

Challenges of Distribution Services through Electronic Channels (A Study of MTN Owerri, Imo State, Nigeria)

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Abstract

The study aim at investigating distribution by electronic channels specifically in Nigeria, Owerri, Imo state to be precise. To give direction to the study, two objectives with corresponding research questions and two hypotheses were formulated. Integrating customer value-based pricing strategies, competition-based pricing strategies and costbased pricing strategies with price levels (high and low) and performance with respect to profitability. The results indicate that the profitability of the surveyed companies is positively affected by value-based pricing strategy and high price levels while it is negatively affected by low price levels. Such findings indicate that pricing policies influence the profitability of organizations and therefore, a more strategic look at the pricing process may constitute one aspect that cannot be overlooked by managers.

Index terms— distribution, electronics channels, challenges.

1 Introduction a) Background of the Study

istribution (or place) is one of the four elements of the marketing mix. It is the process of making a product or service available for the consumer or business user who needs it. This can be done directly by the producer or service provider, or using indirect channels with distributors or intermediaries.

Decisions about distribution need to be taken in line with a company's overall strategic vision and mission. Developing a coherent distribution plan is a central component of strategic planning. At the strategic level, there are three broad approaches to distribution, namely mass, selective or exclusive distribution. The number and type of intermediaries selected mainly depend on the strategic approach. The overall distribution channel should add value to the consumer. Furthermore, it is fundamentally concerned with ensuring that products reach target customers in the most direct and cost-efficient manner. In the case of services, distribution is principally concerned with access. Although distribution, as a concept, is relatively simple, in practice distribution management may involve a diverse range of activities and disciplines including: detailed logistics, transportation, warehousing, storage, inventory management as well as channel management including selection of channel members and rewarding distributors.

Electronic distribution is a type of distribution that uses purely electronic media. It is often interpreted as the buying or selling of services or goods over a public network without the physical media; this is usually done by downloading from the Internet to the consumer's electronic device.

E-distribution is an important component of ecommerce. There are many benefits for businesses in adopting e-distribution, the biggest benefit of which is the direct nature of the transaction (business to consumer or B2C). Consumers are assured that they are dealing with real and genuine producers or manufacturers. Another advantage is the market reach capability, which is extensive. There is less need for manpower as the seller has direct communication with the buyer. All orders can be immediately acted upon, and considerable overhead can be greatly reduced. The seller has more control in e-distribution, allowing a customer order to be delivered on time. Moreover, edistribution can reduce or eliminate lead times and possible shortages. With the reduction in overhead, businesses can realize big profits; the payment system in e-distribution is also largely efficient and secure.

45 However, there are some disadvantages associated to e-distribution. For consumers, the distribution cost is
46 often directly passed on to them. Targeted promotions could get more sales, which, at times, not help with the
47 real needs of the consumer. Also, with the decreased interpersonal and social contacts, there is much decision
48 making involved on the consumer side. Furthermore, not all consumers can be reached by e-distribution.

49 Before to designing a distribution system, the planner needs to determine what the distribution channel is
50 to achieve in broad terms. The overall approach to distributing products or services depends on several factors
51 including the type of product, especially perish ability, the market served, the geographic scope of operations and
52 the firm's overall mission and vision. The process of setting out a broad statement of the aims and objectives of
53 a distribution channel is a strategic level decision.

54 Strategically, there are three approaches to distribution:

55 ? Mass distribution (also known as intensive distribution): When products are destined for a mass market, the
56 marketer will seek out intermediaries that appeal to a broad market base. For example, snack foods and drinks
57 are sold via a wide variety of outlets including supermarkets, convenience stores, vending machines, cafeterias
58 and others. The choice of distribution outlet is skewed towards those than can deliver mass markets in a cost
59 efficient manner.

60 ? Selective distribution: A manufacturer may choose to restrict the number of outlets handling a product. For
61 example, a manufacturer of premium electrical goods may choose to deal with department stores and independent
62 outlets that can provide added value service level required to support the product. Dr Scholl orthopedic sandals,
63 for example, only sell their product through pharmacies because this type of intermediary supports the desired
64 therapeutic positioning of the product. Some of the prestige brands of cosmetics and skincare, such as Estee
65 Lauder, Jurlique and Clinique, insist that sales staff are trained to use the product range. The manufacturer will
66 only allow trained clinicians to sell their products.

67 ? Exclusive distribution: In an exclusive distribution approach, a manufacturer chooses to deal with one
68 intermediary or one type of intermediary. The advantage of an exclusive approach is that the manufacturer
69 retains greater control over the distribution process. In exclusive arrangements, the distributor is expected to
70 work closely with the manufacturer and add value to the product through service level, after sales care or client
71 support services. Another definition of exclusive arrangement is an agreement between a supplier and a retailer
72 granting the retailer exclusive rights within a specific geographic area to carry the supplier's product.

73 **2 Summary of strategic approaches to distribution**

74 **3 Approach Definition**

75 **4 Intensive distribution**

76 The producer's products are stocked in the majority of outlets.This strategy is common for mass-produced
77 products such as basic supplies, snack foods, magazines and soft drink beverages.

78 **5 Selective distribution**

79 The producer relies on a few intermediaries to carry their product. This strategy is commonly observed for
80 more specialised goods that are carried through specialist dealers, for example, brands of craft tools, or large
81 appliances.

82 **6 Exclusive distribution**

83 The producer selects only very few intermediaries. Exclusive distribution occurs where the seller agrees to allow
84 a single retailer the right to sell the manufacturer's products. This strategy is typical of luxury goods retailers
85 such as Gucci.

86 **7 Push vs.Pull strategy**

87 In consumer markets, another key strategic level decision is whether to use a push or pull strategy. In a push
88 strategy, the marketer uses intensive advertising and incentives aimed at distributors, especially retailers and
89 wholesalers, with the expectation that they will stock the product or brand, and that consumers will purchase
90 it when they see it in stores. In contrast, in a pull strategy, the marketer promotes the product directly to
91 consumers hoping that they will pressure retailers to stock the product or brand, thereby pulling it through
92 the distribution channel. The choice of a push or pull strategy has important implications for advertising and
93 promotion. In a push strategy the promotional mix would consist of trade advertising and sales calls while the
94 advertising media would normally be weighted towards trade magazines, exhibitions and trade shows while a pull
95 strategy would make more extensive use consumer advertising and sales promotions while the media mix would
96 be weighted towards mass-market media such as newspapers, magazines, television, social media and radio.

97 The realization process of a marketing strategy of a company lies not only in achieving specific production
98 goals and a proper communication with recipients during realization of the promotion phase. Its constant and
99 very important factor is to provide finished products to customers. A basic condition for achieving goals setout
100 in the trade is that the finished product meets the needs of the consumer, in particular it has a suitable form and

101 it is delivered at the right time and place. To be compliment with this requirement means to take action and
102 implement the elements included in the marketing-mix, which is the distribution of goods -one of the processes of
103 market support, containing within itself all the decisions and actions related to the manufacturer's communication
104 with end customers. Intermediaries create marketing distribution channel.

105 Distribution channels can also be defined as marketing channels or market channels. A distribution channel
106 is a group of depended on each other organization units, which are taking part in process of flow of products or
107 services from producers to buyers. Some of these streams (the ownership rights, promotion, negotiation, risk,
108 product) flow to buyers, other (market information, payments, negotiations and contracts) to the producers. All
109 of these flows are inevitable and the responsibility for each of them lies upon at least one organizational unit.

110 **8 b) Statement of the Problem**

111 Distribution of products takes place by means of a marketing channel, also known as a distribution channel. A
112 marketing channel is the people, organizations, and activities necessary to transfer the ownership of goods from the
113 point of production to the point of consumption. It is the way products get to the end-user, the consumer. This is
114 mostly accomplished through merchant retailers or wholesalers or, in the international context, by importers. In
115 certain specialist markets, agents or brokers may become involved in the marketing channel. At E-distribution,
116 involvement of these intermediaries are totally eliminated (disintermediation), it's business to consumer (B2C),
117 thus this method or strategy of distribution comes with it various benefits but at the same time pose serious
118 challenges, this, the study tries to investigate.

119 **9 c) Objective of the Study**

120 The core purpose of the study is to investigate on the challenges of distribution by electronic channels, other
121 sub-objectives entails; 1. To assess the relationship between psychological identification with online communities
122 and values. 2. To find the relationship between conveniences and value.

123 d) Research Questions 1. What are the benefits of e-distribution channels to producers? 2. To what extent
124 does e-distribution affects producer to consumer relationship?

125 **10 e) Research Hypotheses**

126 The following null hypotheses will be tested at a significant level of 0.05 H 01 : There is no significant relationship
127 between psychological identification with online communities and values.

128 **11 f) Justification**

129 This study will be of great impact to companies as it will stand as a reference material on the benefits and
130 challenges facing the use of electronic channels in distribution of products.

131 Section 2 II.

132 **12 Literature Review a) Conceptual Frame Work**

133 Business distribution channels are the avenues a business uses to sell or deliver its product or service. Distribution
134 channels for sellers of products include brick-and-mortar stores, online stores, direct mail solicitations, catalogs,
135 sales reps, wholesalers, distributors and direct response advertising. Distributing services is delivering core and
136 supplementary service elements through selected physical and electronics channels. It involves decisions about
137 where, when and how.

138 Electronic communication is defined as any type of communication using technology -like computer, phone
139 or fax. There are basically 4 types of marketing channels: direct selling; selling through intermediaries; dual
140 distribution; and reverse channels. While a distribution channel may seem endless at times, there are three main
141 types of channels, all of which include the combination of a producer, wholesaler, retailer, and end consumer
142 plan created by the management of a manufacturing business that specifies how the firm intends to transfer its
143 products to intermediaries, retailers and end consumers.

144 **13 i. Classification of Distribution Channels**

145 Company decisions regarding the type of distribution channel are considered in two structural systems: ? Vertical
146 and ? Horizontal.

147 In the vertical structure there are a number of dependencies between companies.

148 Several decisions about the quantities of different levels of a flow streams are made here. The horizontal
149 structure determines the number and type of intermediaries on specific levels.

150 In distribution channel a number of intermediaries are important who participate in the transfer of goods and
151 property rights to it from the producer to the final client.

152 The functional aspect of the distribution channel is seen as a way to connecting and ordering of agencies Each
153 of these participants becomes another level in the distribution channel and their number determines the length
154 of the channel.

155 The vertical structure of distribution channels and its length is defined for example by following determinants:
156 1. Expectations of final customer; 2. Features of a product; 3. The financial capacity of an enterprise that is
157 making the decision; 4. Organizational and legal conditions for distribution. [??6, p.35].

158 An enterprise, which is cooperating of intermediaries, faces a choice of one of the three systems with different
159 levels of surveillance powers to the channel by the company: 1. Corporate, 2. Contract, 3. Conventional.

160 A corporate system is being used by organizational units during phases of creation and development. In this
161 case the producer is an owner of the channel system, which relies only on him. It is a vertically-oriented system
162 in which the producer is obliged to provide financial and human capital.

163 A contract system is a quite new concept in Nigeria. Its most popular form is called franchises, which is one of
164 the fastest growing sectors of distribution. It can be divided into: 1. Product trade-name franchising; 2. Business
165 format franchising. [??1, p.159] The first approach is mostly focused on distribution of a product where a given
166 company is given rights to sale goods or services in a particular segment of a market using trade name (eg. car
167 dealers).

168 The second type of franchising is based on the right to offer products under contract on a particular market
169 with proper commercial forms, including sales, service and quality control. In this system all the time franchiser
170 has control over the entire distribution channel.

171 The last option is the most popular in Nigeria conventional system which is based on the foundation of working
172 with independent intermediaries (wholesalers, retailers, agents, brokers). The most important advantage, that
173 determines the choice of this system, is specialization of producers and dealers in specific sectors of a market
174 chain. In this system important becomes the development of a third contractor (third party operations), which
175 are companies that are specialized in a distribution, while offering a range of services and trade support for other
176 participants in the channel. However in this case a company must be prepared for losing control over distribution
177 channel.

178 14 Among

179 vertically integrated channels administrated channel can be also distinguished. In this solution all organizational
180 units that create the channel remain independent in their operation, however one specific company is keeping
181 regulatory function for all units.

182 Channels can be also divided according to deals where people are assigned in accordance to their responsibility
183 of buy-sell deals and product channels that are formed by members involved in the movement of products from
184 producers to end users.

185 Other channels that needs to be mentioned are the negotiation channel, the flow of property rights channel,
186 the channel of physical movement of goods and the cash flow channel. [??2, p.27] Channel width is the number
187 of intermediaries and institutions located in different levels of the channel as a result of a decision on coverage of
188 market with products and services. Channel width depends on the intensity strategy chosen by the company. As
189 a result of this decision marketing channels can be divided into narrow, with a small number of intermediaries
190 or wide in which the products or services are offered by the largest possible number of agents at each level.

191 A width of a channel dependent on many factors. The biggest attention is paid to the characteristics of
192 products, customers behavior associated with relationship and loyalty to the brand. An oversight over chosen
193 channel and marketing strategy is also relevant.

194 15 Indirect Channels

195 The direct channel consists of two levels: a producer and final customers. The producer contacts the buyers
196 through their own employees, commercial services or media without intermediaries. These type of channel is
197 applicable to the commodity market, capital goods, consumer goods, media use and the distribution of services.
198 [??5, p.26] . Manufacturers that are using this kind of channel retain full control over a disposal of products, the
199 level of prices and services.

200 It provides a fast flow of information about the expectations of customers, which automatically adjusts the
201 offer. As a consequence, producers are charged of any distribution costs and the risk of selling at a fairly low
202 penetration capabilities.

203 In direct distribution, there are no intermediary. Any exchange of information between a producer and a
204 customer is via mail, catalogs, radio, television, press, phone or computer. Orders are made via mail or telephone.
205 The execution of orders is done by mail or order is delivered directly to the client.

206 Any introduction to the distribution channel of an intermediate cell, regardless of the number of levels, change
207 a direct channel into an indirect channel. Those intermediaries can be a natural or legal persons who take over
208 ownership rights to the product or service from the producer and give them to a final customer.

209 According to their participation in the transfer of ownership rights intermediaries can be divided into dealers
210 and agents. The first of them are wholesalers, retailers and other organizational units that assume ownership
211 of the products. Agents consist of agents and brokers who do not buy products and have no ownership rights
212 to them. They are involved in shifting ownership from the producer to the final purchaser, conducting sale and
213 purchase transactions.

214 An intermediary in the distribution channel may be responsible for transactional functions (negotiating
215 contracts, dealing in sale and purchase, transfer of ownership, takeover risk) [2, p.36], logistics functions
216 (procurement, supply, storage, selection, and transportation) and support functions (gathering information about
217 a particular market segment, demand analysis, financing transactions).

218 This type of channel is primarily use in the consumer elective goods market (narrow and short channels) as
219 well as everyday purchases and services market (short channels). It is being used relatively rarely on the market
220 of industrial goods, in particular with investment products, raw materials and a range of supply goods.

221 16 Door-to-door delivery:

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238 well as everyday purchases and services market (short channels). It is being used relatively rarely on the market
239 of industrial goods, in particular with investment products, raw materials and a range of supply goods.

240 The intermediate distribution must also include network sales (network marketing, network). [2, p.40] This
241 form of selling is being used in Nigeria by foreign companies selling their products to distributors who recruit
242 more distributors and receive from them appropriate amount of their sales commission.

243 Placing an intermediary in the distribution channel brings to the manufacturer both benefits and losses. For
244 manufacturers the most important factor is a chance for a greater market penetration, acquisition of new markets
245 and reduction of the distribution costs. It is also important for the manufacturer that he is released from the
246 product adaptation to the expectations of end users (bottling, packing) and from building its own sales network.
247 However there are several disadvantages for this solution like there is a possibility of losing direct control over
248 the channel, not fulfilling responsibilities by the intermediary, extension in the period of payment for products
249 and the danger of all kinds of conflicts in the channel. The relationship between producer and final customer in
250 the intermediate distribution.

251 The choice of distribution channel depends on macroeconomic conditions (the economic situation, the
252 purchasing power and the ability to exchange currency, the number, demography and culture of the population,
253 the population density, the maximum size of the market) [4, p.217], technological trends and law regulations
254 (rules and standards, obligations and prohibitions).

255 17 ii. Electronic Distribution Channels

256 With the growth of B2C (business-to-consumer) model a new type of intermediary has become available: an
257 electronic distribution channel -the Internet. In electronic distribution channels the flow of streams is being
258 realized in two dimensions: electronic and physical. A split of streams between these two dimensions depends
259 on the type of products sold, channel participants and their technological capabilities and resources. [2, p.218]
260 In the electronic sales following forms of sales can be distinguished: 1. The B2C (business-to-consumer)-It
261 is a relationship between the company and the final customer; it includes: preparation of offers, preparation
262 and confirmation of orders, payments, realization of the transaction; 2. The B2B (business-to-business)-It is a
263 relationship between companies and it includes: preparation of offers, preparation and confirmation of orders,
264 payments, realization of the transaction;

265 3. The B2A (business-to-administration) -It is a relationship between businesses and public (government); 4.
266 The C2C (consumer-to-consumer) -Transactions between consumers. The growth of an electronic distribution
267 is strengthen by its global reach, reduction of m ? Consistent delivery for standardized services.? Low cost. ?
268 Customer convenience. ? Wide distribution. ? Customer choice. ? Quick customer feedback.

269 iii. E-Distribution Challenges Main disadvantages of this type of distribution are increased costs of
270 transportation of ordered goods and a delayed date of payment.

271 The service principals face the following problems in distributing services through electronic channels:

272 ? Customers are active and they must be enticed.

273 ? Insufficient control of e-environment.

274 ? Inability to customize with highly standardized electronic services. ? Inconsistency due to customer
275 involvement.

276 ? Changes needed in consumer behavior.

277 ? Security concerns.

278 ? Competition from widening geographies.

279 **18 Customers are active not passive and must be enticed**

280 Traditional advertising media such as magazines consider the customer a passive receiver of their messages. A
281 customer reading an article is most likely to see the advertisement. But the user of the web is different. The aim
282 of advertising should be to educate, entertain and entice the customer. By reading the marketer's information,
283 customer must know the benefits of services clearly. So, "permission-based marketing" is a new method used to
284 attract customers to websites. The services firm designs games, offers prizes, creates contests and sends customers
285 to websites. This helps the advertisers build relationships with customers.

286 **19 Lack of control of the electronic equipment**

287 Electronic equipment are used in an unregulated medium. Care should be taken to separate the irrelevant,
288 unwanted material from the useful content. For example, advertising for banking services should be separated
289 from the numerous advertisements for 'balding concealment devices' and 'quick weight loss programmes'. In print
290 media, the advertiser can request for right positioning. Such requests are not possible on the internet.

291 **20 Price competition**

292 It is difficult to compare features and price of services. But the internet makes it simple for customers to compare
293 prices for a wide variety of services. For example, priceline.com allows customers to name their prices for a service
294 such an airline ticket. So, customers at present, have the ability to bid on prices for services. Online services
295 enable customers to download hundreds of service offerings along with particulars. So, the service providers
296 encounter challenges in the form of price competition.

297 **21 Inability to customize with highly standardized electronic 298 devices**

299 It is very difficult to customize the services by using highly standardized electronic services. When electronic
300 media is present, customers cannot directly deal with the service provider and raise points for clarification. The
301 reaction of the audience to the message presented by an electronic vehicle may not always be effective. People
302 may talk among themselves, laugh and criticize. Only two-way video can control the behavior of receivers.

303 **22 Inconsistency due to customer involvement**

304 Electronic channels minimize the inconsistency from employees or providers of services. The customer produces
305 the service himself using the technology. While doing so, if the technology is not user friendly, it may lead to
306 errors or frustration. Using a website for example is not easy as it calls for familiarity with that technology.
307 Moreover, the difficulty encountered by online services is that most customers do not have computers.

308 **23 Changes are required in consumer behavior**

309 When a consumer enters a retail store, he can be motivated easily to buy the service. It is because the behavior
310 of customer can be studied and the customer interaction can be modified to instill confidence in him. But for a
311 customer purchasing a service through electronic channels, the method of interaction is different.

312 While using electronic channel, considerable changes are required in some aspects -the willingness to search for
313 information, the willingness to perform some aspect of the services themselves, the acceptance of different levels
314 of service, etc. But effecting a behavioral change is not easy. So, service marketers should motivate customers
315 by bringing about changes in the long established pattern of behavior.

316 **24 Security concerns**

317 Security of information is a key issue while using electronic channels. This is the major issue confronting the
318 marketers who use electronic channels. Many customers are reluctant to give credit card numbers on the web
319 and internet. Recently, Adam Cohen has outlined reasons for customer reluctance to use the internet.

320 They are: ? Someone might steal your identity ? You may reveal information about yourself in cyberspace ?
321 Personal information that we give to a website might be exploited ? You may enter your credit card number on
322 a fake website ? A stranger may use your computer to spy on you ? You may have a cyber-stalker.

323 **25 Global Competition**

324 With the advent of electronic channels, services can be purchased from service firms located anywhere in the
325 world. The fact that services could not be transported is no longer valid because of electronic channels. Virtually,

326 all financial services can be bought from institutions in any area. Since customers have unlimited choice among
327 the providers, services are not protected from competition.

328 **26 b) Theoretical framework**

329 The theory of distribution channels states that each company in the channel must charge enough to pay expenses
330 and leave a profit. Knowing where you are in the channel helps you understand your costs and your mark-up
331 needs. If you are near the end of the channel, you will pay the most for a product, because it has been marked
332 up on its way to you. If you're near the beginning, you may be expected to charge what are commonly called
333 wholesale prices, because your buyers understand you incur less expense at the start of a channel.

334 There are no set prices along the distribution channel. Each company may charge what the market will bear.
335 If prices are too high in the middle of a channel, buyers may disappear, because they know they can't mark up
336 the product or materials enough to make a profit when they sell them. At any stage, a company may offer a
337 discount to attract buyers. If a company in the middle of the channel offers a discount directly to consumers,
338 the rest of the channel is cut out because it cannot compete.

339 **27 Relationship Commitment Theory: Propounded by Sharma 340 and Patterson (1999)**

341 This is a model showing the determinants of relationship commitment. The model consists of three factors such
342 as communication effectiveness, technical quality and functional quality, all affected by trust in the relationship
343 which in turns affect relationship commitment.

344 Trust: Trust is defined by the authors as the belief that the organization can be relied on to believe in such a
345 way that the long-term interests of the buyer will be served (Sharma and Patterson, 1999). They further states
346 that trust implies reliance on, or confidence in, the process or person. Hence, the greater is the level of trust, the
347 stronger is the relationship commitment. The factor of trust was also looked at by Morgan and Hunt (1994) who
348 argues that trust has a positive relation to the extent through which the firms share similar values. It further
349 showed that a trust booster for firms was customers' satisfaction with past exchange with the firms.

350 Service Quality: According to Sharma and Petterson (1990) is divided into two main components, technical
351 and functional quality. Technical quality is related to the actual outcomes or the core service as perceived by the
352 customers is achieving the best return on investment for their customer at acceptable levels of risks is viewed.
353 Functional quality on the other hand is rather than concerned with, what is delivered, deals with how he service
354 or product is delivered. It is concerned with the interaction between the product is delivered. It is concerned
355 with the interaction between the organization supplier) and the customer (receiver), and is assessed in a highly
356 subjective manner. The authors further argue that trust had a great impact on how quality is delivered, both in
357 terms of functional and technical quality.

358 Consequently, in relation to the study the greater the perceived technical quality, the stronger is the trust
359 in the relationship, and the greater the perceived quality of the organization, the stronger is the level of trust
360 in the relationship, also, the greater the quality is perceived, the stronger is the relationship commitment..
361 Communication Effectiveness: Is referred to the formal as well as the informal sharing of meaningful and timely
362 information between an organization and a customer in an empathetic manner. The purpose of such is to educate
363 and keep customers informed about their investments in a language that they can understand. In relation to
364 the study, however, strong communication skills. New updates on current products are required to ensure that
365 customers understand and thus become more confident in their ability to asses financial risks and outcomes.
366 Effective communications also helps customers through the unavoidable ups and downs of business, thus, the
367 greater is the communication effectiveness, and the stronger is the relationship to buy ideas from the firm.

368 **28 c) Empirical review**

369 **29 Studies on the relationship between psychological identifica- 370 tion with online communities and values**

371 The rise of the Internet has led to the formation of network-based virtual communities. Some members have a
372 strong psychological identification with online communities, and from which they may gain a sense of belonging
373 and satisfaction. Jones, Hesterly, and Borgatti [1997] found that the social mechanism of the Internet is
374 often superior to other forms of management, including controlled access, overall culture, collective punishments,
375 and credibility. Further, the notion that psychological identification is intensified by website communities is
376 the same as the concept of overall culture in the social mechanisms of network management as indicated by
377 Jones et al. [1989] The stronger the centripetal force of website communities, the greater the website value
378 for customers. Underwood, Bond, and Baer [2000], in their studies on the sport industry, described that
379 customers' social identification with their teams might be strengthened by group experiences, history or traditions,
380 physical equipment, and rituals. Hence, if customers have stronger psychological identifications with the website
381 communities, the website will have greater value for the customers. Therefore, the following conclusion was
382 inferred:

383 Stronger customers' psychological identification with the website community will increase the customers'
384 perceived value of the website.

385 **30 Studies on the relationship between convenience and value**

386 How e-commerce can attract consumers depends on its ability to save time and costs for consumers and allow
387 consumers to view, compare, search, and ask questions. Pallab P (1996) .In addition, there are convenient and
388 rapid functions, such as hyperlinks, that provide customers with higher added value without geographical or
389 time limits. Hence, the more convenient services the website offers, the greater value it will have for customers.
390 Therefore, we conclude that the greater convenience of services provided by a website will increase the customers'
391 perceived value of the website.

392 **31 Studies on the relationship between novelty and value**

393 Amit and Zott [2001] described that the competition on the Internet emphasizes not only convenience and
394 speed, but also novelty in contents, as crucial to competitive advantage and important for the Internet to create
395 customer value. Hence, when there is a higher degree of novelty in the content offered by a website, there will
396 be greater value for customers. Therefore, we conclude that a higher degree of novelty in the content provided
397 by a website will increase the customers' perceived value of the website. Section 3 III.

398 **32 Methodology**

399 In this chapter, we discussed the following areas; research design, population of the study, sample size, sampling
400 techniques, research instrument, validity and reliability of sampling instruments and method of data analysis.

401 **33 a) Research Design**

402 The research design adopted in this study was the survey. A survey involves gathering information from a sample
403 through the use of a questionnaire. This method was chosen due to the structure of the study problem and
404 its objectives. This design offers a quick, accurate and efficient way of securing information from a segment of
405 people.

406 Moreover, a survey is generally perceived as authoritative among scholars and comparatively easy to understand
407 and explain. Also, data collected through this method is standardized and allows for easy comparison.

408 **34 b) Study Area**

409 The area of study is MTN located at Claret Academy St, New Owerri, Owerri, Imo state of Nigeria. The choice
410 of the company is because of its application of the undifferentiated marketing strategies and promoting images
411 aim at benefiting the users that seeks the packages. Hence, they serve as true representative sample of the entire
412 population companies.

413 **35 c) Target Population, Sample Size, Sampling technique**

414 The study's population consisted of customers of MTN in Owerri, Imo State. The study primarily focused
415 on customers of MTN as the highest networking company in Nigeria. The study population is deemed to be
416 inestimable because MTN is not ready to disclose its customers base on reasons best known to them. Hence,
417 the number cannot be exactly defined. Being an unknown population, the sample size will be obtained using the
418 formula proposed by Walpole (1974) as follows; $n = \frac{z^2 \sigma^2}{e^2}$

419 Where, n represents the sample size, z is the value obtained from the standard normal distribution at
420 5% level of significance, $z = 1.69$, $e = 0.05$ The sampling technique adopted in this work is Walpole 1974
421 sampling technique, with cluster being preferred option and respondents seen with different packages of MTN
422 will be administered with questionnaire. Moreover, for the purpose of this study, the Wetheral based MTN in
423 Owerri, Imo state will be divided into five (5) clusters .

424 **36 d) Data Collection**

425 The main instrument that will be employed in collecting data for this work is the questionnaire. The questionnaire
426 is divided into three (3) sections. Section one (1) has six items on personal data of the respondents. Section
427 two (2) comprised 10 items, five each on the benefits of e-distribution channels and on the extent e-distribution
428 channels affect producer to consumer relations. All statements in sections two and three were measured on a
429 modified four (4) point rating scale of strongly disagree (SD), agree(A), disagree (D) and strongly agree (SA).

430 **37 e) Data Analysis Process**

431 Personal data of respondents will be analyzed using frequency count and simple percentages. A simple linear
432 regression analysis will be employed to test the first, third and fourth hypotheses and Pearson Product Moment
433 Correlation (PPMC) will be adopted to test the second hypotheses. All hypotheses will be tested at 0.05 level of
434 significance.

435 **38 f) Test of Hypothesis**

436 The test of hypotheses will be done hypothesis by hypothesis; in order to test the hypothesis, the variables were
437 identified as follows;

438 **39 Research dimensions**

439 Measured variables in dimensions Psychological identification with online communities

440 ? You frequently visit or browse this website when surfing the Web.

441 ? You have a pleasant experience shopping on this website.

442 ? As a member of the website, you feel greatly satisfied.

443 ? You take delight in sharing your experience and joy from this website with others.

444 ? At the mention of an e-commerce website, this is the website that first comes to your mind.

445 **40 Convenience**

446 ? This website provides customers with the most timely shopping-related information.

447 ? This website has the most convenient steps and procedures for shopping.

448 ? This website offers the most convenient and secure payment methods.

449 ? Customers can rapidly and simply complete online transactions on this website.

450 ? This website provides customers with effective communication channels (e.g.,

451 ? telephone or email) or indexing functions to enable them to troubleshoot problems quickly.

452 **41 Novelty**

453 ? The products, services, or transaction mechanisms offered by this website are unique.

454 ? The products, services, or transaction mechanisms offered by this website are difficult for other websites to

455 imitate. ? This website often changes or innovates its products, services, or transaction mechanisms.

456 **42 Transaction security**

457 ? The personal data and transaction-related information on this website will not be leaked.

458 ? You trust the security mechanism of this website.

459 ? You are assured about the payment methods on this website.

460 ? This website is not easily invaded by computer hackers.

461 ? The transaction security of this website is guaranteed.

462 ? Others are unable to know your personal-related data from this website.

463 ? This website keeps the personal data of its customers in strict confidence.

464 **43 Relationship stability**

465 ? When surfing the Internet, you visit this website first.

466 ? You feel that the reputation of this website is trustworthy.

467 ? As long as this website maintains its existing services, you will not switch to other websites.

468 ? You will recommend this website to your relatives and friends.

469 **44 Value**

470 ? You believe that the products or services offered on this website are good quality.

471 ? The products or services offered by this website meet your expectations ? The products/services offered by
472 this website are your best choices ? The value brought to you by this website is higher than other e-commerce
473 websites.

474 ? Shopping on this website is a pleasant experience.

475 **45 Trust**

476 ? You believe that this website is fairly reliable.

477 ? You believe that this website is trustworthy over the long-term.

478 ? You believe that this website is honest and tells no lies.

479 ? You believe that this website considers the interests of its customers.

480 ? You believe that this website enjoys a good reputation and credibility.

481 **46 Loyalty**

482 ? Your time spent on this website accounts for a greater proportion of your total time online.

483 ? On this website, you enjoy visiting other websites of similar types.

484 ? Unless recommended by friends, you would not consider taking the initiative to visit or browse other similar
485 websites. ? You visit this website first when shopping online.

486 IV.

47 Data Presentation, analysis and Findings

48 Test of Hypotheses

Hypothesis One H 01 : There is no significant relationship between psychological identification with online communities and values. ** Correlation is significant at the 0.05 level (2 -tailed) Table 2 shows a correlation (r) value of 0.424 which means that the independent variable is positively correlated with values. Because of the positive value of r, direction is the same. With a p-value of .000 which is less than the level of significance of 0.05 (2-tailed, the null hypothesis is rejected. The result indicates that there is a significant relationship between psychological identification with online communities and values. Hypothesis Two H 02 : There is no significant relationship between conveniences and value. The correlation (r) value of 0.523 was obtained as shown in table 4. Since the p-value of 0.000 is less than the level of significance of 0.05, we therefore reject the null hypothesis and concluded that there is a positive significant relationship between Convenience and value.

49 a) Discussion of findings

Table ?? indicates that there is a significant relationship between psychological identification with online communities and values. This is in agreement with Jones, Hesterly, and Borgatti ??1997] who found that the social mechanism of the Internet is often superior to other forms of management, including controlled access, overall culture, collective punishments, and credibility. Further, the notion that psychological identification is intensified by website communities is the same as the concept of overall culture in the social mechanisms of network management as indicated by Jones et al. ??1989).

Also in table 2, a positive significant relationship exist between Convenience and value. Pallab (1996) asserts that in addition, there are convenient and rapid functions, such as hyperlinks, that provide customers with higher added value without geographical or time limits. Hence, the more convenient services the website offers, the greater value it will have for customers. Therefore, we conclude that the greater convenience of services provided by a website will increase the customers' perceived value of the website.

50 b) Conclusion and Recommendation

The best management of distribution channels is one of the factors providing the success of products sold by the company in the market. Also, a company should not forget about the appropriate upgrading of a product over time to meet the expectations of customers and to be desired by them. Noteworthy and not to be underestimated is an offered potential by the growth of networks and electronic commerce. It seems that the electronic channel of distribution will soon be one of the most popular forms of distribution channel in Nigeria, because it reduces expenses associated with the costs of distribution and sales, and if you look from the client perspective it shortens the time of a purchase of a specific product.

Electronic distribution channels also provide the company with a high level of computerization in the field of development, which is nowadays of great importance for the position and credibility in the market. ^{1 2}

2

	Psychological Identification with Online Communities	Values
Psychological Identification with Online Communities	1	.424**
Correlation		
Sig. (2 -tailed)		.000
N	264	264
Values	.424**	1
Sig. (2 -tailed)	.000	
N	264	264

Figure 1: Table 2 :

519

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²Challenges of Distribution Services through Electronic Channels (A Study of MTN Owerri, Imo State, Nigeria)

4

Convenience		Value
Convenience-Pearson Correlation	1	.523**
Sig. (2 -tailed)		.000
N	264	264
Value	.523**	1
Sig. (2 -tailed)	.000	
N	264	264

* Correlation is significant at the 0.05 level (2 -tailed)

Figure 2: Table 4 :

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