a portion of the purchase price. Hudson (1998) asserted that marketers use some strategy modification or related terms of sale so that prices differ for different customers under different circumstances. According to him prices may be adjusted by implementing any of these structures price flexibility, psychological pricing, promotional pricing, discount pricing tactic and allowances. Okeke (1999) agreed to the view of Hudson (1998) that prices may be adjusted by price flexibility, discount pricing and allowances.

Kotler and Armstrong (2004) held a similar view with Hudson (1998), in their opinion they stated that companies usually adjust their basic prices to account for various customer differences and changing

situations. Some adjustment strategies includes discount and allowance pricing, segment pricing, psychological pricing, promotional pricing, geographical pricing and international pricing. Kotler and Keller (2006) opined that most companies adjust their list price with discount and allowances. According to them a company can use the following type of discount to adjust their prices.

a. Cash discount - A price reduction to buyer who pays bills promptly
b. Quantity discount - A price reduction to those who buy large volumes.
c. Functional discount - Discount (also called trade discount) offered by a manufacturer to trade channel members if they will perform certain functions such as selling, storing and record keeping. Manufacturers must offer the same functional discount within each channel
d. Seasonal discount - A price reduction to those who buy merchandise or services out of reason e.g. Hotels, motels and airlines offer seasonal discounts in slow selling periods.
e. Allowances - An extra payment designed to gain reseller participation in special programmes. Trades in allowances are granted for turning in an old item when buying a new one.
f. Promotional allowance reward dealers for participating in advertising and sales support programmes.

They however warned that companies must do this carefully or find that their profits are much less planned.

2.7 Methods of Setting Prices and Pricing Objectives

In order to establish a standard price there are various methods of setting prices of consumer goods. Elvy (1980) in his own contribution stated that there are two different methods which a firm may adopt in arriving at its pricing strategy, one is the cost-plus approach this is the traditional method by which the cost is determined and a reasonable margin added to which is required to achieve ones declared aims. He also stated that the alternative method is known as the market approach, this concerns itself with the price which the consumer is likely to be prepared to pay.

Stanton (1984) opined that there are three main methods of setting prices. They include:

1. Total cost plus a desired profit, according to him for cost plus pricing to be at all useful or effective, a seller must consider the several type of costs and their different reactions to changes in the quantity produced. That is, the differences among fixed, variable and marginal cost must be understood. Stated further that the major weakness of this method is that it completely ignores the market demand. However, to partially offset this weakness a company may

use Break- even analysis method which simply means – A balance between Market demand and product cost (supply). Further stated that the third method is competitive market condition method, that is, pricing below the competitors and this is used by discount sellers or pricing above competitors a policy followed for distinctive products or prestigious stores.

Farese et al (1997), stated that three basic methods may be used in setting prices namely

a. Cost - plus pricing

b. Demand oriented pricing and

c. Competition oriented pricing

Farese*et al* (1997), further stressed that cost-prices approach is the more widely used method in business because it is almost too logical to ask "what does it cost?" How much profit can be added? The result of these questions is the price of the product.

Related to this view is that of Kotler and Armstrong (2007), they stated that companies set prices by selecting general pricing approach that includes one or more of these three sets of approach:

a. The Cost Based Approach: This is a simplest method of adding a standard markup to the cost of the product

b. Break-even Analysis and target profit

c. Value based pricing and

d. Competition based pricing

There are various ways of setting prices for consumer products. Alasiri (2005) stated that there are two main approaches of setting prices - the value price approach and the cost price approach. This emphasizes the utility of the product, that is, the ability to satisfy a want. A manufacturers can influence a prospective customer by giving the product more utility, educating the customer on the value of the product or by adjusting the price to fit the products existing utility. Stressed however, that determining a products utility is a difficult task sometimes done by means of test marketing or consumer survey although care must be taken when interpreting such surveys.

Moreso for companies to compete favourably they must state their pricing objectives.Broadly speaking a firm may go for more than one objective at the same time while it pursues maximum profits in the short run and long run, it may also wish to maintain good relations with labour, the government and the consumers. It may wish to build a new image for the entire company even at the face of decreasing profits. Stanton (1984) opined that the objective of pricing includes:

1. Achieve target return on investment or on net sales
2. Stabilize prices
3. Maintain or improve share of the market
4. Meet or prevent competition

5. Maximize profit

Peters and Donnelly (1992) opined that effective pricing decision involve the consideration of many factors depending on the situation. According to them, pricing decision models have been advanced with clearly stated warnings that all pricing decision will not fit the framework.

One of these models suggested a nine step sequence:

1. Define the market
2. Estimate market potential
3. Develop product positioning
4. Design the market mix
5. Estimate price elasticity of demand
6. Estimate all relevant cost
7. Analyze environmental factors

8 Set pricing objectives

9. Develop price structure

According to Zikmund and Amico (1996), there are some factors to consider when setting prices which include:

1. Determine your pricing objectives (income, competition and social concern)
2. Know the importance of price to your target market.

3. Know our demand

4. Know your cost

5. Know your price strategy

However, Hudson (1998) asserted that pricing decisions will reflect some of these objectives.

a. Profit Oriented Objectives which main goal may be profit maximization, target rate of return on investment and satisfactory profits

b. Volume Oriented Objectives which main goal may be maximization of sales revenue, maximization of market share, maximization of customer volume.

c. Status Quo Objectives - Hudson further stressed that a firm may pursue status quo-oriented objectives by maintenance of market share, meeting competition, maintenance of image, maintenance of stable prices achievement of certain mark-ups and recovery of costs.

Also, Achumba and Osuagwu (1998) stated that the main pricing objectives of any business include profit maximization, market share and matching the competition.

Similarly Agbo (2000) in his own contribution highlighted the following typical pricing objectives among others

a. Profit maximization

b. Market share

c. Market skimming

d. Sales growth

e. Competition

f. Maximizing current revenue

g. Achieving target profit

h. Gaining promotional point

Palmer (2000) agreed with the views of Achumba and Osuagwu (1998) and Agbo (2000), who stated that the diverse objective of an organizations price policies are profit maximization, sales growth, survival and social consideration.

2.8 **Factors to Consider when Setting Prices**

For any business to set its prices, there are certain factors to be considered in order for them to achieve their pricing objective.

Stanton (1981) expressed that there are several factors which influences final pricing decisions such includes:

1. Demand for the product
2. Target share of the market
3. Competitive reactions
4. Use of cream-skimming pricing or penetration pricing
5. Other parts of the marketing mix - the product, distribution channel and promotion

6. Cost of producing or buying the product

Smith and Taylor (2002) in their own view contended that pricing decisions constitute a complex web and that successful pricing requires an awareness of the many interrelationships among pricing decisions. He further explained that marketing manager must take a decision on product price which involves a multiple process. According to him the pricing objectives must first be determined and that the objectives defines what the price is designed to accomplish such as maximizing sales, maximizing profits or maintaining price stability. The second step is to search for and analyze the factors that needed to be considered in determining price.

Hudson (1998) stated that there are internal and external forces which sharpen pricing, that the internal factors are pricing objectives, organization marketing mix, product differentiation and cost. All these can be controlled by the firm itself. He stressed further that by contrasts the external forces such as suppliers, competitors, demand distribution, intermediaries, economic conditions, legal and ethical constraints - cannot be controlled in any meaningful way. Akanbi (2002) stated that there are three basic factors affecting the price to charge for any product. These factors are:

a) The cost of the item

b) The value of the item

c) The company's pricing objectives and policies

Akpan (2003) asserted that there are three major things to note while setting prices. These include:

a) A manager has to effectively position his price against competitions

b) Target customers must be analysed to show their buying motives, location, sensitivity to price, prior attitude about the industry and the market etc. size of the market and how important are non price factors in the buyers decision to purchase a product and service.

c) Assign price a role in the marketing mix. According to him, while pricing, it is advisable to take into consideration some product and distribution related features such as product quality, product features, type of channel of distribution and budgets for promotion.

However, Kotler and Armstrong (2004) opined that a company's pricing decision are affected by both internal company factors and external environmental factors. They maintained that the internal factors affecting pricing includes the company's marketing mix strategy, cost and organizational consideration and that the external factors includes nature of the market and demand, competition and other environmental factors (economy, resellers, government, social concern or societal consideration etc).

2.9 **Pricing and theLaw**

Pricing is a very important aspect of the marketing mix, which attracts not only the attention of the consumers but also of the government. As a result of the importance of pricing, many governments have set up regulatory bodies/agencies to control prices of various goods and services. Zikmund and Amico (1996) noted that pricing strategies can be used in ways harmful to competition, and because price so clearly affects the consumer-citizen as well as the business person. A number of national, state and local laws have been passed which influence pricing practice. According to them, the Sherman Antitrust Act of 1890 and Clayton Act of 1914 were early attempts to curb price fixing, restraint of trade and other unfair and monopolistic practices. They further asserted that there the Unfair Sales Practices Act these are state laws commonly requiring that certain items be sold at prescribed markups.

Boone and Kurtz (1998) stated that pricing decisions must recognize a variety of legal constraints imposed by both federal and state government. According to them, some of the most important pricing laws include

1. Robinson - Patman Act of 1936. This is a Federal law prohibiting price discrimination, that is not based on a cost differential as well as selling at unreasonably low price to eliminate competitors.

2. Unfair trade laws of 1930s: A state law requiring sellers to maintain minimum prices for comparable merchandise.
3. Fair trade law of 1931: This allowed manufacturers to stipulate retail prices for their products and to acquire retail dealers to sign contract agreeing to abide by these prices.

2.10 Distribution, Channel and Factors Affecting Channel of Distribution

Distribution or 'place' policy is another area where the marketing function can spend lots of time for ultimately very little return. Distribution is a major concern for most organization. Manufacturers are concerned with how to distribute and deliver products to consumers and service providers are concerned with the location of points and customer acceptability, while the basic marketing question behind distribution policy is quite simple - where would our customers expect to find our products most? There are two strategic questions to be answered before the distribution problem can be passed on. First, the distribution system should be assessed on a regular basis, second strategic task is to ensure that distribution policy matches as far as possible the needs of the overall marketing effort (Stanton, 1981).

According to Akpan (2003), Distribution concerned with the activities involved in transferring goods from the producers to final

buyers and users. It includes the final activities such as transportation and storage of goods and the legal promotional and financial activities performance in the course of transferring ownership. For any organisation to properly make product available to the consumer they must have a distribution channel. A distribution channel for a product is the route taken by the title to the product as it moves from the producer to the ultimate user. A marketing channel always includes both the producer as well as the intermediaries involved in the product-title transfer.

Marketing channels provide time, place and ownership (titles) utilities. (Achumba and Osuagwu, 1998). Boone and Kurtz (1998) opined that distribution channel is an organized system of marketing institutions and their interrelationships that promotes the physical flow of goods and services, along with title that confers ownership from producers to consumers or business user. Related to Boone and Kurtz (1998) was of the view of Etzel et al (1997) who viewed distribution channel as the set of people and firms involved in the transfer of title to a product as the product moves from producers to ultimate consumer or business user. According to them, a distribution channel always includes both the producer and the final consumer for the product in its present form as well as any middlemen such as retailers and wholesalers.

However there are variousFactors Affecting Channel Decision.The choice of which distribution channel to use will depend upon many factors and the marketing manager with a new product to bring to the market must weigh each carefully before he decide his policy.Accordingly, Elvy (1980), opined that the choice of distribution method to adopt will depend upon many factors and the marketing manager with a new product to bring to the market must weigh each carefully before he decides his policy. Further stressed that the factors to be considered may be summarized as follows:

1. The nature of the product to be marketed
2. The scope of the market it is intended to penetrate.
3. The distribution pattern which exists currently for this class of product.
4. The production costs for the product
5. The size of one's existing sales force
6. The amount of the advertising appropriation devoted to the product.
7. The price policy it is intended to adopt
8. The company's existing transport and storage facilities.
9. The company's financial resources

Stanton (1981) in his own contribution stated that because a channel of distribution should be determined by customer buying pattern,

the nature of the market is the key factor influencing management's choice of channel. According to him, other major considerations are the product, the middlemen and the company itself. He further stated that when selecting its channel of distribution, a company should basically follow the criteria of the three Cs - Channel Control, Coverage (market) and Cost that is consistent with the desired level of customer service. He further advised that under market consideration, number of potential customers, geographic concentration of the market and order size will be considered.

Under product consideration, unit value, perishability, technical nature of a product will be considered. Then in case of middlemen, services provided by middlemen and availability of desired middlemen toward manufacturer's policies will be considered. Lastly in case of company consideration financial resources, ability of management, desire for channel control and services provided by seller will be considered.

Czinkota et al (1997) argued that in evaluating the various levels of distribution, one must consider the relationship between channel members. These relationships can be conventional in which a range of intermediaries passes the goods on to the end user. They can be geared on to a single transaction in which case a temporary channel is set up for one transaction only such as the sale of property or a specific civil

engineering product. Channels can also be integrated in that different intermediaries work closely together.

They further stated that choosing a channel is a major decision for most organization because once an option is selected; it becomes very difficult and expensive to make major changes. If the choice is to make all sales directly to the end users, there may be unacceptable cost penalties. If one chooses to use intermediaries, the amount of control that a producer has over the relationship with the end user can be significantly reduced. They however stressed that the factors determining the decision are corporate strategy, product cost and consumer location. They also maintained that the characteristics of the channel must be in line with the overall requirements of the marketing strategy.

Also Etzel et al (1997) opined that some factors need to be considered in selecting a distribution channel. The primary channel is the nature of the target market. Other related to product, the middlemen and the company itself. According to Achumba and Osuagwu (1998), the major classes of factors to be considered in making decision about marketing channel are nature of the products, its ultimate buyer, number and types of retail outlets, competition and legal constraints, manufacturer's revenue and environment. Similarly, Boone and Kurtz (1998) asserted that the factors which affect choice of distribution channel include:

(i) Market factors - Here consideration is made of business users, geographical location and extensive technical knowledge.

(ii) Product factors - This includes perishable, complex and expensive

(iii) Product factors Resource available, broad product line and channel control

(iv) Competitive factors - Manufacturers feels with marketing intermediary's performance in promoting.

Palmer (2000) stated that in choosing a channel the company should consider the buyers expectation (expectation of the end user), producer related factors for example resources and product attributes for example fresh produce that is highly perishable requires fairly short channels. More so, according to him, the activities of the competitors should be considered. Akpan (2003) opined that when trying to make decision concerning a channel of distribution management should take into consideration:

(a) Market consideration: these include consumer or industrial market, number of potential customers, geographic concentration of market, order size, customer buying habits.

(b) Product consideration: These includes unit value, bulk and weight, perishability, technical nature of a product or service required, custom- made versus standardized products, extent of product-line,

channels used for competitive products and government regulations.

(c) Company consideration: According to him the following company consideration are important regulations, financial resources, experience and ability of management, desire for control of channel and service provided by seller.

(d) Middlemen consideration: The following middlemen considerations are important: Service provided by middlemen, availability of middlemen towards manufacturers, Policies and sales volume.

The entire success of one's marketing plan depends upon the selection of the right distribution methods. The company therefore should consider the product market, the company's strength and weakness before deciding on any channel.

2.11 **Channels of Distributing Consumer Goods**

The commodities produced ultimately reach the final consumers through many channels. Schewe and Smith (1980) stated that the channel of distributing consumer goods depends on the nature of the product and the necessary handling required before the goods get to the consumer. According to them any of these channels can be used taking into

consideration the nature of the product, the distance, the cost and the necessary handling.

CHANNELS OF DISTRIBUTING CONSUMER GOODS

Producers ⟶ Consumers

Producers ⟶ Retailers ⟶ Consumers

Producers → Merchants Wholesalers → Retailers → Consumers

Producers → Agents → Wholesalers → Retailers → Consumers

Akpan (1980) opined that manufactures of consumer goods have at their disposal three main distribution channels. The manufacturer can sell to the wholesalers in bulk who will break bulk and resell the goods in smaller quantities to the retailers or he can opt to by- pass 'the trade' and sell directly to consumers probably in very small quantities or in individual units. Stanton (1981) viewed a channel of distribution as the route taken by the title to the product as, it moves, from the producers to the ultimate consumers or industrial users. Stanton (1981) drew his conclusion that the following ways are channels consumer goods can get to the consumers.

Producers ⟶ Consumers

Producers ⟶ Retailers ⟶ Consumers

Producers ⟶ Wholesalers ⟶ Retailers ⟶ Consumers

Similarly Stokes (1997) identified the major channels of distributing consumer goods as:

a. **Producers to Consumers:** This is the shortest and simplest distribution channel for consumers goods. It involves no middlemen for example perishable goods.

b. **Producers to Retailers Consumers:** Many large retailers buy directly from manufacturers and agricultural producers.

c. **Producers to Wholesalers to Retailers to Consumers:** This is• a traditional channel for consumer goods as it is considered the economically feasible one.

d. **Producers to Agents to Retailers to Consumers:** Here the producers seem to rely more on agents or large scale retailers. Accordingly Boone and Kurtz (1998) concurred the views of Stokes (1997) that maintained that the channels of distributing consumer goods are

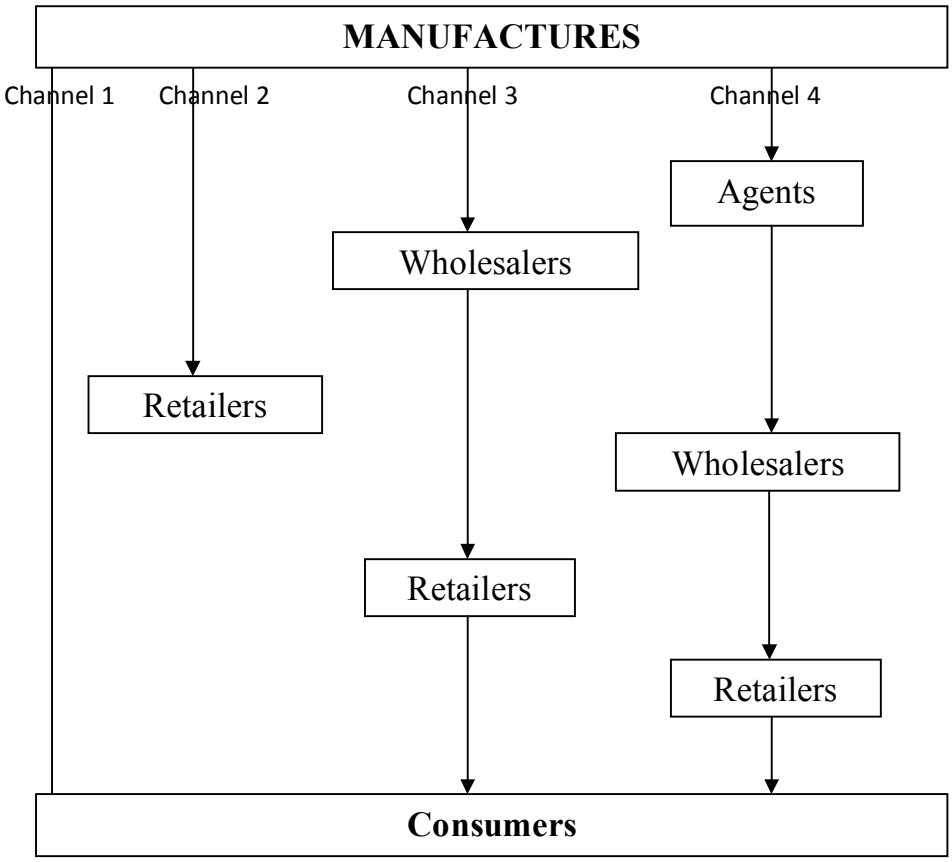
Producers ⟶ Consumers

Producers ⟶ Retailers ⟶ Consumers

Producers ⟶ Wholesalers ⟶ Retailers ⟶ Consumers

Producers ⟶ Agents ⟶ Retailers ⟶ Consumers

Akanbi (2002) stated that there are four basic channels of distributing consumer goods. They are:



Source: Akanbi (2002) pp 35

According to him, channel one is direct and is used for perishables, custom made goods and for service product.

Channel two is used for distributing luxury product items

Channel three is the traditional method of selling shopping goods. Channel four is mostly used for selling convenience item or by small manufacturers that have no marketing department while channel five is used to sell foreign made products. It is also mainly used for distributing

durable consumer goods. Companies should take into consideration the type of their product before adopting a particular channel of distributing them.

2.12 **Middlemen and their Classifications**

Middlemen are those intermediaries between the producers and consumers in the distribution process. Schewe and Smith (1980), stated that middlemen refer to independently owned business concerns that help move products from producers to ultimate consumers. They explained that there are many types of middlemen. According to them, one broad way of classifying them divides middlemen into two broad groups, depending on whether or not they take title to the product (that is depending on whether they actually purchase the product outright. Merchant middlemen take title while agents do not). Agents simply help buyer and seller to get together; they facilitate the exchange without ever actually buying the product themselves. They further stated that there are two types of merchant middlemen-retailers and wholesalers.

However, Etzel et al (1997) explained that middlemen is a business firm that renders services related directly to the sale and/or purchase of a product as it flows from producer to consumer (note that in business middlemen is a traditional gender neutral term). A middleman either

owns the product at some point or actively aids in the transfer of ownership. Often but not always a middlemen takes possession of the product. They further explained that middlemen are commonly classified on the basis of whether or not they take title to the product being distributed. Merchant middlemen actually take title to the product they help to market. The two groups of merchant middlemen are wholesalers and retailers. Agent middlemen never actually own the product but they do arrange the transfer of title. Real estates, brokers, manufacturer agents and travel agents are examples of agent middlemen.

Similarly, Akanbi (2002) opined that middlemen are classified into two broad categories.

Merchant middlemen and Agent middlemen

According to him, Merchant middlemen are further classified into two - wholesalers and retailers' while Agent middlemen include selling agents, manufacturers' agent, commission merchant and brokers.

2.13 **Wholesaling, Types, Functions and case Against Wholesaling**

A wholesaler collects goods from different importers or home producers or manufacturers and resells to the retailers or sells directly to the consumers. Nwankwo and Jones (1980) stated that the wholesaler trader act as a connecting link between the retailer and the manufacturer. Similarly, Schewe and Smith (1980) viewed wholesaler as middlemen

who distribute products primarily to commercial professional users - to retailers; to manufacturer (who use the goods to make other products) to the government, and to large institutions that make purchases in quantities like colleges and hospitals. Wholesalers also may function as links within a distribution chain, in which they further stated that wholesale middlemen are merchant intermediaries who take title to products and perform the activities needed to move them through the distribution channel.

They however stressed that wholesaling intermediaries make exchange for the purpose of resale or business use. A wholesaler is a middleman that deals with industrial establishments and business to business marketing (Czinkota et al: 1997). In the same vein, Achumba and Osuagwu (1998) viewed wholesaling as all marketing transactions in which purchases are intended for resale or used in making other products.

However, there are various types of wholesaling depending on the type of goods and channels involved. Achumba and Osuagwu (1998) drew their conclusion that wholesalers are divided into various types:

1. Merchant wholesaler - These are independently owned businesses that take title to the merchandise they handle. They further are subdivided into full service wholesalers and limited service wholesalers.

2. Brokers and agents

3. Manufacturers and retailers branch and office

4. Miscellaneous wholesalers.

Accordingly Akanbi (2002) study found out that wholesalers can be divided into two broad categories of full function wholesalers and limited function wholesalers.

(a) Full function wholesalers perform all the marketing functions. They carry a variety of products. There is however some that carries only specialized items. The main ones are

(i) **General Merchandise wholesaler:** These carry a very wide range of product items including cosmetics, hardware, food, clothing etc. This type of wholesaler usually serves the department stores.

(ii) **Limited line wholesalers:** These carry few product lines but offer greater depths of assortment of the product lines they carry. They specialize in stocking few lines and are often known by those items they stock.

(iii) **Specialty line wholesalers:** They usually carry one product line and very limited varieties on that line. Their aim is directed towards providing their customers with specialized services.

(b) **Limited function wholesalers:** they are merchant wholesalers in that they take title to the goods they handle. They however, do not perform all the wholesaling functions on these goods. They also tend to concentrate in the handling of few product lines. The main ones include:

(i) **Cash and Carry Wholesaler:** They are limited function wholesalers that sell to only customers that will pay cash and provide transport for those goods they buy from them. They are able to sell at low prices because they do not have to attract customers through erecting beautiful stores, providing credit or transport facilities.

(ii) **Desk Jobber or Drop Shippers:** They are merchant wholesalers in that they take title to the goods they buy but they do not physically handle them. They deal with bulky items requiring limited frequent handling such as minerals, forestry items, raw materials and heavy equipment.

(iii) **Truck wholesalers:** These are usually small companies that have some trucks. There are some retailers who are their regular customers and they provide transportation services for them. They carry variety of their goods directly to these retailers for inspection and selection before purchase. They usually operate in supplying grocery stores and other perishable items like vegetables, fruits,

eggs, milk, bread and meat items. Usually they demand cash purchase for their wares.

(iv) **Mail-order wholesalers:** They develop price lists and catalogues which they send to retailers. Their major markets come from retailers in towns and villages far away from the port. They also service institutions and industrial companies e.g. Leventis, CBO, UTC etc. they deal with items like textile, cosmetics and hardware.

Accordingly Kotler and Armstrong (2004) stated that wholesalers fall into three major groups namely merchant wholesalers, agents and brokers and manufacturers sales branches and offices. They adduced that merchant wholesales are the largest single group of wholesalers and it includes two broad types: full service wholesalers and limited service wholesalers.

- Full service wholesalers includes wholesale merchants and industrial distribution
- Limited service wholesalers include cash and carry wholesalers - Track wholesaler (truck jobbers), drop shippers, Rack jobbers, producer co-operative and mail order wholesalers.

They explained further that Brokers and agents do not take title to goods but their main function is to facilitate buying and selling for which they earn a commission on the selling price. The broker chief function is bringing buyers and sellers together and assisting in negotiation.

According to them Agents represents either buyers or sellers on a more permanent basis than brokers do. There are several types of agents which includes manufacturers agent, selling agents, purchasing agent etc.

Kotler and Keller (2006) in their own contribution stated that the major types of wholesaler includes merchant wholesalers, full service wholesaler, limited service wholesaler, broker and agent manufacturers and specialized wholesalers. The general purpose of a wholesaler is to facilitate the flow of goods from the producer to the consumer. In fulfilling this role, they provide a number of services both to producers and retailers.

Nwankwo and Jones (1980) stated that wholesalers perform useful services to both the retailers and wholesalers. They stressed further that he buys and sells in smaller quantities to the retailers, exhibits products of many wholesalers, has expert knowledge of the product he deals with, offer credit facilities and warehousing services. While to the producers he buys in bulk, stabilize the prices, disseminate information and buys partly manufactured goods making himself responsible for the finishing or blending processes.

According to Czinkota et al (1997) wholesalers add value to the marketing process. The typical way to add value is to perform distribution processes more effectively. They also observed that a wholesaler may offer better and more efficient inventory management, better

transportation, break bulk service, more efficient restocking, practices or more complementary product assortments. More so, they opined that a wholesaler may specialize in an information gathering role to facilitate the planning and management of retailers and suppliers. They also stressed that if wholesalers cannot perform functions better and more efficiently than other channel members, the function will be taken on by other channel members and the intermediary will be eliminated.

Boone and Kurtz (1998) noted that the wholesalers provide some services to the customers and producers. These include - buying, selling, storing, transporting, providing marketing information, financing, risk taking. In stressing the importance of wholesalers, they stated that "you can do away with the wholesalers but you cannot do away with the functions they perform". Achumba and Osuagwu (1998) opined that wholesalers perform the following functions namely - reduction of transportation costs, maintain inventory, market information, contact potential customers andstimulation of demand. They further stressed that wholesalers are used because of several efficiencies that they bring about.

First, small manufacturers with limited financial resources cannot afford to develop direct selling. Second, manufacturers with sufficient capital may prefer to use their funds to expand production rather than carry out wholesaling activities. Third, wholesalers are likely to be more efficient at wholesaling because of their scale of production; they widen

number of customer contacts, and their specialized skills. Fourth, retailers who carry many lines often prefer to buy assortments from a wholesaler rather than buy directly from each manufacturer. Kotler and Keller (2006) asserted that wholesalers are used when they are more efficient in performing one or more of the following functions. Selling and promoting, buying and assortment building, bulk breaking, ware housing, transportation, financing, risk bearing, market information and management services and counseling.

The wholesaler provides a wide range of services to producers, retailers and indirectly to consumers. Without these services, the distribution of goods would be far less efficient than it is. Despite the functions the wholesalers play in distribution network some authors still have Case against Wholesale Trade.In the early years of the century, there were well-defined distribution channels for most types of consumer goods and in these the wholesaler played a dominant role. Although in some trades the situation has changed radically, wholesale distribution still performs a vital function to certain classes of merchandise.

According to Keyan and Green (2003), wholesaling is a simple, but precarious business. It calls for a comparatively large amount of capital, it yields a very small margin of profit and gives little opportunity to build up the goodwill that makes a business permanent and stable. When prices are falling, the wholesaler stands to make heavy losses through

depreciation in stock values. In view of this, many businesses relying upon wholesale trading have failed, and the main wholesale business tended to pass into the hands of the manufacturers and the large retailers. Similarly, Elvy (1980) stated that the wholesale often has been the object of criticism down the years on the grounds that he takes profit from the goods he handles yet he does not make them, nor does he serve them to the public. He stated, however, that the justification for the wholesaler existence lies in his performance of these three essential functions. Bulk buying, risk bearing and bulk breaking.

Elvy (1980) concluded by saying that where neither manufacturer nor retailer is in a position to assume these three responsibilities, the wholesaler provides a unique and necessary service to the community. It is when, as a result of changes in manufacturing, financial and social conditions, the producer or the retailers is prepared to undertake these responsibilities that the need for the wholesaler is called into question. However, even if the wholesaler is eliminated, his functions remain and either the producer or the retailer must undertake them

2.14 **Retailing - Types and Functions of Retailers**

Despite the undoubted importance of the wholesaler in the chain of distribution, it seems inevitable that the development of retailing into large units will encourage manufacturers increasingly to direct their

marketing approach to the retail outlet. Retailing includes all the activities involved in selling goods and services directly to final consumers for their personal non business use (Czinkota et al, 1997). Achumba and Osuagwu (1998) shared the same view with Czinkota (1997) that anyone selling to the ultimate consumer is performing the function of a retailer regardless of what he calls himself. A retailer mostly sells to the people who are buying for the purpose of using the product rather than to resell it.

Retailing on its own part is made up of manytypes.Retailers take a variety of forms in providing the services to the wholesalers and consumers. The majority of these forms can be found in any shopping centre. Retail trade is a conglomeration of many types of organization.

Stanton (1981) stated that retail stores come in all shapes and sized and new retail types keep emerging. He asserted that retailer can be classified on the following basis:

(a) The way customers shop for a product

(b) The ownership of retail business

(c) The variety of product lines handled

(d) The type of function performed.

Czinkota et al (1997) opined that retailers can be categorized in a variety of ways, the obvious of which are by type of product or service sold, type of customer service, type of organization and location.

Achumba and Osuagwu (1998) shared similar view with Stanton (1981). They asserted that retailers operating today come in a wide variety of forms. One way of classifying these is to divide them on the basis of

1. The amount of shopping effort
2. The ownership of retail operation
3. The extent and type of product lines
4. The various function performed

But Akanbi (2002) opined that retailing in Nigeria can be divided into two broad categories:

(a) Small retailers Itinerary traders or Hawkers, central market and petty traders and small shop stores.

(b) Large retailers This includes departmental stores, super markets and boutiques, multiple chain stores, mail order house and cooperative stores.

Although in a slight contrast, Kotler and Armstrong (2004) explained that retail stores can be classified in terms of several characteristics including the amount of service they offer, the breath and depth of their product lines, the relative prices they charge and how they are organized. Kotler and Keller (2006) opined that the most important retail types are specialty store, department store, convenience store, discount store, off-price retailers, super store and catalogue showroom. The retailers also perform some functions in distribution network. Despite

the undoubted importance of the wholesaler in the chain of distribution, it seems inevitable that the development of retailing into large units will encourage manufacturers increasingly to direct their marketing approach to the retail outlet.

Rogers (1970) stated that the retail traders are the largest distributors of products. They carry the manufacturers output into every part of the country; keep it in stock until it is wanted, advertise it by display and salesmanship; supply it to the consumers in small quantities as required; collect the money for it and take the responsibilities for any bad debts incurred. Stated that, it is the obligation of the retailer to give customers the goods they demand though he may be forced continually to increase the scope of his business or to change its nature. To meet his customers' demands the retailer has to carry a comprehensive range of stock, and it is one of his most important obligations to preserve stock, so that it reaches the consumer in a nearly as possible the conditions it left the producer or manufacturer.

Roger (1970) further stated that the retailers other obligations are to display his goods before the customers he elects to serve, to make it an easy and pleasant matter for them to purchase anything that attracts them, to serve his goods in a convenient form and to treat his customers with courtesy and attention. In many cases, he must grant credit to his customers or allow them to pay by installments. He concluded by stating

that these obligation of the retailer can all be covered by the one word "service". The retailer is nearest to the consumer and his task is to give service to the consumer. Furthermore, he must so arrange his business that he can give his service without making a great addition to the cost of the goods he handles.

Elvy (1980) concurred by saying that the function of the retailer in the modem pattern of distribution has become increasingly complex. Essentially, his role is that of local supplier of merchandise offering a direct service to the public. The means by which he provides this are extremely varied. He frequently breaks bulk. He prepares the good for resale, often providing expertise advice for his customers and maintaining an after-sale service. He provides credit and hire purchase.

2.15 **Levels of Distribution Intensity**

It is essential for any manufacturer to decide how many middlemen should be sought for at both the wholesaler and retailers levels. What this means is that in the case of consumer goods, must be determined by the manufactures the number of retailer, wholesalers, agents and so on. Similar consideration must also be made considering the number of salesmen needed and the number of district sales manager. According to Farese et al (1997) distribution intensity has to do with how widely a product will be distributed. They stated that there are three levels of

distribution intensity which include intensive, selective and exclusive. They also explained that

i. intensive distribution involves using of all suitable outlets for a product
ii. selective distribution means that a limited number of outlets in a given geographical area
iii. exclusive distribution - involves protected territories for distribution of a product in a given geographical area.

They also opined that integrated distribution is a variation on exclusive variation. These are situations where manufacturer that own and run their own retail operations. Czinkota et al (1997) shared similar views with Farese et al (1997), who stated that there were three levels of distribution intensity which include intensive, selective and exclusive distribution. Hudson (1998) observed that the number of middlemen may be thought of as decisions on the degree of distribution intensity. Hudson (1998) further stated that there were three general degrees of distribution intensity which are mass or intensive, selective and exclusive. However, Hudson (1998) stated that the two extremes are mass and exclusive with various shades of selective distribution in the middle.

Similarly, Lancaster (2002) stated that the number of customers reached by a distribution strategy is a function of how intensively the potential channels are used. Lancaster (2002) Opined that the number of

marketing intermediaries used is the degree of market exposure sought by the company for its products. According to him, three degrees of market exposure can be distinguished which includes: Exclusive, Selective, and Intensive. Accordingly study carried out by Akanbi (2002) study found out that intensive or 'blanket' distribution often used to distribute convenience items, selective distribution is used by manufacturers of shopping goods and exclusive distribution is used to distribute mainly specialty items like cars, jewels, fashion clothing etc. Akanbi (2002) also said that exclusive distribution is always accompanied with contractual agreement between the producer and the retailer for the distribution of the product.

The main types of contractual agreement according to him include the following:

a) **Exclusive Dealings:** This is an agreement between a manufacturer that has a strong product with a retailer whereby the retailer is allowed to carry only the manufacturer's brand of the product. This allows the manufacturer to have full control of the distribution of its products. The manufacturers dictates the terms and conditions of sale of his product.

b) **Exclusive Dealership:** This is an agreement between the manufacturer and the retailer where the manufacturer can only sell to one retailer in a given target market. If he wishes to use other

retailers then he must differentiate the product. This method of distribution is used where the retailer is very strong financially and territorially in the target market.

c) **Exclusive Distributorship:** This is a form of contractual agreement between the producer and the wholesaler whereby the wholesaler will be the only outlet to carry the manufacturers' product and no other wholesaler can be used in the market. If the manufacturer wishes to use another wholesaler he has to differentiate the product. With this method, he further stated, the wholesaler determines the terms and conditions of sale of the product. The wholesaler controls the distribution because of his knowledge of the market or because of his strong financial standing.

2.16 Barriers to Effective Distribution of Consumer Goods in Nigeria

There are some problems affecting distribution of consumer goods in Nigeria. Hudson (1998) opined that distribution bottlenecks occur as a result of poor provision of physical distribution infrastructures. This results in price inflation. Hudson (1998) further stressed that the roads are generally bad and the Nigerian railway system is oriented towards evacuation of export goods and no attempt has been made to service domestic trade. Hudson (1998) also said that people are yet to practice

modem inventory management and more so insufficient storage facilities and poor storage methods. Hudson (1998) further stated that apart from our labours, very few warehouses have sophisticated material handling equipment and that there is problem of poor coordination.

According to Akpan (2003) some of the major problems towards effective distribution of consumer goods include bad roads, insufficient storage facilities and poor storage methods. The main problems of distribution in Nigeria include dominance of retailing, shortage of goods, insecurity of market places and goods and activities of unions and trade associations.

2.17 **Empirical Studies**

In order to have more knowledge of the topic of study, several order related research work were reviewed. Such include the following:

Aliyu (2001) carried out a study on An Assessment of the Effect of Pricing Strategies in the Marketing of Hotel Services in Nigeria (A Case Study of Kaduna Hotels Limited). The researcher attempted to know the appropriate pricing among various users of Hotels. To achieve this objective, the researcher used observational methods, questionnaire and personal interview to obtain information. Also, data were collected from secondary sources. The population was nine hundred and eighty (980) customers and from which eighty (80) people were randomly selected.

The researcher discovered lack of trained marketing personnel had greatly contributed to inefficiency in the marketing of hotel services in Kaduna Hotel Limited with regard to pricing. Based on the findings, the researcher recommended that Kaduna Hotels Limited should establish the marketing department in the company. This will help to take up the marketing challenges of the organization.

The research has relevance with the current work because both the current study and previous study emphasized on pricing. The researcher found the work instrumental to present research study especially in the arrangement of literature reviewed and referencing.

Danjuma (2002) conducted a research study on "an evaluation of the distribution systems in departmental stores problems and remedies. A case of Femad BATA Nigeria plc Kaduna, to carry out the research, the researcher used primary and secondary data in carrying out the research. The instrument for data collection was questionnaire. To analyse the data the researcher used frequency distribution and expressed in simple percentages. The researcher found that unmaintained roads lead to delayed in delivery, more so, that there was problem of competition, inadequate warehouse and insufficient promotion. The researcher however recommended that the local government should repair and maintain the roads. The organization should improve the frequency of

promotion of BATA shoes and provide more and adequate warehouse for storing their goods.

The research study has relevance with the current work because both the current study and previous study emphasized on distribution as a vital element in the marketing of any product.The research work facilitated the present work in term of literature review.

Musa (2005) carried out a study on An Assessment of Pricing Policies of Petroleum Products and Distribution System in Nigeria (A case study of NNPC, Kaduna). The researcher aimed at assessing the role of government in the distribution and pricing of petroleum products and to identify the pricing policies of petroleum products to be adopted by the government.

Survey method was used and the source of data include primary and secondary data. The population consisted of all users of petroleum product of which samples of 100 were drawn from Masters Studentsin Business Administration (Part time), NNPC Major Marketing Companies and independent marketers.

In ranking of statistical treatment of data, chi-square and tabular analysis were used. The researcher found out that high price, scarcity and poor distribution network affected the prices of petroleum products and the researcher hereby recommended that government should ensure good

leaders by efficient management roles and standardizing of distribution policy and maintenance of the refinery.

The current researcher wishes to observer that, the findings if put into implementation will go a long way in enhancing effective distribution of petroleum product. The study played a significant role in literature review of the current study.

Sambo (2005) investigated the assessment of distribution as an element of the marketing mix (A case study of SAJ Foods Ltd). The objective of the study was to assess distribution as an element of the marketing mix with particular reference to SAJ Foods Limited. The study involved fifty-two (52) respondents comprising of five (5) from top management of SAJ foods, seven (7) from companies agents, distributors and forty (40) from retailers of the company's product. Data from the study were drawn from both primary and secondary sources. The questionnaire was well as personal interview were used in collecting data. The data were analyzed using simple descriptive statistics (percentage).

The researcher found out that the distribution activities that occupied a focal point in SAJ Foods Ltd was facing a lot of problems. The researcher recommended that the management should establish Intensive distribution network and there should be regular training of the retailers. The study has relevance with the current study because both the

current study and previous study emphasized on distribution as a vital element in the marketing of any product.

The study facilitated the present research work; because it provided the basis for the foundation of the work and contributed in literature review.

Isa (2005) conducted a research study on pricing strategies for mobile telecommunication in a competitive environment. A case of MTN Nigeria Kaduna branch. The researcher aimed at determining the pricing strategies used by MTN in a competitive environment.

The method of data collection was through primary and secondary sources. The research population was 33 staff of MTN Kaduna and 67 customers of MTN Nigeria. The data collected were analyzed using simple percentages. The researcher discovered that competition has great influence to the pricing of MTNs product and that price has a significant relationship to the company's income.

The researcher therefore recommended that the company (MTN) should combine the three basic methods of pricing which are cost, demand and competitive pricing in order to remain profitable while considering customers interest.

While the present researcher agreed with the previous researcher that the three basic methods of pricing should be used, it should however be noted that other pricing strategies like psychological and image pricing

strategies should be used. The previous study was relevance to the current study and previous study emphasized on pricing. The researcher found the study instrumental to present research especially in the arrangement of literature reviewed and referencing.

2.17 **Summary of Reviewed Literature**

In the Nigeria economy, price is a major regulator because it influences the allocation of scarce resources. In individual companies, price is one important factor in determining marketing success. For consumers who lack other information, price is used as an indicator of quality. Pricing is the art of translating into quantitative terms (naira and kobo) the value of the product to customers at a point in time. The art of pricing is important in any business organization because it is the only element in the marketing mix that creates sales (revenues) while others creates cost.

The primary purpose of any business is to make a profit and it is, therefore the primary duty of the marketing manager to formulate and implement policies which will maximize that profit per unit of capital employed in the business. Some of the pricing policing include psychological pricing, product line pricing and promotional pricing. Profitability depends, among others things, on a suitable pricing strategies

which itself is influenced by responses to opportunities and challenges from competitors. Pricing strategies include skimming pricing strategy, penetration strategy and competitive strategy.

However, marketers use some methods to modify prices. These modifications can be in form of discounts and/or allowances. These discounts and allowances offer dealers and customers' special incentives.

For organizational profitability, the manager must identify ways of setting prices and factors to consider when setting prices which in most cases will consider the cost, the demand of the product and the competitive nature of the product. This method however, will depend on the pricing objective of the organization. Distribution or 'place' policy simply means all activities involved in transferring goods from the producers to final buyers and users. It includes the final activities such as transportation and storage of goods and the legal promotional and financial activities performed in the course of transferring ownership.

Executives who manage distribution are responsible for developing and operating efficient flow systems. Their goal is to move the right amount of the right products to the right place at the right time. In order to achieve these, the marketing executive have to select the best channel taking into consideration some factors like the nature of the product, market scope cost of production, company's resources, existing channels, the right intermediaries or middle men.

The researcher observed that the reviewed literature did not state about promotion as a part of marketing mix that has impact on pricing and/or distribution of goods. Moreso, the life cycle of consumer goods were not reviewed as this has a great implication for marketers (price analyst and distributors) of consumer goods.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter describes the research design and methodology under the following sub-headings:

3.1 Research Design

3.2 Population for the Study

3.3 Sample and Samplings Procedures

3.4 Instrument for Data Collection

3.4.1 Validity of Research Instrument

3.4.2 Pilot Study

3.4.3 Reliability of the Instrument

3.5 Procedure for Data Collection

3.6 Procedure for Data Analysis.

3.1 Research Design

The research design that was used to conduct this study was descriptive survey research. This design was chosen because it is appropriate in obtaining the opinions of the respondents groups in a study such as this. Francis (2003) observes that this design enables a researcher to describe an event, situation or phenomenon as it is as at the time of study. It helps the researcher to systematically document current opinion

and information on research work. Also survey research design enhances an effective gathering of data through questionnaire.

3.2 **Population for the Study**

The population of 300 level Business Education students in six Federal universities under study stood at 479 and that of the Business Education Lecturers was 59. The respondents were selected from six Federal Universities each from the six (6) Geo-Political zones in Nigeria. Their specific locations are as follows: Ahmadu Bello University Zaria, AbubakarTafewaBalewa University Bauchi, University of Ilorin, University of Nigeria Nsukka, University of Science and Technology Port Harcourt and University of Lagos. The full data of the population are presented in Table 3.1

Table 3.1: Population for the Study

S/N	Universities	Locations	States	Geo-political Zones	Lecturers		Students		Total
					M	F	M	F	
1	Ahmadu Bello University	Zaria	Kaduna	North West	5	1	30	53	89
2.	AbubakarTafewa Balewa University, Bauchi	Bauchi	Bauchi	North East	6	2	49	28	85
3	University of Ilorin	Ilorin	Kwara	North Central	10	2	50	30	92
4	University of Nigeria, Nsukka	Nsukka	Enugu	South East	8	4	36	47	95
5	University of Science and Technology, Port- Harcourt	Port-Harcourt	Rivers	South-South	9	3	25	49	86
6	University of Lagos	Akoka	Lagos	South-West	6	3	30	52	91
					44	**15**	**220**	**259**	**538**
	Total				**59**		**479**		**538**

Source: Officeof the Head of Department of Vocational and Technical Education/ Business Education of each University understudy as at March 2011

3.3 Sample Size and Sampling Procedure

The researcher used the whole population which is made up of 479 business education students and 59 business education lecturers for the study as the number was manageable. Based on this, there was no need for sampling procedure since the whole populations were used.

3.4 **Instrument for Data Collection**

The instrument that was used for data collection was structured questionnaire. The questionnaire was divided into two sections “A” and “B”. Section A comprised of personal data of the respondents, while section B consisted of structured questionnaire formulated based on the five research questions stated in chapter one. In order to enable the respondents to easily indicate their opinions and also facilitate statistical analysis. The same questionnairewasbased on a 4-point rating scalefor both lecturers and studentsas shown.

Strongly agree (SA)	4
Agree (A)	3
Disagree (D)	2
Strongly disagree (SD)	1

The breakdown of the questionnaire showed that items 1 – 5 were to answer research question one (1). Items 6 -12 to answer research question two (2). Items 12 - 20 to answer research question three (3). Items 21 - 23 answer research question four (4) and items 24 - 28 answer research question five (5).

3.4.1 **Validity of Instrument**

In order to ensure that the questionnaire measured content validity, the researcher's supervisors and other experts in Research methodology from the Department of Vocational and Technical Education, Ahmadu Bello University vetted all the items in the questionnaire. The corrections and suggestions made were incorporated in the final copy of the questionnaire which was administered for data collection.

3.4.2 **Pilot Study**

The researcher conducted a pilot study using 20 business education students and 6 lecturers in NnamdiAzikiwe University Awka, Anambra State (South East Zone). The location of the pilot study was outside the selected institution to determine the reliability of the instrument for data collected. However,the pilot study area has the same characteristics with the study area. The students and their lecturers were issued with a copy of questionnaire each to complete for the study. The data collected from responses to pilot study were subjected to statistical analysis using the Statistical Package for the Social Science (SPSS). There was no serious correction after the pilot study.

3.4.3 **Reliability of the Instrument**

The data from pilot study were analyzed using split-half methods in order to test the reliability of the instrument. The tested questionnaire were split into two halves 'odd' and 'even' numbers and the data were correlated using Pearson Product Moment Correlation. A correlation coefficient of 0.85 was arrived at.

3.5 **Procedure for Data Collection**

The 479 copies of questionnaire were administered to the students and 59 copies to their lecturers. The researcher and five (5) trained research assistants each from the six Geo-Political zones of the country covered the study. The copies were given to students in their classrooms and the lecturers were given theirs in their offices. Each respondent was to tick the option that was appropriable to the person. Three days were used in each zone to enable the respondents fill the questionnaire item accurately. The whole exercise lasted for three weeks. The total copies of questionnaire collected and properly filled were 486 out of 538.

3.6 **Procedure for Data Analysis**

Descriptive statistics of frequency distribution and percentage as well were used to analyse the bio-data and research questions respectively.Pearson Product Moment Correlation coefficients were used

to test all the null hypotheses at 0.05 level of significance. At this level, null hypothesis was either accepted or rejected. If the r-calculated value is less than or equal to the r-critical, the Null hypothesis will be retained. This implies that there is no significant relation between the variables. If on the other hand, the r-calculated value is greater than the r-critical value, the null hypotheses were retained. This means that there is a significant relation between the variables.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

This chapter deals with interpretation, analysis and discussion of findings. The chapter will be treated under the following subheadings.

A. Demographic data

B. Answering the research questions

C. Testing of hypothesis

D. Discussion of the findings

The study was on "Perception of Business Education University Students and Lecturers on Pricing and Distribution Policies on Marketing of Consumer Goods in Nigeria". This chapter presents statistical analyses of findings of the research work based on information collected from respondents. The researcher distributed 538 copies of questionnaire, 501 were returned and 486 copies were properly completed and subjected to statistical analyses.

Frequencies and simple percentages were used to analyse personal data of the respondents as well as answering research questions raised in chapter one. In the process of answering research questions, the researcher classified strongly agreed and agreed as agreed, on the other hand, disagreed and strongly disagreed were classified as disagreed. This was done in order to allow for good analysis of items, better judgment and conclusion.

Pearson Product Moment Correlation Coefficient was used to test the five null hypotheses. In the test of Null hypotheses, Statistical Package for Social Sciences Package was used with r-critical value of 1.95. If the r-calculated value is less than or equal to the r-critical, the Null hypothesis will be retained. This implies that there is no significant relation between the variables. If on the other hand, the r-calculated value is greater than the r-critical value, the Null hypotheses were retained. This means there is significant relation between the variables. The analysis of data is presented in the following format

4.1 Analysis of Demographic Variables of Respondents

Analyses of personal data of respondents were conducted under the sub-headings in the Tables 4.1.1 to 4.1.7 Table 4.1.1 showed the summary of distribution of respondents according to gender.

Table 4.1.1 Percentage Distribution of Respondents by Gender

Status	**Male**	**Female**	**Total**	**Percent**
Lecturer	29	14	43	8.8
Students	224	219	443	91.2
Total	**253(52.1%)**	**233(47.9%)**	**486**	**100**

Source: Field study 2013

The respondents were analyzed by gender. The result as indicated in Table 4.1.1 showed that 29 lecturers and 224 students representing

(52.1%) were males against 14 lecturers and 219 students representing (47.9%) were females. These by implication means that male were greater in number.

Table 4.1.2 showed the summary of distribution of respondents according to age group.

Table 4.1.2: Percentage Distribution of Respondents by Age Group

Status	**21-30**	**31-40**	**41-50**	**51-60**	**61 and above**	**Total**	**Percent**
Lecturers	5	19	14	3	2	43	8.8
Students	330	65	23	18	5	443	91.2
Total	**335(68.9%)**	**86(17.7%)**	**37(7.6%)**	**21(4.3%)**	**7(1.2%)**	**486**	**100**

Source: Field study 2013

The ages of the respondents were grouped into ranges. Lecturers aged ranges 21-30 were 5 and student were 330 representing 68.9%. lecturers aged between 31-40 were 19 and students were 67 representing (17.7%) of the respondents. Lecturers aged range 41-50 years were 3 and students were 18 representing 4.3%. respondents whose age 61 and above were 2 lecturers and 5 students constituting 1.2% of the respondents. The analysis revealed that most of the respondents were predominantly in their middle ages of 21-30 years.

On marital status of the respondents, a summary of the distribution of respondents by marital status is presented on table 4.1.3.

Table 4.1.3: Percentage Distribution of Respondents by Marital Status

Status	Married	Single	Separated	Divorced	Widow	Total	Percent
Lecturers	31	8	3	1	-	43	8.8
Students	240	180	3	8	12	443	91.2
Total	**271(55.8%)**	**188(36.6%)**	**6(1.2%)**	**9(1.9%)**	**12(2.5%)**	**486**	**100**

Source: Field study 2013

Analysis of the respondents by their marital status is presented in Table 4.3. the result showed that 31 lecturers and 240 representing (55.8%) of the respondents were married 8 and lecturers 180 students were single representing 38.6% 3 respondents from each of the groups were separated representing 1.2%. divorced lecturer is one with 8 from students representing (1.9%) of the sample 12(2.5%) students that responded to questionnaire were widow and none from lecturers.

Table 4.1.4: Percentage Distribution of Respondents by Specialization

Status	Accounting Education	Distributive Education	Secretarial Education	None of the above	Total	Percent
Lecturers	19	15	7	2	43	8.8
Students	166	228	47	2	443	91.2
Total	**185(38.1%)**	**243(50.0%)**	**54(11.1%)**	**4(0.8%)**	**486**	**100**

Source: Field study 2013

Table 4.1.4 present the distribution of respondents by their area of specialization. From the table, 19 lecturers and 166 students representing (38.1) were in accounting education. 19 lecturers representing 50% were in distributive education. Secretarial education has 7 lecturers and 47 students representing 11.1% of the respondents. 2 from each group representing 0.8% tick none of the above. By implication, greater numbers of the respondents were in distributive education.

Table 4.1.5: Percentage Distribution of Lecturers by Highest Educational Qualification

QUALIFICATION	FREQUENCY	PERCENT
B.Ed	08	18.61
M.Ed	15	34.88
Ph.D	20	46.51
Total	**43**	**100.0**

Source: Field study 2013

The researcher sought to find out the highest educational qualification of the respondents. Respondents withB.Ed were 08 in number representing 18.61%. 15 respondents representing 34.88% had M.Ed and respondents with Ph.D were 20 representing 46.51% of the total respondents. These by implication mean that most of the lecturers have their doctorate degree.

Table 4.1.6: Percentage Distribution of Lecturers by Years of Experience

Experience in Years	Frequency	Percent
1-5	8	18.6
6-10	8	18.6
11-15	10	23.3
16-20	9	20.9
21 and above	8	18.6
Total	***43***	***100***

Source: Field study 2013

Table 4.1.6 showed a summary of distribution of lecturers according to their years of working experience. Table 4.6 showed that 8 of the respondents representing 18.6% had 1 – 5 years' working experience. Those with 6 – 10 years of experience were 8, representing 18.6%. 10 respondents had 11 – 15 years of experience, representing 23.3%. 9 respondents, representing 20.9% had working experience of between 16-20 years. 21 and above working experience were 8 (18.6%)

Table 4.1.7 presents the summary of distribution of lecturers based on their ranks.

Table 4.1.7 Percentage Distribution of Lecturers by Ranks

Rank	Frequency	Percent
Graduate Assistant	7	16.3
Assistant Lecturer	8	18.6
Lecturer II	10	23.2
Lecturer I	9	20.9
Senior Lecturer	6	14.0
Reader	3	7.0
Professor	Nil	0.0
Total	***43***	***100.0***

Source: Field study 2013

Table 4.1.7 showed that Graduate Assistants were seven in number representing 16.3%. Eight respondents were Assistant Lecturers who represented (18.6%). 10 representing 23.2% were Lecturer II. Lecturer I were nine in number representing 20.9%. Senior lecturers were six representing 14.0%. Readers were three representing 7% of the respondents and Professors were not represented in the list.

4.2 Answering the Research Questions

Data collected from respondents in response to the five research questions were analyzed and presented in Table 4.2.1 to 4.2.5. In the

course of the analyses, opinions of respondents were categorized into 'agreed' and 'disagreed' in order to facilitate better understanding and clear interpretation of data. 4-point-scale was used for all the computations.

Research Question One: *What are the pricing policies used in setting of consumer product prices?*

Questionnaire items one to five in appendix III were used to answer research question one. Details of responses are shown in appendix IV while Summary of the responses to items 1-5 is as shown in Table 4.2.1.

Table 4.2.1:Percentage responses on the pricing policies used in setting consumer product prices

Q.I	***S.A***	***A***	***D***	***S.D***	***T.A***	***T.D***	***TR***	***% A***	***%D***
1	344	642	180	96	986	276	1262	78.1	21.9
2	440	660	194	59	1100	253	1353	81.3	16.7
3	220	717	152	116	937	268	1205	77.8	22.2
4	484	585	148	96	1069	244	1313	81.4	18.6
5	396	666	200	65	1062	265	1327	80.0	20.0
Total					**5154**	**1306**	**6460**	**79.8**	**20.2**

Source: Field study 2013

Q. I = Questionnaire item; S. = Strongly Agreed; S.D= Strongly Disagreed; T.A = Total Agreed; T.D = Total Disagree, T.R = Total Responses% A = Percentage Agreed; % D= Percentage Disagreed

Table 4.2.1 is the summary of scores by respondents on pricing policies used in setting prices of consumer goods. Questionnaire item one sought to assess whether manufacturers can maintain a stable price of consumer goods through local production in large quantities. In response to this item, respondents scored 344 and 642 for strongly agreed and agreed representing 78.1% against 180 and 96 for disagreed and strongly disagreed representing 21.9%. The researcher sought to find out whether price appeal usually affect consumer decision in buying consumer goods in item two. The decision of the respondents revealed scores of 440 for strongly agreed and agreed had 660 representing 81.3%, on the other hand disagreed accounted for 194 while strongly disagreed had 59 representing 16.7%. Item 3 sought the respondents' opinion on whether customers of consumers' goods prefered skimming policy. The opinion of respondents revealed scores of 220 for strongly agreed while agreed had 717 representing 77.8% against divergent scores of 152 and 116 for disagreed and strongly disagreed respectively representing 22.2%.

The opinion of the respondents on whether users of consumers goods prefered penetration policy revealed scores of 1062 (81.4%) for agreed against 244 (18.6%) for disagreed. Item five sought to determine whether retailers operate on the principle of low mark up and high volume. The result of the questionnaire item indicated that strongly

agreed had 398 and agreed had 666 representing 80.0% against disagreed with 200 and strongly disagreed with 65 representing 20.0% of the scores

The overall scores for agreed was 5154 (79.8%) and 1306 (20.2) for those who disagreed with the price policy of the consumers goods. This implies that the respondents believed that price appeals affect consumer products. Therefore the marketers of consumer goods should use penetration policy as consumers of consumers goods will always prefer a low mark up and high volume.

Research Question Two: *What are the Perception of Business Education Students and Lecturers on Pricing and Distribution Policies on marketing of Consumer Good?*

In order to enable the researcher answer the question, questionnaire item 7 to 13 in appendix III were used. Details of responses are shown in appendix IV while summary of the responses to item 7-13 are shown in Table 4.2.2.

Table 4.2.2: Percentage responses on perception of business education students and lecturers on pricing and distribution policies on consumer goods

Q.I	***S.A***	***A***	***D***	***S.D***	***T.A***	***T.D***	***TR***	***% A***	***%D***
6	760	354	156	100	1114	256	1370	81.3	19.7
7	712	597	116	51	1309	167	1476	88.7	11.3
8	48	99	602	140	147	742	889	16.5	83.5
9	444	561	114	131	1005	245	1250	80.4	19.6
10	408	579	176	103	987	279	1266	78.0	22.0
11	20	213	666	77	231	743	974	23.7	76.3
12	84	201	594	101	285	695	980	29.1	70.9
Total					**5078**	**3127**	**8205**	**61.9**	**38.1**

Source: Field study 2013

Q. I = Questionnaire item; S. Agree = strongly agreed; S.D= Strongly Disagreed; T.A = Total Agreed; T.D=Total Disagree, T.R = Total Responses% A = Percentage Agreed; % D= Percentage Disagreed

Questionnaire item six sought respondents' opinion on whether price of consumer goods were achieved as a result of bargaining. Respondents scored 760 and 354 representing 81.3% for Strongly Agreed and Agreed, while Disagreed and Strongly Disagreed had 154 and 100 representing 19.7%. Questionnaire item seven sought to find out whether upward change in prices of consumer goods affect sales volume. In response to this item, scores of 712 and 597 were accounted for strongly

agreed and agreed representing 88.7% and 116 and 51 for disagreed and strongly disagreed representing 11.3%. The researcher sought to determine whether prices of consumers' goods were the same throughout the year in item eight. The answer to this item revealed scores of 48 and 99 for strongly agreed and agreed representing 16.5%, while disagreed had 742 (83.5%). Item nine of the questionnaire aims at determining whether increase in consumer prices of goods is as a result of inflation. Respondents who agreed had 1005 scores representing 80.4% against 254 (19.6%) points who disagreed.

Questionnaire item 10 states that increase in the price of consumer goods is a result increase in the cost of raw materials. Respondents that agreed with the statement had 987 points representing 78% against 279 points representing 22% for disagreed. Respondents that agreed with item 11 which states that consumer goods are sold at the same price in all shops had 20 and 213 for strongly agreed and agreed respectively representing 23.7% against 666 and 77 for disagreed and strongly disagreed representing 76.3%. Item 12 of the questionnaire sought to determine whether choices of consumer goods are not affected by change in taste and fashion. The result to this item revealed 84 and 201 points for strongly agreed and agreed representing 29.1% against divergent opinion of 594 and 101 for disagreed and strongly disagreed respectively representing 70.9%

On the whole, respondents who opined that pricing and distribution policies have impact on marketing of consumer goods scored 5078 (61.9%) while those that disagreed had 3127 representing 38.1%. In summary, the result as perceived by business education students and lecturers revealed that changes in price affect sales volume. The implication is that customers of consumer goods can easily shift to purchase goods of close substitute once there is upward change in price. The marketers of consumer goods should therefore maintain stable prices for consumer products.

Research Question Three: *To what extent are these policies, practices and strategies deficient?*

To enable the researcher answer research question 3, items 14 to 20 in appendix III were used. Details of responses is shown in appendix IV while summary of the responses of items 14-20 is as shown in Table 4.2.3.

Table 4.2.3 Percentage of responses on the extent of price policies, practices and strategies deficient.

Q.I	***S.A***	***A***	***D***	***S.D***	***T.A***	***T.D***	***TR***	***% A***	***%D***
13	200	234	534	91	434	622	1056	30.2	69.8
14	224	237	522	90	461	612	1073	24.7	75.3
15	804	564	114	40	1368	154	1522	90.0	10.0
16	748	513	152	52	1261	204	1465	86.1	13.9
17	396	684	134	92	1080	226	1306	82.7	17.3
18	428	579	202	89	1007	291	1298	77.6	22.4
19	400	324	198	80	724	278	1002	72.3	27.7
20	156	234	320	263	390	583	973	40.1	59.9
Total					***5825***	***2970***	***8795***	***66.2***	***33.8***

Source: Field study 2013

Q. I = Questionnaire item; S. Agree = strongly agreed; S.D= Strongly Disagreed; T.A = Total Agreed; T.D=Total Disagree, T.R = Total Responses% A = Percentage Agreed; % D = Percentage Disagreed

The summary results of the questionnaire items 13 - 20 in Table 4.2.3 was used to answer research question three. Questionnaire item 13 sought to determine whether higher price is an indication of high quality. Respondents scored 200 for strongly agreed and 234 for agreed representing 30.2% against 534 and 91 (622) for disagreed and strongly disagreed representing 69.8%. Item 14 of the questionnaire states that

consumers' goods with higher prices were patronize more than their close substitutes. Results of this item revealed that strongly agreed and agreed had 224 and 237 representing 24.7%, on the other hand disagreed and strongly disagreed had 522 and 90 representing 75.3%.

Questionnaire item 15 states that artificial scarcity of some brands of goods was cause by middlemen as a means to signify quality and justify premium price. Response of this item revealed score of 804 for strongly agreed and 564 for agreed representing 90% against 114 and 40 for disagreed and strongly disagreed respectively representing 10%. The result of item 16 which stated that present prices of consumer goods affect level if patronage had 1261 (86.1%) points against divergent opinion of 204 (13.9%). Respondents that agreed that users of consumer goods prefered customary pricing policy scored 1080 ((82.7%), while disagreed had 226 points representing 17.3%. Researcher sought to determine whether increase of consumer goods is as a result of affordable prices. Scores of 428 and 579 were accounted for strongly agreed and agreed representing 77.6% against 291 (22.4%) points for disagreed. Item 19 states that price has effect in patronizing consumer goods.

Respondents scored 724 (72.3%) for agreed against 278 representing 27.7% for disagreed. The result of item 20 revealed scores of 156 and 234 representing 40.1% for those who strongly agreed and

agreed that consumer goods have low unit price thereby resulting to high patronage against 583 (59.9%) for disagreed.

The overall result of item 13 to 20 revealed scores of 5825 representing 66.2% for respondents who opined that price policies, practices and strategies of consumers' goods were deficient against divergent scores of 2970 (33.8%). The implication was that since these policy and strategies are deficient it affects the purchase of consumer goods negatively.

Research Question Four: *What is the relationship between pricing and distribution with regards to the level of purchase by business education students and lecturers?*

To enable the researcher answer research question 4, items 21 to 23 in appendix 1 were used. Detail of responses is shown in appendix IV while summary of the responses for item 21-23 is as shown in Table 4.2.4.

Table 4.2.4: Percentage responses on the relationship between pricing and distribution with the level of purchase

Q.I	S.A	**A**	D	S.D	T.A	**T.D**	TR	% A	%D
21	200	162	432	166	362	598	960	37.7	62.3
22	444	615	140	100	1059	240	1299	81.5	18.5
23	268	129	602	75	397	677	1074	37.0	63.0
24	408	579	176	103	987	279	1266	78.0	22.0
25	20	213	666	77	231	743	974	23.7	76.3
Total					***3036***	***2537***	***5573***	***54.48***	***45.52***

Source: Field study 2013

Q. I = Questionnaire item; S. Agree = strongly agreed; S.D= Strongly Disagreed; T.A = Total Agreed; T.D=Total Disagree, T.R = Total Responses% A = Percentage Agreed; % D= Percentage Disagreed

Questionnaire 21 sought to determine whether brand of consumer goods are always available in the market. In response to this item, respondents scored 200 for strongly agreed and 162 for agreed representing 37.7% while disagreed had 432 and strongly disagreed score 166 representing 62.3%. Item 22 seeks respondents' opinion on whether proximity appeal usually affects respondents' decision to buying. Scores of 444 and 615 were accounted for strongly agreed and agreed representing 81.5% while disagreed and strongly disagreed had 140 and 100 respectively, representing 18.5%. The researcher used item 23 to find

out whether customers of consumer goods were highly satisfied with the distribution of consumer goods. The result revealed scores of 268 for strongly agreed and 129 for agreed representing 37% while disagreed had 602 and strongly disagreed scored 75 representing 63%.

Question 24 sought to determine whether prices of consumer goods will determine the frequency of purchase. In response to this item, respondents scored 408 for strongly agreed and 579 for agreed representing 78.0% while disagreed had 176 and strongly disagreed scored 103 representing 22.0%. Question item 25 sought to determine whether the availability and prices of consumer goods affect the level of purchase by respondents scored 20 for strongly agreed and 213 for agreed representing 23.79 against 666 and 77 for disagreed and strongly disagreed respectively representing 76.3%

The summary of questionnaire items 21 to 25 revealed respondents who opined that there is *relationship between pricing and distribution with regards to the level of purchase by business education students and teachers* scored 3036 (54.48) points while those that disagreed had 2537 (45.4%)

Research Question Five: *To what extent is distribution of consumer goods effective as an element of the marketing mix?*

In order to enable the researcher answer research question five, items 26 to 30 in appendix III were used. Detail of responses is shown in

appendix IV while summary of the responses to items 26-30 is shown in Table 4.2.5.

Table 4.2.5: Percentage responses on the extent of distribution of consumer good effective as element of the marketing mix

Q.I	S.A	**A**	D	S.D	T.A	**T.D**	TR	% A	%D
26	388	678	142	92	1068	252	1320	80.9	19.1
27	220	438	322	90	660	412	1072	61.6	38.4
28	800	567	116	39	1367	155	1522	89.8	10.2
29	748	513	150	53	1261	203	1464	86.1	13.9
30	532	234	150	200	766	350	1116	68.7	31.3
Total					***5122***	***1372***	***6494***	***78.9***	***21.1***

Source: Field study 2013

Q. I = Questionnaire item; S. Agree = strongly agreed; S.D= Strongly Disagreed; T.A = Total Agreed; T.D=Total Disagree, T.R = Total Responses% A = Percentage Agreed; % D= Percentage Disagreed

Questionnaire item 26 sought to determine whether mass distribution will lead to price stability of consumer goods. Respondents scored 388 and 680 for strongly agreed and agreed respectively representing 80.9% against 142 for disagreed and 92 for strongly disagreed representing 19.1%. Questionnaire item 27 stated that intensity of distribution of consumer goods depend on the classification of

consumer goods. The statement received scores of 660 (61.6%) for agreed while disagreed had 412 (38.4%). Item 28 stated that poor distribution policy leads to scarcity and higher prices. Respondents that agreed with the statement scored 800 for strongly agreed and 567 for agreed representing 89.8%, while disagreed had 116 and strongly disagreed scored 39 points representing 10.2%.

Questionnaire item 29 seeks the opinion of respondents whether availability of produced consumers' goods in the market depends on effective distribution. Scores of 748 was accounted for strongly agreed and agreed had 513 representing 86.1% while disagreed and strongly disagreed had 150 and 53 respectively, representing 13.9%. The result of item 30 which states that the entire success of ones marketing plans of consumers goods depend, upon the selection of the right distribution channel revealed scores of 532 and 234 for strongly agreed and agreed, representing 68.7% while disagreed and strongly disagreed had 150 and 200 representing 31.3%.

The overall scores of questionnaire item 26 – 30 which sought to determine whether distribution of consumer goods effective as an element of the marketing mix had scores of 5122 (78.9%) for agreed while respondents with divergent opinion had 1372 (21.1%).

4.3 Testing of Null Hypotheses

The five Null hypotheses raised by the researcher were meant to help in the achievement of the research objectives and to help measure the strength of association between variables considered in the study. Testing of the Null hypotheses in which data representing the opinion of student and lecturers were put together in order to facilitate better understanding and interpretation of the findings. The use of Pearson Product Moment Correlation Coefficient statistics was employed to test the five Null hypotheses formulated in the study. The decision as to the use of this statistical method for Null hypotheses testing in this study became feasible because this statistical tool provides an index of measurement of the degree or extent to which variables are related (Francis, 2003). In support, Wiersma (1969) observed that it is the most sensitive measure of relationship between two variables. Adeboye (2003) opined that if the sample size is very large (n>30). Pearson and Spearman Correlation Coefficient were the best statistics to be used. The r-critical value was 1.95. If the r-calculated value is less than or equal to the r-critical, it implies that the Null hypothesis will be accepted, meaning that there is no significant relationship between the variables. Inversely, if the r-calculated value is greater than the r-critical value, the Null hypothesis is rejected. By implication, it means there is significant relation between

the variables or phenomenon. The summary of results for the test of Null hypotheses is as shown in Table 4.3.1 – 4.3.5.

Null Hypothesis1: *There is no significant relationship between pricing policy and consumer products prices.*

Null hypothesis one is on the relationship between pricing policy and consumer products was tested using Pearson Product Moment Correlation coefficient. There was relationship between pricing policy consumer goods. The number of items stood at 986 with degree of freedom of 984 at 0.05 level of significance. To answer this hypothesis the data collected were analysed and is shown on table 4.3.1.

Table 4.3.1: Pearson product moment correlation coefficient showing Relationship between Pricing Policy and Consumers Products

Variables	Mean	S.D	N	Df	r-cal	r-crit	Sig (2-tailed)
Pricing Policy	3.21	2.44					
			986	984	.213	.195	.000
Consumers' Products	2.95	2.12					

Source: Field study 2013

Table 4.3.1 revealed that pricing policy had the mean scores of 3.21 with standard deviation of 2.44 against 2.95 and standard deviation 2.12 for consumers Products. The r-calculated was .213 which is more than r-critical value of 0.195. This can also be seen in probability value

less than the alpha value (P<0.05). The finding therefore revealed that the null hypothesis which stated that there is no significant relation between pricing policy and consumer products is rejected.

Null Hypothesis2: *There is no significant relationship between pricing policy and distribution policies on marketing of consumer goods.*

Null hypothesis two is on the relationship between pricing policy and distribution policies on marketing of consumer goods. The table is shown below:

Table 4.3.2: Pearson product moment correlation coefficient showingRelationship between Pricing Policy and Distribution of marketing of Consumer' Goods

Variables	Mean	S.D	N	Df	r-cal	r-crit	Sig (2-tailed)
Pricing Policy	2.19	1.84	493				
				984	.201	.195	.000
Distribution of marketing of Consumer' Goods	3.33	1.89	493				

Source: Field study 2013

The relationship between pricing policy and distribution policies on marketing of consumer goods in null hypothesis two was tested using Pearson Product Moment Correlation Coefficient. In the test of the hypothesis, pricing policy had mean scores of 2.19 and distributions of

marketing of consumer goods had 3.33. The standard deviation stood at 1.84 and 1.89 for pricing policy and distributions of marketing of consumer goods with degree of freedom of 984 respectively. The calculated r stood at .201 which is greater than r-crit value of .195, with this result, the null hypothesis two which stated that "there is no significant relationship between pricing policy and distribution policies on marketing of consumer goods" is therefore not accepted.

Null Hypothesis 3: *There is no significant relationship between product availability and price/quality of consumer goods.*

Null hypothesis three is on the relationship between product availability and price/quality of consumer goods.

Table 4.3.3: Pearson product moment correlation coefficient showingRelationship between Product Availability and Price Quality of Consumer Goods

Variables	Mean	S.D	N	Df	r-cal	r-crit	Sig (2-tailed)
Product Availability	3.76	2.02	493				
				984	.199	.195	.000
Price of Quality of Consumer goods	3.42	1.99	493				

Source: Field study 2013

Table 4.3.3 presents result of test of null hypothesis three on relationship between product availability and price of quality of consumer goods. The mean scores stood at 3.76 and 3.42 with standard deviation of 2.02 and 1.99 for product availability and price of quality of consumer goods respectively. The degree of freedom stood at 984 and r-cal was .199 greater than r-crit of .195. This can also be seen in probability value less than alpha value (P<0.005), with this result, null hypothesis three is therefore rejected.

Null Hypothesis4:*There is no significant relationship between the pricing and distribution of consumer goods and the level of purchase by business education students and lecturers*

Null hypothesis four is on the relationship between pricing and distribution of consumer goods and the level of purchase by business education students and lecturers (patronage) by the consumers. The table is as shown below

Table 4.3.4: Pearson product moment correlation coefficient showingRelationship between Pricing and distribution of consumer goods and the level of purchase by business education students and lecturers

Variables	Mean	S.D	N	Df	r-cal	r-crit	Sig (2-tailed)
Pricing of Consumer goods	3.51	2.20	493				
				984	.205	.195	.000
Level of Patronage by business education students and lecturers	2.99	2.05	493				

Source: Field study 2013

Pearson Product Moment Correlation Coefficient (PPMC) was used to test Null hypothesis four which is on the relationship between the pricing of consumer goods and the patronage by the consumers. The pricing of consumer goods had mean scores of 3.51 and standard deviation was 2.20 against 2.99 and 2.05 for level of patronage by consumers. The degree of freed on stood at 984 and the r-cal was .205 more than table value of .195. The result indicates that there is relationship between pricing of consumer goods and consumers' patronage, the null hypothesis is therefore rejected.

Null Hypothesis 5: *There is no significant relationship between effectiveness of the distribution network and consumer goods awareness on product patronage as an element of the marketing mix.*

Null hypothesis five is on Relationship between Effectiveness of Distribution Network and Consumer goods awareness on Product Patronage

Table 4.3.5: Pearson product moment correlation coefficient showingRelationship between Effectiveness of Distribution Network and Consumer awareness on Product Patronage

Variables	Mean	S.D	N	Df	r-cal	r-crit	Sig (2-tailed)
Effectiveness of Distribution Network	3.33	2.07	493	984	.202	.195	.000
Consumer awareness on product patronage	3.67	2.27	493				

Source: Field study 2013

Table 4.3.5 present Pearson Product Moment Correlation Coefficient used to test null hypothesis five. The result revealed mean scores of 3.33 and standard deviation of 2.07 for effectiveness of distribution network against 3.67 and 2.27 for consumer awareness on product patronage respectively. The degree of freedom was 984 with calculated value of .202 greater than critical value of .195. The probability value stood at 0.005 more than table value of .000. With this result, the null hypothesis which states that there is no significant relation between effectiveness of the distribution network and consumer awareness on product patronage is therefore rejected.

4.4 Discussion of the Findings

This research work was on perception of Business Education University Students and Lecturers on pricing and distribution policies on marketing of consumer goods in Nigeria". Based on the analysis the following are the major findings

1. There was significant relationship between pricing and distribution policy on the marketing of consumer goods.
2. The study revealed that pricing and distribution policies have impact on marketing of consumer goods.
3. The study showed that pricing policies, practices and strategies are deficient.
4. One of the findings of this work revealed that there was relationship between pricing and distribution with regards to the level of purchase of consumer goods by business education students and their lecturers.
5. The research work showed that distribution is an effective element of the marketing mix in the marketing of consumer goods.

Each of them is discussed below:

The study revealed that there was significant relationship between pricing and distribution policies on the marketing of consumer goods.

Research question one and null hypothesis one identified that there was significant relation between pricing policy and consumer products. This finding is in line with Farese et al (1997) who stated that pricing

help to establish and maintain a firm's image, competitive edge. Kotler (1979) stated that marketers considered price to be one of the keys influence on buyers of consumer goods. The null hypothesis one was rejected, this result points out that there was significant relationship between pricing and consumer goods.

The second objective of the study was to determine the perception of business education students and lecturers on pricing and distribution policies on marketing of consumer goods. Data collected to achieve the objective were rated. The study revealed that pricing and distribution policies had impact on marketing of consumer goods. This expressed opinion is in line with findings of Agbo (2000) who stated that marketing executives must consider the possible reactions of the various categories of consumer goods in before fixing their prices. This findings coincides with Stanton (1981) who opined that manufacturers are to distribute and deliver products to consumers and service providers are concerned with the location of points and customer acceptability while the basic marketing question behind distribution is quite simple – where would our customers expect to find our products most.

The null hypothesis two was therefore rejected because there is great relationship between pricing policies and distribution policies on marketing of consumers goods.

The third research question dealt with the extent pricing policies practices and strategies are deficient. Table 4.2.3 was used for the purpose. The study showed that pricing policies, practice and strategies for marketing consumer goods were deficient. This finding agreed with Smith and Scheme (`980), opined that marketers should adapt prices of consumer goods in response to opportunities and challenges from competitors. They further stated that there are two main strategies for marketers of consumer goods to follow – skimming and penetration – as well as some variations of these approaches. They further asserted that with skimming strategy that the price is set at a high level, and their objective is to sell the product initially to the core market. Later when the core segment has been reached the price will be adjusted downward to appeal to consumers who are more prices sensitive. Furthermore, they explained that penetration strategy calls for low prices and high volume. In following this approach the price setters believe that the total revenue will be greater than could be realized by a higher price.

However, the result of the null hypothesis showed that there is deficiency as regards pricing policies and practice of marketing consumer goods.

The fourth objective of the study was to determine the relationship between pricing and distribution with regards to level of purchase by business education students and lecturers. Table 4.2.4 was used for the

purpose. The study showed that there was relationship between pricing and distribution with regards to the level of purchase of consumer goods by business education students and lecturers. This is in line with Stanton (1984) who stated that prices affect the firms' competitive position and the company's share of the market and as a result price has a considerable bearing on the company's revenue and profit. The finding, agreed with Akanbi (2002) who stated that price and product availability determine the type of customer that will patronize a manufacturer's products. This finding agreed with Olayinka and Aminu (2006) who stated that a well developed distribution network by any organization for the purpose of marketing its company's product cannot be overstressed. This is especially at this stage of development in which virtually all aspects of the Nigerian economy is highly in terms of technology which has led to mass production. It is necessary that distribution systems are highly developed in order to meet the needs of consumer of target markets.

The fifth research question was on the extent of distribution of consumer goods are effective as element of the marketing mix. This is shown in Table 4.2.5. The study showed that distribution was an effective element of marketing mix in the marketing of consumer goods. The finding agreed with Edward and Richard (1984) who stated that distribution as an element of the marketing mix was a very critical activity in terms of effective and efficient movement of produced goods

and services from the point of manufacture to the point of use or consumption. It has been argued that improper utilization of distribution network can subsequently contribute to price inflation of commodities. This is occasioned by the fact that, although the goods and services exist at their point of manufacture, they are not made readily available for consumer, hence scarcity of such products and subsequent price increase.

As a result, the marketing executives have complex decisions which involve distribution policy and the management of physical distribution. A decision maker finds himself faced with a number of problems which cannot be solved independently of each other. Some of these questions are: which marketing channel or channels should be used? How many middle men should there be at each distribution level? How large should the inventory be? How should the inventory be deployed geographically? How many branch warehouses should there be and where should they be located? Should public warehouse or branch warehouse be used? What mode of transportation should be used? The way any of these questions is answered will directly affect the possible ways the others can be answered. Their decisions are interlocking ones, and a decision-maker cannot afford to make any of them independently.

CHAPTER FIVE

SUMMARY, CONLCUSION AND RECOMMENDATIONS

5.1 Summary of Finding

The study was carried out to determine the perception of business education students and lecturers in Nigerian universities on pricing and distribution policies on marketing of consumer goods. Various related literature were reviewed as this helped to expose the researcher to in-depth knowledge of the study

In order to achieve the objective of the study, five research questions and five null hypotheses were raised. Descriptive survey design was used to conduct the study. A total of four hundred and eighty six (486) responses made up of 443 business educations student and 43 of their lecturers selected from six Federal universities each from the six Geo-Political Zones of the country. Since the population was of manageable size the researcher used the entire population therefore there was no need for sampling. Questionnaire was used to collect data from the respondents. The data collected were analyzed and presented on frequencies and percentages. All the null hypotheses were tested using Pearson Product Moment Correlation coefficient at 5% level of significance.

In the test of Null hypotheses, the following were major finding

1. Null hypothesis one revealed that there was significant relation between pricing policing and consumer products the hypothesis was rejected. This simply implies that marketers of consumer goods should always have and maintain a standard pricing policy. This is essential because inadequate pricing policy will affect the purchase of consumer good by the users.

   Pearson Product Correlation Moment Coefficient was used in testing
2. Null hypothesis two revealed that there was relationship between pricing and distribution policies on marketing of consumers goods. The hypothesis is therefore rejected.
3. Hypothesis three was tested, the result revealed that there was deficiency as regards pricing policies and practice of marketing consumer goods. It showed that marketers did not use the three main methods of pricing which include cost, demand and competition method.
4. The findings of Null hypothesis four revealed that the there was relationship between pricing and distribution with regards to the level of purchase of consumer goods by business education students and lecturers. The null hypothesis is therefore rejected.
5. Null hypothesis five was tested; the findings revealed that distribution was an effective element of marketing mix in the

marketing of consumer goods. The study further revealed that economic and competitive pressures still make pricing practices largely intuitive routine and arbitrary. The null hypothesis was therefore accepted.

5.2 Conclusion

The research was on the perception of students and lecturers on pricing and distribution policies on marketing of consumer goods.

Based on the results of the study, the following conclusions were made.

1. The study revealed that there was significant relationship between pricing policing and consumer products this implied that pricing of consumer goods can be based on the pricing policy of the marketing organization.
2. The study revealed that pricing and distribution policies have impact on marketing of consumers goods.
3. The research work also revealed that Business Education Lecturers and Students saw consumer goods as products that need proper pricing and efficient distribution policies.
4. The research work revealed that the level of purchase of consumer goods is determined by the distribution outlet. This implies that level of purchases of consumer goods depends on the availability.

The finding of this study revealed that pricing policies, practices and strategies for marketing consumer goods are deficient. It therefore means that if particular consumer goods are not properly prized, it reduce the patronage which in turn affect the market share and sales volume. This scenario if not checked or controlled will lead to retrenchment of workers. This in turn will affect the economy.

The research work revealed that distribution is an effective element of marketing mix in the marketing of consumer goods. This implied that consumer goods needs mass or extensive distribution. The long run implication is that marketers that do not maintain mass or extensive distribution will have their market share drastically reduced which will in turn affect the profitability of the company

5.3 **Recommendations**

Based on the major findings of the study, the researcher came up with the following recommendations which if taken into consideration will go a long way to improve and increase consumer satisfaction as the philosophy of marketing holds.

1. To ensure marketing (pricing and distribution) efficiency, consumer satisfaction and patronage, marketing executives should always maintain adequate pricing and distribution policies.

2. Consumer goods should not just be marketed, the management should check the pricing channel members and that the flow of these products are monitored for feedback and further control in the case of deviation of any sort from planned strategy.
3. Marketers of consumer goods should combine the three basic methods of pricing which are cost, demand and competitive pricing in order to remain profitable while considering customers interest.

   Since price is the only variable in the marketing mix that generates income, all the others, product development packaging, promotion and distribution generate costs,

   Producers of consumer goods should not set their prices arbitrary. They should take into considerations various factors affecting prices of consumer goods. Life cycle of a product must be seriously considered as that will also determine the type of pricing and distribution policies to adopt.
4. Marketers should establish adequate distribution network in order to make goods available where and as at when needed by consumers.
5. Distributors of consumer goods should take into consideration the various channels of distributing consumer goods as this will help to reduce unnecessary cost likely to affect the product price.

5.4 Limitation of the Study

During the course of carrying out this study, the researcher experienced some limitations. The researcher had no control over the respondents as a result some degree of inconsistency were observed in their responses. The inconsistencies may be attributed to some reservation on the part of respondents to reveal personal experiences.

Some students did not fill the gender column which made some questionnaire collected from such respondents not useful, since they were not possible to be classified thus affected the size of the population. This also delayed the analysis of the data.

5.5 Suggestions for Further Study

Since the research work is limited to six Federal universities, further studies could be carried out to cover State and Private universities. A further study could also be carried out on related marketing mix components.

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APPENDIX I

LETTER TO RESPONDENT

Department of Vocational & Technical Education
Ahmadu Bello University,
Zaria.

June 2nd, 2011

Dear Respondents,

Request to Fill Questionnaire

I am a Post-graduate student of Ahmadu Bello University, Zaria. My thesis is on perception of Business Education University Students and Lecturers on pricing and distribution policies on marketing of consumer goods in Nigeria.
I am requesting for your responses to the questions in the attached questionnaire. Your responses are purely for academic purposes; therefore your frank response will aid this research work a great deal. Your information will be treated as confidential.

Yours sincerely,

Anene, Nneka Henrietta.

APPENDIX II: QUESTIONNAIRE

Section A: STAFF PERSONAL DATA

Please tick (✓) where appropriate

1. Gender
    a. Male ( )
    b. Female ( )
2. Age in years
    a. 30-40 ( )
    b. 41-50 ( )
    c. 51-60 ( )
    d. 61 and above ( )
3. Marital status
    a. Married ( )
    b. Single ( )
    c. Separated ( )
    d. Divorced ( )
    e. Widow ( )
4. Area of specialization
    a. Accounting Education ( )
    b. Distributive Marketing Education ( )
    c. Secretarial Education ( )
    d. Business Education general ( )
5. Highest Educational Qualification
    a. HND ( )
    b. B.Ed ( )
    c. MBA ( )
    d. M.ED ( )
    e. PhD ( )

6. Number of Years of Experience
   a. 1-5 ( )
   b. 6-10 ( )
   c. 11-15( )
   d. 16-20 ( )
   e. 21-25( )
   f. 25andabove ( )
7. Present Rank
   a. Assistant Lecturer ( )
   b. Lecturer II ( )
   c. Lecturer I ( )
   d. Senior lecturer ( )
   e. Reader ( )
   f. Professor ( )
   g. Others (specify) ( )

SECTION A

STUDENT PERSONAL DATA

Please tick (✓) where appropriate

1. Gender
   a. Male ( )
   b. Female ( )
2. Age in years
   a. 16-20 ( )
   b. 20-25 ( )
   c. 26-30( )
   d. 31-35 ( )
   e. 36-40 ( )
   f. 40 and above ( )
3. Marital status
   a. Married ( )
   b. Single ( )
   c. Separated ( )
   d. Divorced ( )
   e. Widow ( )
4. Type of Educational Programme
   a. Part-time ( )
   b. Regular ( )
   c. NTI ( )
5. Level of study programme
   a. 100 ( )
   b. 200 ( )
   c. 300 ( )
6. Contact
   a. 1( )

b. 2 ( )

c. 3( )

d. 4( )

e. 5 ( )

f. 6 ( )

7. Area of specialization

a. Accounting ( )

b. Secretarial ( )

c. Marketing ( )

d. Business education (general) ( )

APPENDIX III

SECTION B

QUESTIONNAIRE ITEM

S/No	Section BI (1-5) Pricing policies used in setting consumer goods
1	Manufactures can maintain a stable price of consumers goods through local production in large quantities
2	Price appeal usually affect your decision to buy
3	Consumers of consumer goods prefer skimming policy (selling at a low price)
4	Users of consumers goods prefer penetration policy (selling at a low price)
5	Retailers operates on the principle of low mark up and high volume
S/No	**Section BII (6-12) Perception of business education students and lecturers on pricing and distribution policies in the marketing of consumers goods**
6	Prices of consumer goods are achieved as a result of bargaining
7	Upward change in prices of consumer goods affects sales volume
8	Prices of consumer goods are the same throughout the year
9	Increase in the prices of consumer goods is as a result of inflation
10	Increase in the price of consumer good is as a result of inflation
11	Consumer goods are sold at the same price in all types of shops
12	Your choice of consumer goods are not affected by change in taste and fashion
S/No	**Section BIII (13-20) To what extent are there policies practices and strategies deficient**
13	Higher price is an indication of high quality
14	Products with higher prices are purchased more among products of close substitute
15	Some brands are made to be scare as a means to signify quality and justify

	premium pricing
16	Present prices of consumer goods affect your patronage
17	Users of consumer goods prefer customary pricing policy (settling at a constant price)
18	Increase in sales volume of consumer goods is as a result of affordable prices
19	Price has effect in patronizing consumer goods
20	Consumer goods have low unit price thereby resulting to high patronage.
S/No	**Section BIV (21-25) What is the relationship between pricing and distribution with regard to level of purchase**
21	Your brands of consumer goods are always available in the market
22	Proximity appeal usually affect your decision to buy
23	Consumers of consumer goods are highly satisfied with the distribution of consumer goods
24	The prices of consumer goods will determine the frequency of purchase
25	The availability and price of consumer affect your level of purchase
S/No	**Section BV (26-30) To what extent is distribution of consumer goods effective as an element of marketing mix**
26	To maintain a stable price of consumer goods there is need for mass distribution
27	Intensity of distribution of consumer goods depends on the classification of consumer goods
28	Poor distribution policy leads to scarcity, which in turns leads to high prices.
29	Availability of produced consumer goods in the market depends on effective distribution.
30	The entire success of ones marketing plans of consumers goods depend, upon the selection of the right distribution channel (method).

APPENDIX IV

Tick (✓) the column that best describes your perception

The following are keys to abbreviations

SA - Strongly agreed

S - Agreed

D - Disagreed

SD - Strongly Disagreed

S/No	Section BI (1-5) Pricing policies used in setting consumer goods	SA	A	D	SD
1	Manufactures can maintain a stable price of consumers goods through local production in large quantities	86	214	90	96
2	Price appeal usually affect your decision to buy	110	220	97	59
3	Consumers of consumer goods prefer skimming policy (selling at a low price)	55	239	76	116
4	Users of consumers goods prefer penetration policy (selling at a low price)	121	195	74	96
5	Retailers operates on the principle of low mark up and high volume	99	222	100	65
S/No	**Section BII (6-12) Perception of business education students and lecturers on pricing and distribution policies in the marketing of consumers goods**	**SA**	A	**D**	**SD**
6	Prices of consumer goods are achieved as a result of bargaining	190	118	78	100
7	Upward change in prices of consumer goods affects sales volume	178	199	58	51

8	Prices of consumer goods are the same throughout the year	12	33	301	140
9	Increase in the prices of consumer goods is as a result of inflation	111	187	57	131
10	Increase in the price of consumer good is as a result of inflation	102	193	88	103
11	Consumer goods are sold at the same price in all types of shops	5	71	333	77
12	Your choice of consumer goods are not affected by change in taste and fashion	21	67	297	101
S/No	**Section BIII (13-20) To what extent are there policies practices and strategies deficient**	**SA**	A	**D**	**SD**
13	Higher price is an indication of high quality	50	78	267	91
14	Products with higher prices are purchased more among products of close substitute	56	79	261	90
15	Some brands are made to be scare as a means to signify quality and justify premium pricing	201	188	57	40
16	Present prices of consumer goods affect your patronage	187	171	76	52
17	Users of consumer goods prefer customary pricing policy (settling at a constant price)	99	228	67	92
18	Increase in sales volume of consumer goods is as a result of affordable prices	107	190	101	88
19	Price has effect in patronizing consumer goods	100	108	99	179
20	Consumer goods have low unit price thereby resulting to high patronage.	39	74	160	213

S/No	Section BIV (21-25) What is the relationship between pricing and distribution with regard to level of purchase	SA	A	D	SD
21	Your brands of consumer goods are always available in the market	50	54	216	166
22	Proximity appeal usually affect your decision to buy	111	205	70	100
23	Consumers of consumer goods are highly satisfied with the distribution of consumer goods	67	43	300	75
24	The prices of consumer goods will determine the frequency of purchase	50	35	250	83
25	The availability and price of consumer affect your level of purchase	54	104	150	67
S/No	**Section BV (26-30) To what extent is distribution of consumer goods effective as an element of marketing mix**	**SA**	A	**D**	**SD**
26	To maintain a stable price of consumer goods there is need for mass distribution	97	226	71	92
27	Intensity of distribution of consumer goods depends on the classification of consumer goods	55	146	195	90
28	Poor distribution policy leads to scarcity, which in turns leads to high prices.	200	189	58	39
29	Availability of produced consumer goods in the market depends on effective distribution.	187	171	75	53
30	The entire success of ones marketing plans of	133	78	75	200

	consumers goods depend, upon the selection of the right distribution channel (method).				

APPENDIX V

Summary of Responses to Question Items

Questions	SA	A	Total A	D	SD	Total D	GRAND TOTAL
1	86	214	300	90	96	186	486
2	110	220	330	97	59	156	486
3	55	239	394	76	116	192	486
4	121	195	216	74	96	170	486
5	99	222	321	100	65	165	486
6	190	118	308	78	100	178	486
7	178	199	371	58	51	109	486
8	12	33	45	301	140	441	486
9	111	187	298	57	131	188	486
10	102	193	295	88	103	191	486
11	05	71	74	333	77	410	486
12	21	67	88	297	101	298	486
13	50	78	128	267	91	358	486
14	56	79	135	261	90	351	486
15	201	188	389	57	40	97	486
16	187	171	358	76	52	128	486
17	99	228	327	67	92	159	486
18	107	190	297	101	88	189	486
19	100	108	208	99	179	278	486
20	39	74	113	160	213	373	486
21	50	54	104	216	166	382	486
22	111	205	316	70	100	170	486
23	67	43	110	300	75	375	486
24	97	226	323	71	92	163	486
25	55	146	201	195	90	285	486
26	200	189	389	58	39	97	486
27	187	171	358	75	53	128	486
28	133	78	211	75	200	275	486

Key:

SA - Strongly agreed

A - Agreed

D - Disagreed

SD - Strongly Disagreed

Department of Vocational &
Technical Education
Ahmadu Bello University
Zaria.
28th October, 2011.

The Post Graduate Coordinator
Department of Vocational & Technical Education
Ahmadu Bello University
Zaria.

Dear Ma,

PLACEMENT FOR INTERNAL DEFENCE – ANENE, NNEKA HENRIETTA

Having gone through Anene, Nneka Henrietta's work on perception of Business Education University Students and Lecturers on pricing and distribution policies on marketing of consumer goods in Nigeria, we wish to present her to you for placement for internal defence.

You may wish to know that she is a student of this department in Business Education section with registration number M.ED/EDUC/21511/2012-13

……. Date: ……..
Prof. A.A. Udoh

……. Date: ……..
Prof. M.M Aliyu