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Hybrid Distribution Model and Market Penetration of Consumer Electronics in Nigeria

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Abstract

In a geographically large and diverse market like Nigeria, gaining full-scale market penetration for consumer goods can be a herculean task due to inadequate transportation infrastructure, and lack of robust channel structure. This study sought to mitigate this challenge by investigating the causality between hybrid distribution model and market penetration. It specifically aimed to determine the influences of direct and indirect distribution on market penetration of consumer electronics in Nigeria. The study adopted cross-sectional research design. Primary data were obtained from 384 major distributors of consumer electronics in Port Harcourt, Calabar and Ikeja through a structured questionnaire. Snowball and quota sampling techniques were applied to recruit respondents for the survey. The data obtained were analyzed using descriptive statistics and the hypotheses of the study were tested using multiple linear regression. The findings of the study revealed that even though both direct and indirect distribution strategies had significant positive influences on market penetration of consumer electronics in Nigeria, the indirect distribution approach had a higher contribution to market penetration. Hence, the study concluded that hybrid distribution model strategically enhances the ability of manufacturers of consumer electronics to achieve extended market penetration in Nigeria. Therefore, we recommended that: manufacturers of consumer electronics should establish direct distribution outlets in Nigeria such as company warehouses, manufacturer-owned retail stores, corporate online stores, and direct sales representatives in order to effectively sell products to customers while eliminating the prospects of third-party adulterations, counterfeiting and other unwholesome practices of middlemen; and there is need for manufacturers of consumer electronics to collaborate and strategically partner with capable intermediaries like wholesale distributors, retail chain stores, independent retailers, online marketplaces, authorized dealers and market traders to achieve extended market coverage and ensure their products are extensively available in the Nigerian market.

Keywords: Distribution Management, Market Entry Strategy, Hybrid Distribution, Market Penetration, Consumer Electronics.

Introduction

Market penetration occurs when a product becomes increasingly available, generally accepted and popular among customers relative to competing brands in the market. It offers tremendous strategic benefits for manufacturers because it ensures their products gain substantial market traction, appeal to a broad segment of the target market and

attract sufficient customer patronage, leading to increased market dominance and competitive advantage (Gong *et al.*, 2020). However, successful market penetration is not an easy task, especially for a new product introduced into a highly competitive market. In such a scenario, market penetration can be impeded by intense market competition, limited market awareness and visibility, customers' resistance to change, distribution challenges and limited network with intermediaries (Muriithi & Waithaka, 2020). Against this backdrop, manufacturing companies have often sought strategic approaches to launch products to maximize the chances of successful penetration. One of these approaches is hybrid distribution model (Thiam & Thanapornpoonvut, 2020; Matsunaga & Og, 2018; Wang & Li, 2019; Ahmed *et al.* (2020). According to Wang and Li (2019), hybrid distribution model combines elements of both direct and indirect distribution channels to optimize the distribution of products to end consumers, blending the efficiency and control of direct distribution with the extended reach and flexibility of indirect distribution. In today's business environment, contemporary market trends and dynamics are compelling manufacturing companies to resort to hybrid distribution models as a strategic response. One of these trends is the changes in consumer preferences and behaviours driven by the advent of e-commerce and the proliferation of online shopping platforms (Akhtar *et al.*, 2022). As a consequence, consumers increasingly seek convenience, variety, and seamless purchasing experiences. Hybrid distribution models allow manufacturers to cater to these preferences by combining traditional brick-and-mortar channels with online retail channels. This approach enables companies to reach a broader audience while providing customers with multiple touchpoints to engage with their products (Ahmed *et al.*, 2020).
Also, the need for increased geographical reach and market accessibility is driving the application of hybrid distribution models among manufacturers (Akhtar *et al.*, 2022). This is because this form of distribution empowers manufacturers to extend their market reach beyond geographical constraints. By leveraging both physical stores and online platforms, companies can penetrate new markets, target diverse customer segments, and capitalize on emerging opportunities (Kim *et al.*, 2019). This flexibility enables manufacturers to adapt to regional preferences, regulatory requirements, and cultural nuances, thereby enhancing their competitiveness in a globalized marketplace (Magau & Phiri, 2018). This is particularly critical in the Nigerian context, where large geographical size of market, poor distribution and transportation infrastructure, changes in consumer preferences, and intense competition can significantly hamper the successful penetration of products. As a consequence, popular manufacturers of consumer electronics like Jiangsu Skyrun International Group of Companies, Choice International Group (CIG) and the Fouani Group, are increasingly resorting to a combination of direct distribution and indirect intermediaries in an attempt to achieve full-scale market coverage. However, it is difficult to ascertain the effectiveness of the utilization of hybrid distribution model in improving market penetration of consumer electronics in Nigeria, due to insufficient relevant empirical evidence. From in-depth preliminary review of extant literature, it was observed that hybrid distribution model and market penetration in the context of consumer electronics in Nigeria

is still an untapped area of research. This is evidenced by the acute dearth of existing relevant studies on the subject in the Nigerian context. In fact, majority of the available studies were restricted to conventional distribution as part of marketing mix strategy in several industry contexts such as manufacturing, construction, agriculture, small and medium enterprises and fast-moving consumer goods (Obasan *et al.*, 2015; Nneka, 2015; Ogbu, 2017; Mustapha, 2017; Nneka, 2015; Adesoga & James, 2019; Donkor *et al.*, 2018). Against this backdrop, this study sought to determine the influence of hybrid distribution model on market penetration of consumer electronics in Nigeria.

Statement of the Problem

Despite the fact that most major dealers of consumer electronics in Nigeria such as Jiangsu Skyrun International Group of Companies, Samsung, Choice International Group (CIG) and the Fouani Group, predominantly rely on hybrid distribution model for the Nigerian market, there is insufficient empirical evidence regarding the effectiveness of this innovative distribution model. The implication of this evidence gap is that without comprehensive research on hybrid distribution models, electronics dealers may lack valuable insights into effective strategies for distributing their products in Nigeria. This is critical because hybrid distribution models are becoming increasingly prevalent globally due to changing consumer behaviors and technological advancements (Wang & Li, 2019). As such, in the absence of research tailored to the Nigerian context, electronics dealers in Nigeria may struggle to identify the most suitable distribution channels and allocate resources effectively for market penetration. It is also possible that in the absence of credible research evidence on this subject, electronics dealers in Nigeria may rely on trial and error or follow trends from other markets without considering the unique dynamics of the Nigerian consumer electronics sector. This trial-and-error approach can increase the risk of investing in ineffective distribution strategies and can hinder electronics dealers' ability to achieve sustainable growth and market penetration in Nigeria. Against this backdrop, this study was initiated to determine the causality between hybrid distribution model and market penetration of consumer electronics in Nigeria to bridge the existing evidence gap. To that end, the specific objectives of this study were to:

i. determine the influence of direct distribution on market penetration of consumer electronics in Nigeria;
ii. assess the influence of indirect distribution on market penetration of consumer electronics in Nigeria.

Literature Review

Nigerian Consumer Electronics Market

The Nigerian consumer electronics market encompasses a broad spectrum of electronic devices and gadgets catering to the diverse needs and preferences of consumers across the country. From smartphones and laptops to televisions, home appliances, and gaming consoles, this market is characterized by its dynamism and rapid growth driven by technological advancements and increasing consumer demand (Akintan *et al.*, 2020). At its core, the Nigerian consumer electronics market is shaped by several key factors. Firstly, the country's large and youthful population, coupled with rising disposable incomes and urbanization, fuels the demand for the latest electronic gadgets and innovations. This demographic dividend presents significant opportunities for both local and international electronics manufacturers and retailers to tap into a burgeoning consumer base eager to embrace new technologies (Nnorom & Odeyingbo, 2020). Also, the market landscape is influenced by evolving consumer preferences and lifestyle trends. Nigerian consumers are increasingly seeking products that offer convenience, connectivity, and enhanced functionality. This has led to a surge in demand for smart devices, internet-enabled appliances, and entertainment systems that provide seamless integration and intuitive user experiences (Uzoma *et al.*, 2021). In addition to individual consumers, businesses and organizations also play a vital role in driving demand within the Nigerian consumer electronics market. The growing adoption of technology in various sectors, including education, healthcare, and finance, has created a robust business-t-business (B2B) segment for electronic devices and solutions tailored to meet specific industry needs (Okundaye *et al.*, 2019). Recent statistics from Research and Markets indicate that in 2022, the Nigerian consumer electronics sector amassed a sum of US$4.7 billion in total revenues, signifying a compound annual growth rate (CAGR) of 3.4 percent from 2017 to 2022. (Adetunji, P. (October 15, 2023). More recent statistics from Statista indicate that the Nigerian consumer electronics sector is anticipated to achieve a steady annual growth of 6.32 percent between 2024 and 2028. Initial estimations suggest that the market will generate around US$18.7 billion in revenue for the year 2024. Additionally, the report highlights Telephony as the leading segment within this market, with an expected market volume of approximately US$10.3 billion in 2024 (Statista Market Insights, 2024). These estimates are indicative of the huge market potential of this dynamic market segment in Nigeria.

Hybrid Distribution Model

A hybrid distribution model seamlessly combines both direct and indirect distribution channels to optimize reach, efficiency, and customer engagement. At its core, this model leverages the strengths of both approaches, integrating them into a cohesive strategy that offers flexibility and scalability (Thiam & Thanapornpoonvut, 2020). Direct distribution involves selling products or services directly to consumers without intermediaries, typically through owned retail stores, e-commerce platforms, or sales representatives. On the other hand, indirect distribution utilizes third-party channels such as wholesalers, retailers, and distributors to reach customers. The hybrid model bridges these two approaches, allowing businesses to capitalize on the advantages of each while mitigating their respective limitations (Matsunaga & Og, 2018). According to Wang and Li (2019), a hybrid distribution model is a strategic blend of direct and indirect channels to enhance market penetration and customer accessibility. By incorporating both direct and indirect distribution channels, companies can cater to diverse customer preferences and market segments. This flexibility enables them to adapt to changing market dynamics and consumer behaviors while maximizing their distribution reach. Additionally, the integration of multiple channels fosters synergy and efficiency across the distribution network, optimizing resource utilization and minimizing costs (Ahmed *et al.*, 2020). Furthermore, Kim *et al.* (2019) maintained that by diversifying distribution channels, companies can hedge against disruptions such as supply chain bottlenecks, market fluctuations, or changes in consumer demand. The redundancy offered by multiple channels ensures continuity of operations and reduces dependence on any single distribution channel. Moreover, the integration of direct channels empowers businesses to establish stronger relationships with customers, fostering brand loyalty and repeat purchases. In essence, the hybrid distribution model represents a dynamic and adaptable approach to distribution management, driving growth and competitive advantage in an increasingly complex marketplace (Magau & Phiri, 2018).

Market Penetration

Market penetration refers to the strategy of gaining a larger share of the existing market for a particular product or service (Gong *et al.*, 2020). It involves increasing the sales volume of a product or service within the current market by either attracting new customers or convincing existing customers to purchase more. This approach aims to deepen the company's presence in the market by effectively leveraging its resources and capabilities to capture a greater portion of the consumer base (Steinberg, 2023). One of the key aspects of market penetration is understanding the needs and preferences of the target market (Wang *et al.*, 2023). By conducting thorough market research and analysis, businesses can identify opportunities for growth and tailor their marketing efforts accordingly. This may involve refining the product or service to better align with consumer demand or adjusting pricing strategies to appeal to different segments of the market. Also, effective market penetration often requires a multifaceted approach that integrates various marketing tactics (Kaunyangi *et al.*, 2023). This can include aggressive advertising campaigns, promotional offers, distribution channel expansion, and strategic partnerships. By employing a combination of these tactics, businesses can enhance brand visibility, increase customer awareness, and ultimately drive sales. Moreover, sustaining market penetration requires ongoing efforts to stay competitive and relevant in a dynamic market environment (Gikunda *et al.*, 2023). Businesses continually monitor market trends, evaluate competitor strategies, and adapt their own approaches accordingly. This may involve innovating new products or services, improving customer service experiences, or exploring new market segments to tap into. Overall, market penetration is a fundamental strategy for businesses seeking to grow and expand within their existing market.

Direct Distribution and Market Penetration

Direct distribution strategy refers to a method utilized by businesses to sell their products directly to customers without the involvement of intermediaries such as wholesalers, retailers, or distributors (Jacobs & Chase, 2018). This approach allows companies to have complete control over the sales process, from production to customer delivery, enabling them to establish a closer relationship with their target audience. By cutting out intermediaries, businesses can often reduce costs, maintain greater control over pricing, and gain valuable insights into consumer behaviour (Ibrahim and Hamid, 2014). One of the key components of a direct distribution strategy is the establishment of direct channels through which products are delivered to customers (Jacyna-Gołda *et al.*, 2018). These channels can include online platforms, such as e-commerce websites or mobile applications, where customers can browse, purchase, and receive products directly from the company. Additionally, direct distribution may also involve physical channels such as company-owned stores or pop-up shops, where customers can interact with products in person and make purchases without the involvement of third-party retailers (Ondieki & Oteki, 2015). In the view of Sellitto (2018), direct distribution channels play a pivotal role in enhancing the market penetration of products by establishing a more direct and efficient route from the producer to the end consumer. One of the primary advantages is the elimination of intermediaries, such as wholesalers or retailers, which reduces the overall cost structure. This cost efficiency allows businesses to offer their products at competitive prices, making them more attractive to a broader audience.

Moreover, direct distribution channels provide companies with greater control over their brand image and customer experience (Kozlenkova *et al.*, 2015). By interacting directly with consumers, businesses can better understand their preferences, gather feedback, and tailor their marketing strategies accordingly. This direct engagement fosters brand loyalty and enables companies to adapt swiftly to changing market trends, further strengthening their market position. Additionally, the streamlined nature of direct distribution channels enables faster delivery of products to customers (Jacobs & Chase, 2018). With fewer steps in the supply chain, companies can reduce lead times, ensuring that their products reach the market promptly. This entails that the utilization of direct distribution channels has the potential to contribute to the market penetration of products. This viewpoint is backed by the study of Thiam and Thanapornpoonvut (2020), which revealed that direct distribution channel had a significant positive impact on the sales performance of fast-moving consumer goods in Thailand. The viewpoint is also backed by the study of Matsunaga and Og (2018), which revealed that direct distribution mode had a significant positive influence on the sales performance of fast-moving consumer goods in Japan. The viewpoint is also supported by the study of Wang and Li (2019), which revealed that direct distribution network had a significant positive effect on the sales performance of automobile companies in Taiwan. In another study by Ahmed *et al.* (2020), it was found that direct distribution channel significantly enhanced the market coverage of computer accessories in Pakistan. Also, a similar study by Kim *et al.* (2019) found that direct distribution channel had a significant positive impact on the marketing effectiveness of solar power systems in South Korea. In addition, a study by Magau and Phiri (2018) also revealed that direct distribution mode significantly improved the market coverage of fashion accessories in South Africa.

Moreover, it was also found in the study by Akhtar *et al.* (2022) that direct distribution network had a significant positive impact on customer patronage of computer accessories in Pakistan. On the basis of these scholarly positions, this study proposed the following hypothesis for empirical testing:

H_1*: *Direct distribution has a significant influence on market penetration of consumer electronics in Nigeria.

Indirect Distribution and Market Penetration

Indirect distribution strategy refers to a method of getting products to customers through intermediaries, rather than directly from the manufacturer or service provider (Leung *et al.*, 2015). This approach involves utilizing third-party channels such as wholesalers, retailers, agents, or brokers to distribute goods or services to the end consumers. The intermediaries involved in this strategy play crucial roles in facilitating the movement of products from the manufacturer to the consumer, often adding value through services like storage, transportation, promotion, and customer support. According to Herhausen *et al.* (2015), one of the key advantages of indirect distribution is its ability to leverage the existing infrastructure and expertise of intermediaries, allowing companies to reach a broader customer base without having to establish their own distribution network. By partnering with established distributors or retailers, businesses can benefit from their market knowledge, established relationships, and logistical capabilities, thereby reducing the costs and risks associated with distribution. Also, indirect distribution enables companies to focus on their core competencies such as product development, manufacturing, and marketing, while leaving the distribution tasks to specialized partners (Kozlenkova *et al.*, 2015). This can lead to increased efficiency and effectiveness in reaching target markets, as companies can tap into the expertise of intermediaries who understand local market dynamics and consumer preferences.

Furthermore, Watson *et al.* (2015) argued that indirect distribution channels play a crucial role in enhancing the market penetration of products by expanding the reach and accessibility of goods to a wider audience. One key advantage is the ability to leverage the established networks and expertise of intermediaries, such as distributors, wholesalers, and retailers. These partners often have a deep understanding of local markets, consumer preferences, and regulatory landscapes, providing valuable insights that can be instrumental in tailoring products to specific needs. Through indirect distribution channels, companies can tap into the existing infrastructure of their partners, reducing the need for significant upfront investments in logistics and supply chain management (Batarfi *et al.*, 2016). This streamlined approach allows businesses to focus on core competencies like product development and marketing, leading to increased efficiency and quicker market entry. This viewpoint suggests that market penetration for a product could greatly be enhanced by the application of indirect distribution channels. This viewpoint is backed by the study of Wang and Li (2019), which revealed that indirect distribution networks had a significant positive effect on the sales performance of automobile companies in Taiwan. The viewpoint is also backed by the study of Magau and Phiri (2018), which revealed that indirect distribution modes significantly improved the market coverage of fashion accessories in South Africa. The viewpoint is also reinforced by the study of Thiam and Thanapornpoonvut (2020), which revealed that indirect distribution channel had a significant positive impact on the sales performance of fast-moving consumer goods in Thailand. In a similar study by Akhtar *et al.* (2022), it was revealed that indirect distribution network had a significant positive impact on customer patronage of computer accessories in Pakistan. Moreover, another study by Matsunaga and Og (2018), revealed that indirect distribution mode had a significant positive influence on the sales performance of fast-moving consumer goods in Japan. On the basis of these scholarly positions, this study proposed the following hypothesis for empirical testing:

H_2**:** *Indirect distribution has a significant influence on market penetration of consumer electronics in Nigeria.*

Conceptualization of Research Model

This study sought to examine hybrid distribution model and market penetration of consumer electronics in Nigeria. It specifically aimed to determine the causality between hybrid distribution model and market penetration in this context. From extant relevant literature, the independent variable (hybrid distribution model) was disintegrated into two specific measures: direct and indirect distribution (Akhtar *et al.*, 2022). Also, from extant relevant literature, the parameters of direct distribution were identified as: company warehouses; manufacturer-owned retail stores; corporate online stores; direct sales representatives; and trade shows/exhibitions (Kim *et al.*, 2019; Magau & Phiri, 2018; Akhtar *et al.*, 2022). Likewise, the parameters of indirect distribution were identified as: wholesale distributors; retail chain stores; independent retailers; online marketplaces; authorized dealers; and market traders (Thiam & Thanapornpoonvut, 2020; Matsunaga & Og, 2018; Wang & Li, 2019; Ahmed *et al.*, 2020). Moreover, the parameters of the dependent variable (market penetration) were identified as: market acceptance; market popularity; customer patronage; sales volume; market share and expanded product availability (Lavasani *et al.*, 2016; Tien, 2020; Demirci & Erkip, 2024). From the position of previous scholars (such as Kim *et al.*, 2019; Thiam & Thanapornpoonvut, 2020; Ahmed *et al.*, 2020), this study presumed that there is some sort of causality between hybrid distribution model (direct and indirect channels) and market penetration of consumer electronics in Nigeria. This assumption was integrated into the conceptual model in FIG. 1, which portrays the proposed relationship between hybrid distribution model and market penetration in the context of the study.

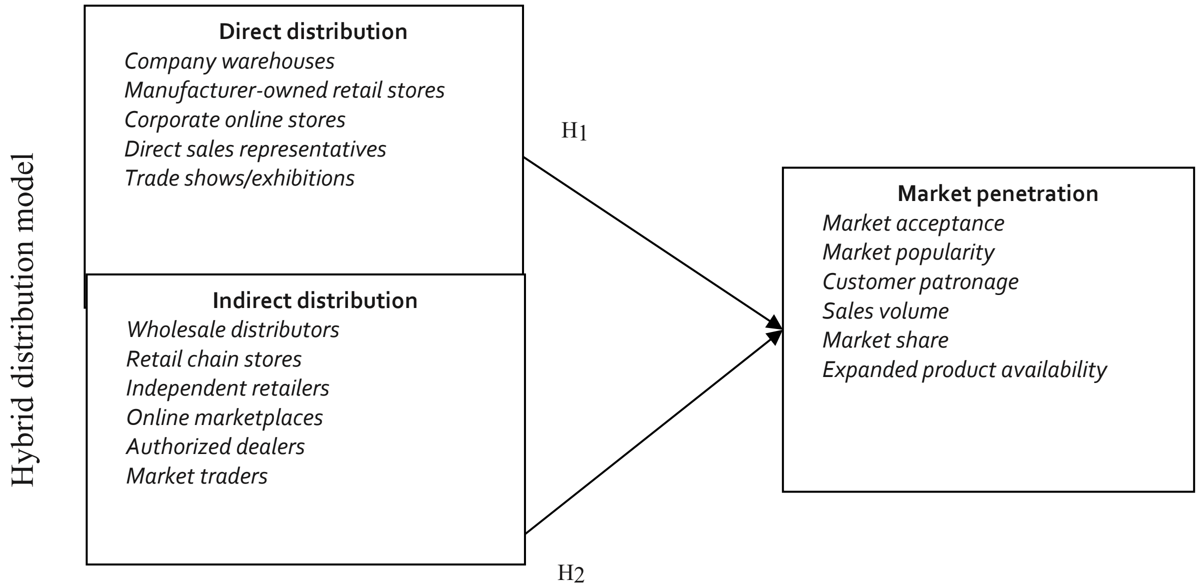

Fig. 1: Adapted conceptual model of the study
Source: Parameters of independent variables adapted from Kim *et al.* (2019); Magau and Phiri (2018); Akhtar *et al.* (2022); Thiam and Thanapornpoonvut (2020); Matsunaga and Og (2018); Wang and Li (2019); Ahmed *et al.* (2020). Parameters of dependent variable adapted from Lavasani *et al.* (2016); Tien (2020); Demirci and Erkip (2024)

Theoretical Framework

This study is based on the network theory of internationalization, propounded by Johanson and Mattsson (1988). This theory was developed to explain the critical roles of networks and strategic relationships with distributors and others in accelerating the internationalization agendas of firms (Bembom & Schwens, 2018). The basic premise of the theory is that the internationalization process of a firm is anchored in its ability to create, sustain and nurture productive relationships with affiliates and partners operating in the intended country-market to be entered (Johanson & Mattsson, 1988). This entails that at its core, the network theory underscores the significance of networks – both formal and informal – in facilitating the internationalization process. Unlike traditional models of internationalization that primarily focus on factors such as market size, resource endowments, or competitive advantages, the network theory places a central emphasis on the role of relationships in driving firm-level international expansion (Chandra & Wilkinson, 2017). In essence, firms seeking to internationalize cannot rely solely on internal resources or capabilities but must actively engage with external stakeholders within their target market. These stakeholders may include local businesses, government agencies, industry associations, distributors, suppliers, and other relevant entities (Morrish & Earl, 2021). By forming strategic alliances, partnerships, or joint ventures with these stakeholders, firms can leverage their knowledge, expertise, networks, and resources to navigate the complexities of foreign markets more effectively (Magni *et al.*, 2022).

In the context of this study, the relevance of Johanson and Mattsson's (1988) network theory lies in its profound insights into the significance of external collaborations and strategic partnerships for manufacturers of consumer electronics aiming to navigate the complexities of the Nigerian market. In essence, this theory underscores the limitations of relying solely on internal resources or distribution capabilities to effectively penetrate and establish a foothold in the Nigerian market. This is because Nigeria has a dynamic consumer electronics sector, which presents both immense opportunities and challenges for manufacturers seeking to capitalize on its potential. In light of these multifaceted challenges, the proposition of adopting a hybrid model, as advocated by Johanson and Mattsson's (1988) network theory, becomes particularly pertinent. Such a model entails manufacturers actively engaging with external intermediaries or strategic distribution partners as part of their market penetration strategy. By doing so, the network theory suggests manufacturers of consumer electronics can leverage the expertise, networks, and local market knowledge of these intermediaries to navigate the intricacies of the Nigerian market and achieve increased penetration.

Research Methodology

This study adopted cross-sectional research design, a survey-based approach which enabled the collection of primary data from respondents on a one-time basis, hence improving the efficiency of data collection in this research. Given that the exact numerical population of all electronics dealers in Nigeria is unknown, the study targeted 399 major distributors of consumer electronics in three (3) cities in Nigeria: Port Harcourt, Calabar and Ikeja. Snowball and quota sampling methods were applied to select respondents for the study. Snowball sampling method enabled us to use the informed recommendations of respondents to identify and recruit subsequent respondents, while quota sampling enabled us to share the questionnaire copies equitably among the selected cities. Using quota sampling method, we administered copies of the questionnaire (both online and in-print) to respondents in the three cities as follows: Port Harcourt (133), Calabar (133) and Ikeja (133). The distributors in Calabar were given printed copies of the questionnaire, while those in Port Harcourt and Ikeja were given online copies of the questionnaire via Google Forms. The research questionnaire administered to respondents was a 5-point structured questionnaire with measures adapted from extant relevant studies.

The parameters measuring direct distribution (company warehouses, manufacturer-owned retail stores, corporate online stores, direct sales representatives, and trade shows/exhibitions) were adapted from: Kim *et al.* (2019); Magau and Phiri (2018); Akhtar *et al*. (2022). The parameters measuring indirect distribution (wholesale distributors, retail chain stores, independent retailers, online marketplaces, authorized dealers and market traders) were adapted from: Thiam and Thanapornpoonvut (2020); Matsunaga and Og (2018); Wang and Li (2019); Ahmed *et al*. (2020). Similarly, the parameters measuring market penetration (market acceptance, market popularity, customer patronage, sales volume, market share and expanded product availability) were adapted from: Lavasani *et* *al*. (2016); Tien (2020); Demirci and Erkip (2024). To ensure the questionnaire was valid for field administration, it was content-validated via authority-vetting method by research experts in the Department of Marketing, University of Calabar, Nigeria. The instrument was further confirmed for reliability using Cronbach's alpha reliability method, whose results (see TABLE 1) revealed that the Cronbach's alpha coefficients of the scales were not less than 0.7. Subsequently, the data obtained from respondents were analyzed using descriptive statistics, and the hypotheses of the study were tested using multiple linear regression thus:

$MKTPEN = a + \beta_1 DIRDIST + \beta_2 INDIRDIST + e$

Where:

MKTPEN =	Market penetration
a =	The intercept (or constant)
β_1DIRDIST =	Coefficient of direct distribution
β_2INDIRDIST =	Coefficient of indirect distribution
e =	Error margin (5 percent)

Table 1: Reliability results showing Cronbach's alpha coefficients of questionnaire scales

SN	Variables	No. of items	Alpha coefficients
1	Direct distribution	5	.759
2	Indirect distribution	6	.882
3	Market penetration	6	.762
		17	

Source: Authors' Computation in SPSS 2024

Data Analysis and Interpretation

In the course of the questionnaire survey, we administered copies to 399 major distributors of consumer electronics in Port Harcourt, Calabar and Ikeja. Out of the 399 copies of the questionnaire administered, 384 copies (or 96.2 percent) were successfully retrieved, while 15 copies (or 3.8 percent) could not be retrieved from respondents. Hence, this analysis was based on the responses of 384 major distributors of consumer electronics, representing 96.2 percent of the original sample.

Hypotheses Testing

This section discusses the processes and procedures involved in testing the hypotheses developed for the study. The test statistic used in this endeavour is multiple linear regression. The decision rule guiding this analysis states that we will accept the alternative hypothesis if ($P < .05$), and we will reject the null hypothesis, if the reverse is the case. Guided by this decision rule, the null hypotheses of the study are tested thus:

H_1: *Direct distribution has no significant influence on market penetration of consumer electronics in Nigeria.*

***H₂**: Indirect distribution has no significant influence on market penetration of consumer electronics in Nigeria.*

Table 2: Model summary of the effect of hybrid distribution model on market penetration of consumer electronics in Nigeria

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782[a]	.522	.514	.56287

a. Predictors: (Constant), Direct distribution and indirect distribution

Source: Authors' Computation in SPSS 2024

Table 3: ANOVA[a] of the effect of hybrid distribution model on market penetration of consumer electronics in Nigeria

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	58.764	2	29.382	74.574	.000[b]
	Residual	150.209	381	.394		
	Total	208.973	383			

a. Dependent variable: Market penetration

b. Predictors: (Constant), Direct distribution and indirect distribution

Source: Authors' Computation in SPSS 2024

Table 4: Coefficients[a] of the effect of hybrid distribution model on market penetration of consumer electronics in Nigeria

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.687	.126		12.641	.000
	Direct distribution	.278	.139	.321	5.652	.000
	Indirect distribution	.187	.056	.582	7.091	.000

a. Dependent variable: Market penetration

Source: Authors' Computation in SPSS 2024

The results presented in Tables 2, 3, and 4 demonstrate the effect of hybrid distribution model on market penetration of consumer electronics in Nigeria. Table 2 reports a correlation coefficient (R) of 0.782 (or 78.2 percent), which indicates a very high relationship between hybrid distribution model and market penetration of consumer electronics in Nigeria. Also, the coefficient of determination ($R^2 = 0.522$) suggests that hybrid distribution model can explain up to 52.2 percent of the variability in market penetration of consumer electronics in Nigeria, assuming other factors remain constant. The statistical significance of the effect of hybrid distribution model on market penetration of consumer electronics in Nigeria is evident from Table 3, where $F = 74.574$ and $p = 0.000$. Additionally, the standardized coefficients in Table 4 shows that indirect distribution holds the highest contribution to the regression model, with a beta coefficient of 0.582 (58.2 percent), followed by direct distribution at 0.321 (32.1 percent). This entails that indirect distributions provides a more reliable and effective platform for manufacturers of consumer electronics to better penetrate the Nigerian market. Furthermore, Table 4 demonstrates that all the dimensions of hybrid distribution model tested yielded p-values below the 0.05 error margin, accompanied by positive t-test values [(direct distribution: p-value = 0.000, t = 5.652); and (indirect distribution: p-value = 0.000, t = 7.091)]. This signifies the significant positive effects of direct and indirect distribution on market penetration of consumer electronics in Nigeria.

Discussion of Findings

The findings of this study emerged from the test of null hypotheses developed from relevant literature. The test of hypothesis one revealed that direct distribution has a significant positive influence on market penetration of consumer electronics in Nigeria. This finding is backed by the study of Thiam and Thanapornpoonvut (2020), which revealed that direct distribution channel had a significant positive impact on the sales performance of fast-moving consumer goods in Thailand. The finding is also backed by the study of Matsunaga and Og (2018), which revealed that direct distribution mode had a significant positive influence on the sales performance of fast-moving consumer goods in Japan. The finding is also supported by the study of Wang and Li (2019), which revealed that direct distribution network had a significant positive effect on the sales performance of automobile companies in Taiwan. In another study by Ahmed et al. (2020), it was found that direct distribution channel significantly enhanced the market coverage of computer accessories in Pakistan. Also, a similar study by Kim et al. (2019) found that direct distribution channel had a significant positive impact on the marketing effectiveness of solar power systems in South Korea. In addition, a study by Magau and Phiri (2018) also revealed that direct distribution mode significantly improved the market coverage of fashion accessories in South Africa. Moreover, it was also found in the study by Akhtar et al. (2022) that direct distribution network had a significant positive impact on customer patronage of computer accessories in Pakistan. In the context of this study, the implication of this finding is that when foreign manufacturers opt for direct distribution methods, where they sell their products directly to retailers or consumers without intermediaries, they are more successful in gaining a foothold in the Nigerian consumer electronics market. This finding underscores the importance of distribution strategies in reaching Nigerian consumers effectively. Hence, foreign manufacturers can leverage direct distribution channels to establish a strong presence, build relationships with stakeholders, and gain a competitive edge in the dynamic and rapidly evolving Nigerian market.

From the test of hypothesis two, it was also revealed that indirect distribution has a significant influence on market penetration of consumer electronics in Nigeria. This finding is backed by the study of Wang and Li (2019), which revealed that indirect distribution networks had a significant positive effect on the sales performance of automobile companies in Taiwan. The finding is also backed by the study of Magau and Phiri (2018), which revealed that indirect distribution modes significantly improved the market coverage of fashion accessories in South Africa. The finding is also reinforced by the study of Thiam and Thanapornpoonvut (2020), which revealed that indirect distribution channel had a significant positive impact on the sales performance of fast-moving consumer goods in Thailand. In a similar study by Akhtar et al. (2022), it was revealed that indirect distribution network had a significant positive impact on customer patronage of computer accessories in Pakistan. Moreover, another study by Matsunaga and Og (2018), revealed that indirect distribution mode had a significant positive influence on the sales performance of fast-moving consumer goods in Japan. Essentially, in the context of this study, the implication of this finding is that indirect distribution channels offer foreign manufacturers a strategic advantage in reaching and penetrating the Nigerian market effectively. By leveraging intermediaries who possess local market knowledge, networks, and logistical capabilities, foreign manufacturers can overcome various barriers to entry and navigate the complexities of the Nigerian consumer electronics market more efficiently. Similarly, the finding underscores the importance of building strong relationships with intermediaries in the distribution network of manufacturers of consumer electronics for the Nigerian market. Collaborating closely with wholesalers, retailers, and distributors allows these manufacturers to gain insights into consumer behavior, optimize product placement, and tailor marketing strategies to resonate with Nigerian consumers' preferences and purchasing habits.

Conclusion and Recommendations

In a dynamic and import-based economy like Nigeria, full-scale market penetration could deliver tremendous business and economic benefits for manufacturers of consumer electronics, particularly due to the huge domestic demand for such products. To that end, this study sought to investigate the prospects of hybrid distribution model in enhancing the market penetration of consumer electronics in Nigeria. The study specifically sought to determine the extent to which direct and indirect distribution methods could influence the market penetration of consumer electronics in the Nigerian context. To aid the investigation, primary data were obtained from major distributors of consumer electronics in Calabar, Port Harcourt and Ikeja through a questionnaire survey. With the aid of descriptive and inferential statistics, the data obtained from respondents were analyzed and hypotheses tested. The finding of the study revealed that even though both direct and indirect distribution strategies had significant positive influences on market penetration of consumer electronics in Nigeria, the indirect distribution approach had a higher contribution to market penetration. This implies that leveraging intermediaries and establishing partnerships within the distribution network can be more effective in expanding the reach and adoption of consumer electronics in Nigeria. This is because indirect distribution channels offer advantages such as wider geographic coverage, established networks, and potential cost efficiencies, which could explain their greater influence on market penetration. This also calls for a synthesis which integrates the potential of both direct and indirect distribution into a hybrid model capable of more effectively enhancing market penetration of consumer electronics in Nigeria. Hence, this study concludes that hybrid distribution model strategically enhances the ability of manufacturers of consumer electronics to achieve extended market penetration in Nigeria. Therefore, we have presented the following recommendations which could be adopted for enhanced market penetration:

i. Manufacturers of consumer electronics should establish direct distribution outlets in Nigeria such as company warehouses, manufacturer-owned retail stores, corporate online stores, and direct sales representatives in order to effectively sell products to customers while eliminating the prospects of third-party adulterations, counterfeiting and other unwholesome practices of middlemen. By bypassing third-party intermediaries, manufacturers gain greater control over the distribution process, allowing them to reach customers more effectively and efficiently. Also, with direct distribution outlets, manufacturers of electronics can ensure the authenticity and quality of their products, thus building trust and confidence among customers. This not only protects the brand reputation but also enhances customer loyalty, leading to repeat purchases and positive word-of-mouth recommendations.

ii. There is need for manufacturers of consumer electronics to collaborate and strategically partner with capable intermediaries like wholesale distributors, retail chain stores, independent retailers, online marketplaces, authorized dealers and market traders to achieve extended market coverage and ensure their products are extensively available in the Nigerian market. This is critical because collaborating with intermediaries allows manufacturers of electronics to benefit from their local market knowledge and insights. Nigeria has unique consumer preferences, purchasing behaviors, and regulatory requirements that may vary across regions. Intermediaries possess valuable insights into these nuances, enabling manufacturers to tailor their marketing strategies and product offerings accordingly. This targeted approach increases the likelihood of success in penetrating the market and gaining a competitive edge over rivals.

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