Dis-intermediation and its effects (impacts) in the marketing of consumer products. 
A case of developing economy-Nigeria 

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Nigeria consumer product marketing as a sub-sector of marketing is characterized by complex phenomena of poverty, lack of awareness, technology naiveness among others. These do not encourage the adoption of (e-marketing) dis-intermediation. This exercise that studies the impact of dis-intermediation on the marketing on consumer product in developing economy sourced, and collated data based on descriptive research principles from producers, middlemen and consumers and analyzed same. Findings include possible decline in sales volume based on dis-intermediation principles, increase in cost of market offer, un-affordability of infrastructural bases for e-marketing among others. This work recommends the integration of the consumer cooperative society principles in the dis-intermediation system and enhancement of consumer education on e-marketing as well as the introduction of governmental policies that are capable of reducing the cost of business operations.

Keyword: Dis-intermediation, e-marketing, Consumer product, Developing economy, Nigeria

INTRODUCTION

Physical distribution that creates place, time, space and ownership utilities has two fold activities of exchange and transaction. These activities complement one another in the drive for customer satisfaction creation at corporate profitability and sustainability as going concern. 

A study of physical distribution from the functional treatment considers exchange functions of buying and selling; physical distribution, consisting of transportation and storage and warehousing and facilitating functions of standardization, marketing financing, risk bearing and marketing information and research as vital integrals. In between buying and selling as exchange functions are physical distribution functions and exchange facilitating sub-functions as performed by marketing intermediaries.

Marketing intermediaries exist and serve the needs of industrial and household consumers based on three (3) principal justifications of:

- Principle of minimum total transactions;
- The principle of mass reserve and
- The principle of proximity.

(Which generate economies of skill, scale and transactions).

These three justifications and associated economies of skill, scale and transaction provide credence to the inclusion of specialized intermediaries in the channel of distribution-Bowersox, La Londe and Smykay (1969:424), as they operationally create sub-functions of product adjustment, transfer, storage, handling and communication-Oko (2011:13).

Efficiency in the execution of these sub-functions satisfies logistics management goals; among which are:

- Moving the right product from production point to consumption point.
- Ensuring that activities involved in product movement are executed on the principle of cost effectiveness; and ensuring that.
Cost saving principle of logistics is achieved based on the desire to satisfy consumers—Oko (2010:5).

In spite of the obvious need for marketing intermediaries as cornerstone of customer service concept of timeliness, dependability, consistency, communication and convenience in logistics; modern marketing and practitioners advocate for dis-intermediation.

This discourse x-rays dis-intermediation and its effects (impacts) in the marketing of consumer products in a developing economy with Nigeria as focus.

Theoretical Framework

This study is predicated on the fact that:

i. Though Nigerian consumers are techno-strivers: (consumers who are up and coming and believers in technology for career advancement), over 90% of these consumers are traditionalists in small-towns and folk areas and are suspicious of technology beyond the basis—Kotler and Armstrong (2006:147).

ii. The Nigeria consumer marketing system is characterized by the existence of supermarkets, departmental stores, mobile shops and automatic vending machine outfits as new entrant but the system is dominated by open market stalls, street trading and hawking outfits—Ibe (2011:16).

iii. These basic member elements of the Nigeria consumer marketing system functioning as retailers and/or wholesalers have superior efficiency in the performance of selling and promotion of marketing offer, buying and assortment building, bulk breaking, warehousing, transportation, financing, risk bearing, market information, management services and counseling —Oko (2011: 15); compared with other marketing systems.

iv. Nigeria firms in marketing, based on the traditional intermediation system have developed some degree of customer loyalty based on consumer-oriented marketing philosophy—Kotler and Armstrong (2006:639), thus create value for consumers in return. This suggests why premium prices are charged for products—(Jobber 2004)

The question therefore is, with the low and poor rate of technological growth and development in Nigeria among consumers as traditionalists and techno-strivers—compared with fast forward and new age nurturers of the developed economies—Kotler and Armstrong (2006:14) is the Nigeria market especially for consumer goods mature for dis-intermediation?

Objectives of the Study

This work has as its thrust as the determination of the consequences of dis-intermediation in the marketing of consumer products in the developing economy of Nigeria.

The achievement of this objective is predicated on the actualization of the following ancillary objectives of:

- To determine the effect of dis-intermediation on the volume of sales of consumer products;
- To assess the impact of dis-intermediation on the cost of market offers;
- To determine the effects of dis-intermediation on Nigeria consumers;
- To ascertain the consequences of dis-intermediation on the price of consumer market offer (goods and services), and intermediaries. and
- To ascertain the consequences of dis-intermediation on middlemen.

Significance of the Study

Globally, especially in the developed economies, many firms and industries are dropping the traditional intermediaries and are selling directly to final buyers, thus eliminating retailers from their marketing channels—Kotler and Armstrong (2006:370). This dis-intermediation is a function of growth and development in the field of e-marketing. Contrary to what is obtainable in the developed economies, Nigeria marketing systems is analogy rather than digital technology based; hence the maximization of the benefits of dis-intermediation may remain elusive. This work as a study of the consequences of dis-intermediation in the marketing of consumer products in developing economy of Nigeria is built to supplying input for policy decision making on dis-intermediation for the purpose of adding value to market offer in the creation and sustenance of customer delight.

This work is important as an attempt at bridging the gap between the developed and developing economies in the adoption and or adaption of the policy of dis-intermediation. It will also offer solution to the dearth of literature in this field of study.

Hypothesis

This study in an-effort at actualizing its objectives built its variables of analysis on this hypothesis.

H₀: paucity of knowledge of and the applicability of e-marketing principles do not have significant negative impact on the adoption dis-intermediation practice in Nigeria

Literature

Innovation; to ensure customers’ access to the latest technology in addition to customer relationship; quality of offer and efficiency of services delivery are considered building blocks for corporate success—Berkowitz, Kerin,
Hartley and Rudelius (2000:31). Given this, modern marketing practices consider the traditional distribution channel obsolete, hence reasonable consideration is given to dis-intermediation as an innovation in firms’ bid at improving customer service delivery at reduced cost.

Dis-intermediation is favoured in firm’s drive for customer satisfaction based on changes in technology and the explosive growth of direct and on line marketing- Kotler and Armstrong (2000:370).

What is Dis-intermediation?

Dis-intermediation also referred to as direct marketing, involves the use of catalog, companies’ direct mails, and telemarketing devices to sale products directly to the consumer. It is the displacement of the traditional re-sellers from a marketing channel by radical new types of intermediaries-Kolter and Armstrong (2006: 370). Marketers argue that the possibilities for customer value creation are greater in market space than the traditional market place-Healther and Seanna (1998:154-160) and Berkowitz (2006:208), hence the need to eliminate the middlemen.

Dis-intermediation in the Developed Economies

Consumers are classified based on their lifestyle either as fast forwards; new age nurturers, mouse potatoes, techno-strivers and traditionalists- www.forreter.com/data/consumerTechno, July 2004. In the developed economies, greater percentage of the consumers belong to the first two classes (fast forwards and new age nurturers), thus are career focused and driven and are time strapped, thus top users of technology for office and home purposes especially for education and entertainment. These classes of consumers are good quality spenders on corporate technology. Given these consumers’ inclination to the use of computer technology, there are no physical but little psychological separation between the providers of market offers and the consumers based on the web-net, http://future.sri.com:80/vals/ivals/index.html; hence geographical constraints and limited operating hours do not exist using market space. The market space provides consumer direct information on demand anytime and anywhere-Berkowitz, Kerin, Hartley and Rudelius (2006:208).

Market space system allows consumers opportunities of comparison for shopping for the lowest fares, rents and rates and almost immediate access to and confirmation of offers-ww.travelocity.com.

The parity in the level of digital exchange transaction awareness between service providers as vendors and consumers accelerates the efficiency in the ability of the market at creating form utilities, hence market offers are customized rather than standardized as consumers can specify the brand, clothing category and sizes right for their needs.

Sequel to this access the consumers have with the providers of goods and services in the developed economies, the use of intermediation is de-emphasized, hence the advocacy for dis-intermediation.

Direct Marketing (dis-intermediation), Comparative Analysis

Dis-intermediation (direct marketing) based on the use of the market space is receiving global acceptance. This acceptance, marketing practitioners argue is economically insignificant compared with the traditional market place-Berkowitz, Kerin, Hartley and Rudelius (2006:207). This seeming increasing but small acceptance rate of the dis-intermediation is attributed to its benefits to both the buyers and the sellers.

Benefits to the Buyers

Consumers patronize the product providers directly based on the use of electronic media, for obvious reasons, among which are:

- **Convenience:** The consumer has easy and private accesses to the market-space and is saved the problem of traveling amidst traffic discomforts, poor parking space and trekking and is not expected to shot home or office nor tie up time with sales persons-Berkowitz (2006:211) and kotler and Armstrong (2010:516)
- **Cost:** Cost of a market offer is both implicit and explicit, dis-intermediation using market place saves cost. This is popular among women-Brand Week (1990:36-47), especially as over 80% of the 30 most common items of sales based on market place technology are acquired at retailer price or cheaper- Business Week (1998: 84).
- **Wider Access to Wealth of Product for Choice:** Dis-intermediation based on market space, provides access to a wide range of products of different classes no physical store can provide, thus makes selection of choice product easier. It also creates room for customerized products–Berkowitz, Kerin, Hartley and Rudelius (2006:213) and Kotler and Armstrong (2010: 516).
- **Communication:** Dis-intermediation based on market space offers the consumer the opportunity of interacting with the producers for dialogue on marketing related issues, such as the company and its competitors and products. These information are presented in more useful forms compared with what any sales person can afford-Kotler and Armstrong (2010:516). Questionnaire is structured and computer generates profile of vendor and
the market offer-Schonfeld (1998: 113-121).

- **Control:** The market space device allows the consumer to take charge of the decision making exercise and process -Business Week (1998:78-86), as the technology permits independent information search, evaluation of alternatives and choice of terms and conditions considered favourable in buying decisions.

  To the seller, the following benefits could accrue based on the practice of dis-intermediation:

  - **Relationship Marketing:** Market space technology aids the vendor source information about the customer as individuals or groups, thus market offers are customerized to meet the specific and personal needs of the customer.
  - **Reduced Cost of Operation:** Vendors reach the target market at very low cost, (speedily and efficiently) hence could adopt alternative media, such as tele marketing, direct mail and websites. The choice of alternative is influenced by the potentials and prospects of the customer-Chitwood (2006). Additionally, vendors secured lower cost of operation, improved efficiencies and speedier handling of channel and logistic functions such as order processing, inventory handling and delivery-Kotler and Armstrong (2010: 516). These cumulatively result in lower cost of operation and price of value created in favour of the customer.
  - **Flexibility of Operation:** Dis-intermediation based on market space technology offers greater flexibility in marketing operation as programmes prices and other variables are timely and comprehensively adjusted to meet adjustments (changes) in target market characteristics and such adjustments are communicated personally to the target market.

  It is also opined that dis-intermediation allows the vendor access to potential customers who may not easily be reached using other channels that are traditional marketing bias. These accesses are tailored according to the resources available to the vendor and the characteristics of the market –personalized.

  These benefits of dis-intermediaries are maximized based on acceptable high level of societal technology development and awareness as well as level of per capita income that have their indices as high standard and low cost of living; thus dis-intermediation is highly acceptable in the developed economies of the world.

**Market Structure in Nigeria**

Nigeria in the third world economy with a population of over 160 million, unemployment rate estimated at 22.8% - Bureau of Statistics (2011) and average daily man hour of eight (8) hours. It is not customary for Nigerians workers to hold more than one regular employment, thus leisure period is higher compared with what is obtainable in the developed economies. Thought a wealthy nation, the per capita income is low, (measured at $2748-World Development Report 2010. The standard of living is as well low but cost of living is comparatively high. Hence the experienced growing rate of poverty 60% as at 2000 CCM World Fact Book, 2000), 64% and 69% as at 2005 and 2010 respectively (National Bureau of Statistics, 2012).

Bulk buying by household is limited to the average income earners that constitute less than a quarter of the estimated market for any product including modern technologies. Common features of the Nigerian market from the vendors’ perspective are hawking, street trading and open market stalls. Research results estimate supermarkets and departmental stores sales volume at 2.4 percent of entire periodic demand for any consumer product-Oko (2010). Given this, organized market system that may encourage the market space practice as the hub of dis-intermediation is poorly appreciated.

Statistics have it that slightly less than 40 percent of US households as a developed economy have a computer in their home with internet/web access-Business Week (1997:84); the situation is likely to have grown above 85% currently; the situation in Nigeria is obviously a negation of the US record and standard as less than 5 percent of the private and public sector organizations and less than 1% of homes have private access to the websites.

Nigerians are neither heavy nor enthusiastic users of the internet. Most users are compelled to do so by circumstances of quest for job (employment), frauds attempts, or to satisfy some needs of official documentations. Hence consumer psychographic rating of Nigeria in respect to market space facilities is poor and below world standard.

Research results show that consumer purchasing behaviour of Nigeria in respect to general products and services categories that appear to be particularly suited for market space exchange is poor. These products services inclusive include:

  i. Items for which product information is an implicit part of the purchase decision, but pre-purchase trial is not necessarily critical; example are computers and their accessories and books
  ii. Items for which audio and video demonstrations are important
  iii. Items that can be delivered digitally such as travel reservations and confirmations, brokerage services and electronic ticketing
  iv. Collectables, specialty goods and foods and gifts.
  v. Items of regular purchase, whose values are measured by the degree of convenience at purchase point and process such as grocery products, and
Of these items, only items in category 5 have general acceptance among Nigerians. These, however are more sold in open markets, by street traders and Hawkers. Nigerians attitude toward reading is poor, thus works are not patronized not even in open markets. This situation justifies the assertion that Nigeria consumers are operating at the level of subsistence or below. Travels and reservations are for the upper class income earners. Subsistence in living among Nigerians favours the traditional market system where consumers buy in small rather than large quantities from open markets, street traders and hawkers.

Most multi-national companies such as Unilever, SCOA and United Trading Company started operations in Nigeria based on exclusive agency basis-Onah and Thomas (2004:406). This structure would have favoured dis-intermediation but because it could not satisfy the psychological needs the consumers vis a-vis personality matching principle between the Nigeria consumers and the foreign based store system especially as the stores were physically separated from the consumers compared with open market stores, street trading and hawking, thus the exclusive distribution strategy failed. This is likely to be the case with the e-marketing and dis-intermediation systems.

Summary of Literature

Market space as dis-intermediation strategy in exchange and transaction process is currently a globally acceptable trend, however its economic significance is small compared with the traditional market place in Nigeria. Electronic marketing in the developed economy of US accounts for less than 8 percent of expenditure in consumer and industrial goods and services marketing, and less than 1 percent of global expenditure –Berkowitz, Kerin, Hartley and Rudelius (2006:208). It is believed that the high rate of acceptance of dis-intermediation in the developed economy is influenced by common high standard of living as associated with high per capita income. The situation is however contrary in Nigeria. The question therefore is how Nigerians will accept dis-intermediation when averagely the consumers do not have access to website services.

This study therefore is focused at determine the rate as well as consequences of the adoption of the dis-intermediation marketing strategy among consumers and vendors in Nigeria, with bias for consumer products.

METHODOLOGY

This work is based on survey (descriptive) research technique; hence copies of questionnaire were structured and distributed to randomly selected firms in industries that are involved in the production and marketing of consumer products and their middlemen as well as consumers. These firms trade on the floor of the Nigerian stock exchange market. The middlemen and consumers cut across the six (6) geo-political zones of Nigeria with equity in distribution between urban and rural areas based on Nigeria population census figures-These research population samples were also administered structured interview questions to satisfy gaps uncovered based on copies of questionnaire.

Tables, charts, and graphs were used in data analysis as the impact of e-marketing (as dependent variable) on dis-intermediation (independent variable) was assessed. These dependent and independent variables are the hub of the research hypothesis.

The hypothesis test is based on the analysis of variance (ANOVA) statistical tool. This technique determines whether or not the means of three or more populations are all equal-Ogum (2002:45). Analysis of variance is considered suitable as three different groups-producers, middlemen and consumers constitute the population of the study. Based on the above, ANOVA is denoted by:

\[
F = \frac{V_b}{V_w} = \frac{\text{between groups variance}}{\text{within groups variance}} = \frac{S^2_B}{S^2_W}
\]

Where: \( V_b = \frac{SSB}{df_b} \) and \( V_w = \frac{SSW}{df_w} \)

The respondents’ opinion on different sub variables of the dependent and independent variables of the research hypothesis were assessed based on the Likert rating scale for group mean determination.

Data Presentation and Analysis

Table 1.1 is the assessment of intermediation variables by the research defined population sample

The test hypothesis as formulated is

\( H_0: (\rho_1 = \rho_2 = \rho_3): \text{paucity of knowledge of and the applicability of e-marketing principles have no significant negative impact on dis-intermediation} \)

\( H_A: (\rho_1 \neq \rho_2 \neq \rho_3): \text{paucity of knowledge of and the applicability of e-marketing principles have significant negative impact on dis-intermediation} \)

Where \( \rho_1, \rho_2 \) and \( \rho_3 \) are the means of the assessment of the product manufactures, middlemen and consumers as categories of respondents.
Table 1:1 Assessment of intermediation variables by Research defined population sample

<table>
<thead>
<tr>
<th>Subject of Consideration</th>
<th>Manufacturers</th>
<th>Middlemen</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effects of dis-intermediation on market sales volume</td>
<td>1.8</td>
<td>5.86</td>
<td>23.3</td>
</tr>
<tr>
<td>Effects of cost of dis-intermediation on market offer</td>
<td>1.4</td>
<td>6.6</td>
<td>12</td>
</tr>
<tr>
<td>(goods and services) prices.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude of consumers to disintermediation</td>
<td>1.0</td>
<td>5.26</td>
<td>30.8</td>
</tr>
<tr>
<td>- Regularity of Network for e-marketing</td>
<td>1.0</td>
<td>5.26</td>
<td>31.0</td>
</tr>
<tr>
<td>- Availability of internet services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time, cost and quantity purchase relationship</td>
<td>0.53</td>
<td>4.4</td>
<td>30.0</td>
</tr>
<tr>
<td>Dis-intermediation and credit/deferred payment</td>
<td>0.53</td>
<td>4.4</td>
<td>33.46</td>
</tr>
<tr>
<td>Reciprocity in purchase relationship</td>
<td>0.80</td>
<td>4.26</td>
<td>34.4</td>
</tr>
<tr>
<td>Effect of dis-intermediation on employment rate</td>
<td>0.86</td>
<td>7.26</td>
<td>23.86</td>
</tr>
<tr>
<td>Total</td>
<td>7.92</td>
<td>43.3</td>
<td>220.34</td>
</tr>
<tr>
<td>Mean</td>
<td>0.99</td>
<td>5.41</td>
<td>27.54</td>
</tr>
</tbody>
</table>

Test of relationship or otherwise of the assessment of defined sample population of research on adoption of dis-intermediation strategy in the marketing of consumer goods in Nigeria

Table 1.2 Computation of f –ratio. Assessment of impact in e-marketing (dis-intermediation) by manufactures, middlemen and consumers in the Nigeria consumer product marketing

<table>
<thead>
<tr>
<th>Manufacturers</th>
<th>Middlemen</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X_A$</td>
<td>$X_A^2$</td>
<td>$X_B$</td>
</tr>
<tr>
<td>1.8</td>
<td>3.24</td>
<td>5.86</td>
</tr>
<tr>
<td>1.4</td>
<td>1.96</td>
<td>6.6</td>
</tr>
<tr>
<td>1.0</td>
<td>1.0</td>
<td>5.26</td>
</tr>
<tr>
<td>1.0</td>
<td>1.0</td>
<td>5.26</td>
</tr>
<tr>
<td>0.53</td>
<td>0.28</td>
<td>4.4</td>
</tr>
<tr>
<td>0.53</td>
<td>0.28</td>
<td>4.4</td>
</tr>
<tr>
<td>0.80</td>
<td>0.64</td>
<td>4.26</td>
</tr>
<tr>
<td>0.86</td>
<td>0.74</td>
<td>7.26</td>
</tr>
</tbody>
</table>

$\Sigma X_A = 7.92$  
$\Sigma X_A^2 = 8.04$  
$\Sigma X_B = 542.89$  
$\Sigma X_B^2 = 160.28$  
$\Sigma X_C = 948.64$  
$\Sigma X_C^2 = 961.00$  
$0_a = 0.99$  
$n_a = 8$  
$0_b = 5.41$  
$n_b = 8$  
$0_c = 27.54$  
$n_c = 8$

Given: $f = \frac{V_B}{V_B = \text{between groups variables} = \frac{S^2_B}{V_W = \text{within groups variables}}}$  

$V_W = \frac{SSW}{d_f}$

Where: $V_B = \frac{SSB}{d_f}$

$V_W = \frac{SSW}{d_f}$

For $f$-value:

Decision: Accept $H_0$:

Table 1.5, Manufacturers’ variables are held constant as dependent and consumers as independent

Reject $H_0$: If $f \geq f_{1, n-2, 0.05}$

$f$ cal $(2.316)$ $\leq f$ tab $5.99$

Decision: Accept $H_0$:

Decision

In the three (3) analyses, $f$ cal $1.796$, $2.316$ and $4.288$ oval $f$ tab $5.99$, thus the decision in favour of acceptance of $H_0$: paucity of knowledge and the applicability of e-marketing principles have no significant negative impact on dis-intermediation.

At 0.05 level of significance, the critical value of $f$ is given as 2.60.
DISCUSSION OF FINDINGS

Major findings of this work are as follows:

- Dis-intermediation given the present state of the Nigerian economy and consumers is most subscribable to achieving low level of acceptance and patronage, thus aggregate sales volume of consumer goods is most likely to be on the decline.

- Given the high number of leisure period (hour), the Nigeria worker is entitled to and enjoys each day, and the positive disposition to using the leisure period for traditional market place activities, effort at causing these consumers to engage in e-marketing activities without a corresponding increase in consumers’ real income and or net income will amount to increasing the cost of item procured based on dis-intermediation principles as the electronic base of e-marketing has cost implications on the vendors and consumers.

- Dis-intermediation principles have the tendency of compelling consumers to engage in bulk buying and on cash basis business especially initially in exchange relationship, however, limited to the degree of trust and mutually acceptable method and strategy of settlement of exchange obligations. To satisfy these new approaches to buying, the consumers are most likely to have in balance in expenditure as other home needs many have to be forgone (deferred) to satisfy the need for bulk purchases.

- The poor level of per capita income in Nigeria of $2748-World Development Report 2010 compared to the developed economies and the associated high cost of fund for the acquisition of the technological base of dis-intermediation have the tendency of increasing the cost of market offers.

- Dis-intermediation has the tendency of eliminating the existing structures of the traditional market system in Nigeria, such as super markets, departmental stores, mobile shops, open stores and hawking and street trading. This has the potency of creating and increasing the level of unemployment among Nigerians; hence crime rate is bond to increase as well as the rate and level of national insecurity.

The research is of the opinion that a more reasoned view of the impact of dis-intermediation on distribution channel is that it will transform but not eliminate the middlemen (marketing intermediaries) out rightly, especially as customers require significant amount of value (as services) to be added to market offer prior to their purchase and usage. These services include installation, repair and maintenance among others. Thus, given the Nigeria set up, not all manufacturers may have their presence in most localities, hence the services of marketing intermediaries may not be dispensed with, even in the presence of dis-intermediation, even where manufacturers have sales branches and offices to the localities, the skill and chemistry required to manage and meet the needs of difference target markets in line with the psychology of transaction and exchange relationship in the developing economy may not be there.

This work supports the opinion of Nwosu (2012), that the roles of the firms in intermediation are aimed at adding value to the offer as needed by customers, in addition to the physical distribution of products. Hence, intermediation is not limited to buying and selling and stock holding, rather they extend to addition and adjustment of value of market offer in line with the expectation of the customers for possible generation of customer delight.

Given the above, this work is of the opinion that intermediation will continue to remain relevant in Nigeria so long as marketing intermediaries response to the needs of their target market based on value creation.

Authorities in marketing- Kotler and Armstrong (2010) and Berkowitz, Kerin, Hartley and Rudelius (2000:31) assert that dis-intermediaries creates room for lower cost of purchase of market offer as the number of transactions and processes involved in exchange relationship are reduced. This economy of transaction as advantage is not common in all industries; in the consumer product industry; wholesalers who sell products of many related and unrelated manufacturers achieve economies of scale that no single manufacturers’ distribution system can equate.

The research result shows that dis-intermediaries objectives may be fairly achieved in some industries in Nigeria as a developing economy, however the implementation of this “dis-intermediation creates challenges of reducing and eroding the size in number and life of businesses of the marketing intermediaries, thus creates structural unemployment both in the long and short runs, hence affects negatively the standard of living of hither-to employees and employers in the intermediary channel structure. Thus, it is argued that dis-intermediation is counter-productive to the macro society (as it is more common) in developing economies.

Advocates of dis-intermediation are of the view that the system (dis-intermediation) favours the consumers as the charges of middlemen as mark up plus, variable costs and or cost plus are eliminated. This argument to a reasonable extent is valid, however, it is difficult to substantiate the fact that manufacturer who have branch and or sales offices where stock are dispensed to consumers based on dis-intermediation principles will not develop monopolistic tendencies that may in the long run cumulate to extensive consumer exploitation.

It is equally important to note that the relative vast but small size of purchases pattern of greater number of Nigerians make dis-intermediation non profitable. This is based on the fact that consumers of specific brand of products may have to buy in small size from a particular manufacturer. The situation will be such that the manufacturer may not have all the vital resources to satisfactorily attend to the needs of the vast number of
customers. Dis-satisfied customers based on this deficit service may withdraw patronage and loyalty, thus creating unhealthy business relationships whose effect is stunted business growth for manufacturers.

Research results also show the existence of difficulties in the marketing of consumer goods in the developing economies based on the principles of dis-intermediation especially for goods that are acquired in small quantity by consumers; majority of whom are rural dwellers. Like a tablet of soap, cup of domestic salt, small quantity of magi cube, pack of sugar, cups of garri or rice. Based on dis-intermediation, the cost these items will be high.

CONCLUSION

The present state of social and infrastructural development in Nigeria and other developing nations as well as the poor level of per capita income and associated high cost of living, do not favour the principles of dis-intermediation as practiced in the developed economies of the world; therefore, dis-intermediation cannot be successfully adopted in Nigeria without modifications.

RECOMMENDATIONS

Rather than a complete dis-intermediation, the following are recommended:

- Manufacturers should adopt the cooperative shop approach to attending to the needs of the target market as consumer cooperative societies are encouraged. This should be based on the adoption of market segmentation and target marketing as output of quality research effort. The consumer cooperative societies will be expected to aggregate the needs of its members for bulk purchases from manufacturers at reduced price and for non-frequent purchases.
- Efforts should also be made at educating specific target markets on the use of the dis-intermediation market structure and system.
- The manufacturer branch and sales offices dis-intermediation strategy should be managed in line with the psychological pattern of living of the different localities of the larger society so that the open stall incentives that motivate consumers to patronage and loyalty will not be considered non-existent in the e-marketing system.
- Production capacities of manufacturing firms should be expanded and enhanced based on the employment of those that are likely to be rendered unemployed (current members of the market intermediary structure) based on the adoption of dis-intermediation.
- Employment policies in Nigeria should be reviewed with a view to increasing employee’s daily man hour with corresponding increase in earning. This will enhance employee’s earning capacity for enhanced disposable income and enhanced inclination to e-marketing facilities.
- Government policies should also target at reducing the cost of business operation in Nigeria as cost of items including petroleum products is highly reduced in Nigeria. These costs are high compared to other countries of the world-Umeano (2011); and Olanrewaju (2011). Reduction in cost of production has the ability of reducing price of products. This will increase the real income of consumers, hence increase their ability to acquire market offer based on e-marketing principles.

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