European Journal of Business and Management
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.6, No.24, 2014

Market Power along Channels of Distribution of Cowpea in Borno State, Nigeria

Yagana Babakura Imam (Ph.D)
Department of Marketing, University of Maiduguri
Email: ybkimam@yahoo.com

Absract
This study analysed market power in the channels of distribution of cowpea in Borno state of Nigeria. The aims of the study were to examine the sources of power within the channels and to determine the extent of power among the channel members. Data for the study were collected from both primary and secondary sources. The primary data was collected through Structured questionnaire that were administered on producers, wholesalers and retailers of cowpea in Borno state. The secondary source of data used in this study includes journals and textbooks. Purposive sampling was used in selecting the local government areas and the respondents that were studied. The use of purposive sampling was to capture the local government areas that are dominantly cowpea farmers and also to capture channel members that were relevant to the study. Descriptive statistics and market margin analysis were used in analyzing the data. The major findings of the study showed the sources of market power amongst channel members includes availability of market information, provision of after sales services to customers, access to credit facilities and financial capabilities of the channel members. Amongst these factors it was discovered that financial strength\capabilities was the greatest source of market power. Furthermore the study also revealed that the financial strength is obtained as a result of the accumulated market margin that the channel members get over time. The wholesalers dominate the market gaining 34% of the selling price as their margin while the farmers make only 9%. That explains why the wholesalers have more market power than the retailers and the consumers. Based on the findings of the study, it was recommended that government should reintroduce marketing boards which will protect the weaker channel members and in this case the farmers. The marketing boards will buy the cowpea from the farmers at a good price. This would strengthen the farmers financially and would also reduce the difference between the farm gate price and that which consumers pay for the produce. If this is done, farmers would be empowered and would be in a better financial position to integrate into vertical marketing channels and farmers should be encouraged to form cooperatives.
Keywords: Market power, Distribution channels, Cowpea, market margin, Nigeria

Introduction

The distribution channel consists of producers, wholesalers, retailers and consumers that are linked together through the exchange process (Czinkota, et al, 1988). A good distribution system should take into account not only marketing decisions but also how its members are faring within the system. An effective channel of distribution should be able to ensure that none of its members are exploited and that all members have similar goals and aims (Okechukwu, 2003). In reality however, most channel members have their own goals different from that of the overall channel. Such goals include profit maximization, sales volume attainment and capturing market share. The goals of one channel member may not be consistent with those of other channel members. Under these circumstances, it is difficult and sometimes impossible for each individual channel member to satisfy all parties involved. This situation gives room for the exercise of market power within the distribution channel.

In distribution systems (that of agricultural produce inclusive) all the members of the channel are necessarily expected to perform at least one value added function which the ultimate consumer pays for eventually (Folorunsho & Wazis, 2005). Looking at the role of each intermediary in the agricultural produce market, there is a gap between the expected and the actual role performed (Mangison, 2006). Typically, the return of each intermediary should be commensurate with the risk that he takes. In the agricultural produce channel, however, the farmer or producer who takes three to four months to grow his crops, takes all the risk of seed quality, weather uncertainties, pest etc realizes only a meager of consumer price, while other players that take lesser risks take a larger portion of what the consumer eventually pays (Umar & Mesike, 2008; Folorunsho & Wazis, 2005; Klitgard, 1991). Before 1970s, Marketing Boards were set by the Nigerian government to regulate demand and supply (Titiloye and Ismail, 1974; Onu & Okunmedawa, 2008) to allow farmers enjoy price incentives. Among other things, these Boards were in charge of monitoring anti competitive practices like hoarding and also to regulate the subsidies to subsistence farmers. In 1986, the Marketing Boards were disbanded and the role of the other agencies started to diminish because of the oil boom. Government shifted its attention from the agricultural sector to the petroleum sector (Onu & Okunmedawa 2008). With the disappearance of marketing boards, Idachaba (2004) opined that, now farmers have to negotiate with middlemen traders from a position of weakness and market ignorance. Lack of market information is also a serious handicap to small-scale farmers. Local prices are now much more volatile than when Marketing Boards controlled the prices of agricultural produce (Ibrahim & Omotesho, 2002)

The effect is that, many farmers are poor, in debt and still practice subsistence farming. The inefficient marketing practices employed by the channel members found its roots as a result of the low financial base of the farmers (PUC, 1997). This is associated with higher production cost incurred by the farmers as opined by Mangison (2006), as well as lower prices for what they have produced (Green, 2005), even though consumers pay more than the fair price. Also unexpected large harvests according to Idachaba, (2004) leave farmers with much lower farm prices. On the other hand, unexpected demand increase ends up in increased inputs rather than increased income. One of the reasons for these is that the bargaining power of the farmers is weak and the market is a "buyer market". This is because the farmers are more in number than the wealthy middlemen (Amaza et. al 2006)

Although small- scale farmers are poor, have low bargaining power and depend on other channel members for the disposal of the produce. There are possibilities that conflicts may arise in the channel. These conflicts may be as a result of powerful channel members (wholesalers and retailers) exerting power on the weak ones (farmers). These conflicts which are of different types do have impacts on the distribution channels, and have to be curtailed for the overall efficiency of the channel.

Statement of the problem

The liberalization of agricultural produce markets paved ways for middlemen to replace the services of Marketing Boards. The agricultural produce markets are now characterized by entry of wealthy middlemen who now replaced the government agencies. This has fuelled the emergence of power within the channels of distribution of agricultural produce. This has arguably left farmers, who have low bargaining power at the mercy of unstable markets and concentrated power in the hands of middlemen,

A lot of studies have been carried on market power in the agricultural produce channels. Most of these studies looked at market power at the producer and retailer levels of the channel of distribution (Guiltman, Ismail & Williams, Lusch, 1987). The few studies that looked at wholesaler channel power were in other industries like electricity and Gasoline (Stoft, 2002; Twomey et al, 2004), not in the agricultural produce markets. Also those studies that were on wholesaler market power (Murphy,2006;Wilcox andAbot,2004)were not carried out in Borno State and Nigeria as a whole. Studies done in Nigeria on agricultural produce dwelt much on marketing problems (Amaza et al, 2005), marketing margins (Adekanya,1989;Onu and Ilyasu, 2008) and marketing efficiency (Iheanacho,2002; Onu and Okunmedawa, 2008). Based on the available studies, none have addressed the marketing power in marketing cowpea in Borno state. The aim of this study is to examine and identify the sources of market power within the channels of distribution of Cowpea in Borno State of Nigeria.

Hypothesis postulated for testing H_O-There is no significant difference in the extent of market power among channel members/marketing agents as measured by the marketing margin analysis

The study covered the activities of marketing agents along the channel of distribution of cowpea in Borno State of Nigeria. The variables on which the research focused were power sources, conflicts, market structure, purchasing and selling prices within the channels of distribution of this produce. The study covered a period of ten years spanning from 1999 to 2009.

Objectives of the study

(i) identity the sources of market power within the channels of distribution in Bomo State,
(ii) determine the extent of market power among the channel members/marketing agents in Borno State,

Research Questions

1. What are the sources of market power in the channels of distribution of cowpea?
2. What is the extent of power among the channel members?

Literature Review

Typically a firm with market power is not just able to influence price but also the policies and laws that govern the market in which the firms operate (Murphy, 2006). Most definitions of market power include the requirement that market power be profitable (Murphy, 2006). Although there are times when market power practices become unprofitable, most market power indices rely on the assumption of rationality. Some of the definitions of market power include the provision that the ability to alter prices away from the competitive level be maintained for a significant period of time, however experience with agricultural produce markets has shown that huge transfers of wealth can occur in a period of months and days rather than years (Sexton and Zhang, 2001). This is also the case in the agricultural produce channels in Borno State. A short lived but dramatic price increase/decrease can injure consumers and farmers respectively in a matter of hours. As such market powers for agricultural produce do not include a specific time limitations.

There are a number of implications and distractions that arise from the above definitions. Firstly, high price, are recognized as a symptom of market power Wen (2001), high prices can be consistent with a well performing competitive market where supply is scarce. It should be noted that market power may be exercised so as to lower prices below competitive level. This may occur when whole sellers who have large bargaining power buy produce from farmers at a price lower than a fair price" as it seems to be the case in Borno state.

Clearly, there is considerable agreement among the authors of frequently cited definitions of power. As an expression of the underlying theme, the ability to evoke a change in another's Behavior is here by proposed. Naturally most conceptualizations of power are not identical but the ability to get someone do something he/she would not have done otherwise, is allowed as the central essence of power phenomenon(actually social power, since human beings are the designated targets).In the marketing concept, power refers to the ability of one channel member to induce another channel member to change its behaviors in favor of the objectives of the channel member exerting influence (Wilson 2008).Market power can be regarded as the ability of a firm to affect another's decision making and/overt behavior (Wilson 2008). Finally, according to El-Ansary and Stern (1972), the power of a channel member is his ability to control the decision variables in the marketing strategy of another member at a different level of distribution. For this control to qualify as power, it should be different from the influenced marketers original level of control over his own marketing strategy (Gaski 1984). It is the ElAnsary and stem (1972) version that will be operative in this study. In this case, market power is the ability of a channel member to control the price of another member at a different level of distribution. Also in line with Gaski (1984) the price at which the channel member sells his produce is not the price he has wished to sell his produce but he has to sell it because he has to because of instructions of another channel member. Thus, power here is considered a function of the price paid for a produce. It is expressed in terms of the market margin a channel member gets from a deal. Also power, in this concept, can be a function of the perception of power bases (reward, coercive, referent, legitimate and expert bases of power). This is the ability to satisfy other channel members wishes/desires e.g. promise of reward, punishment, etc as opined by French and raven.

There is another manifestation of power which is not dependent on the influencer's reception. This may be called manipulative power or ecological control and is based on the factors as control of information, restriction of alternatives etc (Gaski 1984). Tedeski and Bonoma (2009) provide a good definition of the phenomenon. When P has the ability to control critical aspects of W s environment in such a way that the new environment will bring about a desired change in Ws behavior, then P has ecological or manipulative power over W. Obviously, this is not the power that have been considered in most marketing literature (Gaski 1984) and this is not the power this study is going to consider. Nnanna (2004) assert that the major determinants of savings are income and interest rates. The assumption here is that the channel members are predominantly farmers and traders and As Gaya (2007) rightly pointed out most of the resources from the channel members come through personal savings. It is the savings they get from the accumulation of the market margins from this trade that gives them the market power in subsequent years. i.e. if you have large market margins that have accrued overtime it means you have greater market power than those channel members with small market margins. The omission of the manipulative power may or may not represent a serious deficiency. If it is conceivable that one channel member's control over market information, access to loans etc could be extensive and effective enough to amount to significant source of power, then the market margin based power examined in this study represents only a subset of power rather than the complete domain of the construct. In any case the extent of manipulative power may never be known since it is not clear how it could be measured. The intent here is to simply recognize the existence of the phenomenon, acknowledge that it has not yet occurred in the marketing channel theory (Gaski, 2000).

Sources of Market power

How market power is exercised depends on the exact structure of the market and in particular the price setting mechanism. However Lusch, (1987) outlined the primary methods of exercising market power as;

Physical or quantity withholding: which involve deliberately reducing the output that is bid into the market. Even though such output could still be sold at prices above marginal cost. These does not seem to be basis for the power in the agricultural produce channel in Borno state because the farmers cannot withhold the produce because they do not have the capacity to stock and their immediate need for money could not allow them keep these produce for a later time.

Financial or economic withholding - which involved bidding in prices higher then competitive for that product. Here, also, the low bargaining power of the farmers would not permit the farmers to bid at higher prices.

Distribution related strategies - which involves creating or aggravating distribution congestion in order to raise prices. This seems to be the basis for the power in the agricultural produce channels. The Middlemen are wealthy; they have the capacity to withhold the produce since they can stock the produce and sell it at a higher price later. From an analytical perspective, these strategies are often equivalent e.g. a shift in the supply curve could be a left ward shift due to reduced output or an upward shift due to increased price depending on which channel has withdrawn or has raised prices (Stoft 2002). However, several authors have argued that price discrimination can exist in a competitive market. In either case, the unifying idea is that these strategies would not be profitable in a competitive market where raising the bid price or physically withholding output would upset the market. Locay and Rodriguez (1992) introduced group purchases, where they showed that group purchasing can significantly constrain individual group members to allow even competitive firms to engage in price discrimination. Also Levine 2002) shows that price discrimination can occur in competitive markets as a way of recovering cost that are common to producing more than one unit of a good. In The agricultural produce channel, the farmers are not in place set prices to recover their cost even when it pertains the cost of producing more than one unit of produce and as Dana 1998, and 1999) observed the purchase discounts are profit maximizing response by middlemen to demand uncertain and higher prices.

It is generally assumed that any evidence of market concentration ratio are positively related to food prices and also demonstration of a market not only over consumers (Monopoly seller power) but also over inputs (monopsony buyer power) (Stoft 2002). This is intuitive since it is the scarcity of middlemen's capacity that is the ultimate source of both, types of power. Theoretically however, monopoly or monopsony power need not accrue together. Furthermore the significance of a concentration ratio may differ pending on whether one is interested in the channels' monopoly or monophony power.

In particular Paul (2004) is of the view that it is the channel, concentration ratio that Es of interest in studying channel seller power, but buyer power is more likely to be related to the concentration ratio in a larger geographical setting. Analytical works of Prebich, (1980). Singer (1980) concluded that in the long run, the prices of primary commodities decline relative to producers. This hypothesis has been repeatedly tested and found valid by Spraos, (1985; and Bloch and Saps ford (2000). Theoretical analysis suggests that agricultural commodity prices fall relative to others because of unleashing demand or lack of differentiation among product. This may be as a result of power exhibited within the channel. According to Murphy (2006), the power in the distribution channel can be horizontal or vertical.

a. Vertical market power; if a firm controls two or more of the successive stages of production, it is said to be vertically integrated. This situation presents two possible market distortions. Product pass from one process to the next with prices being set internally and this prices may reflect motives and incentives internal to the firm rather than reflecting production cost and there is at least some danger that a market may be foreclosed and new entrants excluded (Shepard 1990) .The farmers in Borno state are mostly poor (Poly carp and Bila, 2007) thus they are not in the position two own or control two or more successive stages production. All that they have are small fragmented farm lands on which they farm.
b. Horizontal market power can result from market concentration, when control of large portion of the competitive resource at any particular level is held by one or a small number of terms (Public Utilities commission, 1997).It is often associated with geographical and transaction cost. The middle men in the agricultural produce market seem to have horizontal market power. Because of their financial base they control the market. Distinction should be made with respect to the industry structure to which the concept of market power is being applied. Horizontal market power concern firms' behaviour in a single market activity and is often exercised via control of a significant share.

Vertical market power concerns firm's involvement in two or more related activities (Hastings et al 2004), where dominance in one area is used to raise prices or increase profits in the other activities. If few firms compete for customers in a given market or if or two firms have a very large market share, then significant market distortions can result. In this situation, the entire market may be affected and prices may not reflect cost. A large variety of means exist for firms to exercise horizontal market power, resulting in price distortions and other significant barriers to market entry (Shepard 1990). Sexton and Iavoie, (2001) opined that the vast majority of work in the field of market power in the Agricultural sectors has focused on estimating the degree of market power in processing, manufacturing and retail. The more market power a firm has, the more easily it can set ices for its product and influence the prices of its overall market, Channel power can also 1e seen in several other ways Robbins (1998);

Backend or product power - occurs when a product manufacturer or service provider markets a brand that has a high level of customer demand. The marketer of such sand is often in a power position, since other channel members have little or no choice but carry the brand or risk loosing customers. Middlemen or wholesaler power occurs when any intermediary such as a wholesaler, services a large number of small retailer with products obtained from a large number of manufacturer. In this situation, the wholesaler can exert power, since the small retailers are often not in position to purchase from the manufacturers because of product cost (Azzam, 1999). The agricultural produce are orientated to an extent. In a locality the type of produce are not differentiated. Thus the producers here are not in position of power.

Front or retailer power - as the name suggests, the power in this situation rest with retailers, who command major concessions from the suppliers. This type of power is ceva1ent when the retailer commands a significant percentage of sales.

French and Raven (1959) provided early influential contribution to the development basis of power, which examined the perceived areas on why one party may hold authority over another? Based on the works of French and Ravens (1959), Emerson (1962) and Beier and Stern (1969) a model has been developed in which five major categories of control potential (or sources of channel power) exists. These sources of power are reward, coercive, expert, and legitimate and referent power. Raven and Kringlanski (1970) later added a sixth source of power which is information. Reward and coercive remain the most parent and widely recognized of such power basis indicating the ability of the source mediate dividends (such as increased business, shared benefits or cost reductions) or punishment (such as decreased business or dictated cost reduction) to the target. The coercive power base .according to French and Raven (1959) is being dependent on fear; one reacts to this power out of fear of the negative results that might occur if one failed to comply. It rests on the application, or the threat of application of physical sanctions. The opposite of coercive power is reward power. People comply with the wishes of directive of others because doing so produces positive benefits. One can distribute rewards that others view as valuable and thus will have power over others. These rewards can be anything that another person values. Coercive power and reward power are actually counterparts of each other, (Robbins 1998). If you can remove something of positive value from another or inflict something of negative value upon that person you have coercive over that person. If you can give someone something of positive value or remove thing of negative value, you have reward power over that person. To the degree that individual seeks such rewards your ability to give or withhold gives you power over an individual. Yuki and falbe(1991) hypothesized the following using French and Ravens(1959) bases for power.

Does a person have one or more of the five bases of power? Affirmative responses the following questions can answer this question.

The person can make things difficult for people and you want to avoid getting him or her angry (coercive power) -The person is able to give special benefits or rewards to people, you find it advantageous to trade favors with him or her (Reward Power) -The person has the right, considering his or her position and your job responsibility expect you to supply with legitimate request (Legitimate power)-The person has the experience and knowledge to earn him respect and defend to his or her judgment in some manner (expert power) -You like the person and enjoy doing things for him or her (referent power) The market power in the channels of distribution of Agricultural produce in Borno State is just like the coercive and reward powers as highlighted above. It is the fear as a result of the indebtedness of the farmers to the middlemen that make the middlemen to exhibit the market power so also the fanner’s expectations that he will get fertilizer, chemicals as well as money from this middle men also gives the middlemen the reward power. The most important aspect of power is that it is a function of dependence and dependency is increased the more financially stable the party concerned is.

Maloni and Betoni (2000) examined the role of different types of power and duded that different types of power would affect the channel of distribution in different Raven (1959) further classified power into mediated and non-mediated. Rewards and coercive are considered a mediated because the reinforcement of power is controlled by the buyer. The buyer as the source of power, decides where, when and how to use its power to influence the producer’s decision and behavior. Expert, referent and legitimate are considered non-mediated because the producer decides which and how much it will sell. Non mediated power represents competitive and negative bases of power (Brown et al 1995; Maloni and Betoni 2000). The use of non-mediated power was found to enhance positive attributes towards channel relationship (Frazier and Summers 1986). When a channel member uses reward and coercive power it provides extensive motivation and commitments to it (Twomey, Green, Newhoff and David, 2004) and the producer is driven comply with the buyer’s requirements in order to achieve favourable outcomes. However, the frequent use of mediated power can dam age relational norms (Boyie et al 1997) and cooperation within the channel. Gesseinance and Katy, 1992) reducing the strength of the relationship (Betoni and Makari 2005, Maloni and Betoni 2000).

METHODOLOGY

The method adopted for this study is the survey research design. The objectives of the study and the nature of the data required for the study guided the choice of the methods. The questionnaire was the basic instrument used for this study. The population of the study includes all farmers, wholesalers and retailers of cowpea in Borno State. A total of 120 farmers, 90 wholesalers and 120 retailers were sampled. The difference in number of the wholesalers from that of the producers and the retailers sampled is because in Borno State agricultural produce channels, the farmers and retailers outnumber the whole sellers (Amaza et al 2006).

Purposive sampling technique was employed in the selection of the LGAs for the study, One LGA was purposively selected from each of the senatorial zones based on the production of cowpea. The LGAs selected for the study include Jere, Monguno and Biu. Again, 40 farmers, 30 wholesalers and 40 retailers were also purposively selected from each of the LGAs. The use of purposive sampling was to capture the LGAs that produce cowpea on a large scale, as well as channel members that are relevant to the study. The primary data for

this study were collected with the use of structured questionnaire administered to the farmers, wholesalers and retailers. Variables on which data were collected are power sources, conflicts, market structure, purchase and selling prices of cowpea. Secondary sources of data include journals, books and government reports.
Five analytical techniques were utilized in this study. These include:

i. Descriptive statistics
ii. Market margin analysis.

Descriptive statistics was used to identify the sources of market power and conflict among channel members. This was used examine the socio-economic characteristics of the channel members, and also the sources of market power and conflicts in the channel of distribution to achieve specific objectives (i), (iii) and (iv) respectively of the study.

Market margin analysis was used to measure the extent of market power of each channel member. It is the difference between the price paid by the customer and that received by the producer. It was used specifically to achieve specific objective (v) of the
study. The market margin is expressed as:

$$MM = \frac{SP-PP}{SP} X\ 100$$

where,

MM = marketing margin/kg of the produce
SV = Selling price of the produce (kg
PP = Purchase price of the produce/kg

Source of Market Power

Here enquiries were made regarding the presence of market power in the channel table 4.12 gives the views of the respondents on the presence of market power within the channel.

Table 4.12: MARKET POWER

	Producer	Wholesaler	Retailer	Total
Market power	35.8	18.7	35.1	89.6
No market power	3	7.6	9	8.9
don't know	1.6	0	0	1.6
	37.7	26.3	36.1	100

Source; Field survey, 2010

Table 4.12 sought 89.6% believes that market power exist in the channel 8.9% disagreed with that while 1.6% are ignorant of the situation. Out of the 89.6% that agree that market power exist 35.8% are farmers.

4.1.13: Nature of market power

The study sought to know the nature of power within the system. Table 4.13 gives the distribution on the nature of power.

4.13: Nature of market power

	Producer	Wholesaler	Retailer	Total
Not applicable	0%	7.6	9	8.5
More volume of sales	5.7	2.8	10.4	19.0
Dictate price through price reduction/increases	27.5	6.3	9.2	43.0
Concrete Artificial scarily by refusing to sale	1.9	9.5	15.5	2.6
Demand & supply	2.5	0	0	2.5
	37.7	26.3	36.1	100%

Source; Field survey, 2010

The distribution sought to know the nature of market power in the channel. 8.5% are ignorant of the issue. 19.0%, 43%, 26.9% and 2.5% believe that market power exist as a result of more volume of sales, dictation of price through price reductions or increase, creation of artificial shortage by refusing to sale, artificial scarcity and Forces of demand and supply respectively.

4.1.4 Source of market power

The study wanted to know the likely sources that gave the respondents/channel member market power. Table 4.14 gives the sources of market power to the channel members.

Table 4.14: Sources of market power Producer

	Producer	Wholesaler	Retailer	Total
Not applicable	0	7.6	1	8.6
Market information	1	0	0	1.0
Services rendered	1.6	3.2	3.5	8.3
Financial capability	21.6%	6.3%	9.2	37.1
Access to Loans	1	0	0	1.0
Storage Facilities	0.6%	0%	0.6	1.2
None of the Above	0.6%	0%	0.6	1.2
All of the above	11.1%	9.2%	21.3%	41.6
	37.5	26.3	36.2%	100

Source; Field survey, 2010

Table 4.14 gives the source of power in the channel. About 8.6% of the respondent are ignorant of the existence of market power so they do not know the sources either. 1% of the respondents believe that market information is the source of market power in the cowpea market. 8.3% believe that services rendered by the sellers are the sources of power. These services include, packaging, discounts, delivery etc. 37.1% of the respondents believes that financial capacity is the source of market power. 41.6% believe that combinations of all the factors discussed are the sources of power.

Table 4.1.15: BASES FOR POWER

The study sought to know the Bases for market power in the channel of Distribution of Cowpea in Bomo state, Table 4.15 gives a highlight of the bases of power in the channel of distribution.

Table 4.15: Bases for power

	Producer	Wholesaler	Retailer	Total
ignorant	0	7.6	0.9	8.5
Coercive	5.1	3.5	9.8	18.4
Reward	27.8	9.2	16.8	53.8
Legitimate	2.5	0	0	2.5
Referent	0	0	0	0
Expert	0	0	0	0
Reward/coercive	2.2	6.0	8.5	16.8
	37.7	26.3	36.1	100%

Source; Field survey, 2010

0% of the respondent are ignorant of the existence of market power.8.5% are of the opinion that power in the system is coercive. 53.8% believe it is reward, 2,5% believe it is legitimate while 16.8% believe it is a combination of coercive and legitimate. **Sources of market power**

Market power is the ability to profitably alter the prices away from competitive levels. The ability to exercise market power is influenced by some factors. These factors include market information, after sales services, financial capability, access to credit facilities, storage facilities as well as demand and supply. The result on table 6 shows that 1% of the respondents believed that market information was the source of market power in the cowpea market. This represents only a few of the respondents. The channel members are not opportune to have market information talkless of using it as a source of power. This is in line with the assertions of Amaza *et* at (2007) that market information is not available to the marketers. About 8% believed that after sales services rendered by the sellers were sometimes source of market power. The services include packaging, discounts, delivery etc. The percentage here is very low because in the cowpea market, the buyer, most of the time, buys his sacks and packages his goods. The buyer also transports/delivers his good by himself, since the sellers hardly provide these services on selling their produce. Hence, it is not the major source of market power. Also 37.1% of the respondents believed that access to credit facilities was the source of market power.

The middlemen, to an extent, have access to loans more than the small-scale farmers. This is because they are wealthy and have collaterals that banks demand upon issuing out loans. Also, because of the high market margins that the marketers expect to get, they can afford to pay the high interest rate demanded by banks. About 43% were of the opinion that financial capability was the source of market power. The wholesalers exert much power in marketing due to accumulated market margins. Also, because the wholesalers have money and the producers are poor, indebted and want money immediately (Polycarp and Bila, 2007) and want money immediately. This disadvantaged position of the farmers makes the buyers to exploit them and exert more power. As the desperation for money by the sellers' increases, the power on the part of the buyer also increases. The middlemen have access to storage facilities, thus can keep the produce for future higher prices, since they are not in a hurry to dispose them off. That is another source of power to them.

4.3.5: Extent of market power among channel members.

Market power is measured here in relation to the market margin of the channel members. This is because the channel members get such market margins from farming and trading, which is the only source of income to them . The producers received the least of the margin because they do not have bargaining power against the wholesalers as well as the retailers. The farmers lack bargaining power because they are poor, indebted and have pressing need for money. Besides they are always desirous to sell their produce, which are perishable. This makes the market a buyer market. This assertion is in line with Polycarp and Bila (2007), who opined that farmers are poor and indebted. Besides, financial institutions are not forthcoming in giving them loan. The retailers had a higher margin than the farmers, but because they do not command a high volume of sales compared with the wholesalers who deal with large volumes, they don't get as much from the trade. A marketer may decide to reduce the price of the produce because he is in a financial position to buy almost all the produce in a locality and because of the desperation of the farmers to sale the produce. In the cowpea market, wholesalers take advantage of the pressing problems of the farmers to decrease the price of the produce. Based on the result obtained, the null hypothesis which states that there is no significant difference in the market margins of the channel members is rejected. This implies that the market margins of the channel members differed, and not by chance.

The greatest source of market power in the channel according to 64,5% of the respondents is financial capability, which is developed as a result of accumulation of market margins from the trade over time. Market power in the cowpea market is mostly exhibited through price reductions and increases. Goal incompatibly was seen as the major source of conflict in the channel of cowpea.

There are significant differences in the market power of the channel members in the cowpea markets. The mean market margin of the wholesalers, which is 34.9%, is greater than that of the retailers (34,4%) as well as that of the farmers(8.9%). The retailer's market margin though not up to that of the wholesaler is more than that of the farmers. Despite the market margin, the retailers do not get much because of the low volume of sales. The high market margin of the wholesale market is an indication of exploitive nature of the markets. Government should come up with agencies such as the marketing boards, These agencies would protect the farmers by buying their produce in times of abundance at reasonable prices.

Conclusion

In conclusion therefore, the most important source of market power in the channel is financial capability. The channel members achieve this by the accumulation of market margin that they get from selling the product over time.

Recommendations

i. Government should make credit facilities accessible or within the reach of farmers. This is to enable the farmers secure finance which is the greatest source of power
ii. Farmers should be encouraged to form cooperatives to reap the benefits of economy of scale through bulk farming, transporting, storage etc.
iii. Cooperative societies should be compulsory registered. This is with the aim of protecting the weaker channel members

REFERENCE

Abott, P. (2002). Towards responsible cocoa trade. *International agricultural trade consortium meeting California.*

Adekanya, O. (1 989))'Marketing margins for food; some methodological issue and empirical findings for Nigeria" *Canadian Agricultural Economics Society VOL 2(3)*

Amaza, P., Msheliza, K., Kwaghe, P. and Helsen, J. (2005) "Marketing constraints of agricultural commodity in the Northern States of Nigeria: Empirical evidence from a case study of Borno State ". Paper presented at the National Conference on Prospects and problems of agricultural development in the Northern States of Nigeria held at the Institute for Development Research, Ahmadu Bello University, 29 June - 2 July.

Ayuba, H. (2007) *"Background Information on Borno State: perspective on the major economic achieves in Borno State*". APAN Publication Ibadan, Nigeria.

BwaIa, H, (2009), *Effectiveness of Borno Stale Agricultural development Program (BOSADP.* Faculty of Education University of Maiduguri.

Czinkota Kotabe and Mercer (1988). *Marketing Management;* text and case. Blackwell publishers. Cambridge.

Dahl, J. (2000) Distribution channel understanding and managing channels, INTERNATIONAL *Journal of Marketing Vol 6pp] 7-3].*

Emerson, R. (1962) "Power Dependence relationships" America *Sociological review V0L27, 31-4].*

ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.6, No.24, 2014

Folorunsho, R. and Wazis R.. (2005) "Marketing vegetables in semi-arid Bomo state, Nigeria". *African Journal of management Department of Business management. Vol. No.1 PP 7 7-84.*

Green S. (2005)" power in and around organisations" Eagle-wood cliffs,N): Prentice hall 1983), P 24.

Guiltman, K, Ismail, R and Williams, R (1980) Factors influencing coordination in a franchise channel. Journal of retailing, 56 (41-88)

Ibrahim, I. and Omotesho, A. (2002) Marketing of Groundnut in Kano state. *African Journal of management.* Vol. 35 pp32-41.

Iheanacho, A and Mshelia, S. (2004) Economics of local rice marketing in Adamawa state of Nigeria 'NJARD vol. no l.

Idachaba S and Wanmali, S. A survey of the trends and problems on the domestic arrangement for the marketing of groundnut and cotton Onitri and Olatubuson (eds) *Marketing Board system in Nigeria,* Ibadan.

Mangison,P. (2000) www.scidedueet.com." Ogam'zario<<Q/ structure processes and outcome "Economics letters 92 360-367.

Okechukwu, A. (2003) *'Principles and practice of marketing"* New generation books.

Onu, .J. and Okunn-iedawa (2008) "What does the conduct of the cotton market in Nigeria reveal? " *World Journal of Agricultural Sciences 4(4):* 521- 526.

Public utilities commission of the state of California (PUC) (1997) "Status report of of market power to California state legislature pp,4-i9.

Robbins, S.(1998) *"Organisational, Behaviour"* prentice hail India 7th edition.

Sexton, R and Zhang S. (2001)." an assessment of the food industry market power on US consumers, "*Agricultural Business Journal.* 17(1), *59-* 79.

Stoft, S. (2002) "The power system economics: Designing market for electricity. IEEE press.

Titioye, M. and Ismail, A. (1974). A survey of the trends and problems on the domestic arrangement for the marketing of groundnut and cotton in Onitri and Olatubuson (eds) *Marketing Board system in Nigeria,* Ibadan.

Twomey, P., Green, R., Newhoff, K. and David N. (2004) "A review of the monetary aspects of power CWPE 0504 university of Cambridge working paper in economics.

Umar, H. and Mesike, S. (2008) "Marketing of acacia species (gum Arabic) in Borno state" *Journal of human ecology* 28(2):103-106.

Wilcox, M. and Abbot P. (2004)" Marketing power and structural