

**THE ROLE OF BUYER POWER IN WHOLESALE PRICE SETTING UNDER
FRAGMENTATION: EMPIRICAL EVIDENCE FROM LADIPO MARKET AREA OF
LAGOS**

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ABSTRACT

The purpose of this research paper is to analyze the extent of buyer power in determining wholesale prices in fragmented markets, taking into consideration the case of the Ladipo wholesale market in Lagos. This research is justified because the informal/semi-formal wholesale markets do not necessarily use prices posted for pricing decisions but instead consider other factors such as bargaining, previous experiences between buyer and seller, quantity demanded, and market information. The approach of this research involved the design of a pre-tested questionnaire based on three objectives that were to analyze the effect of buyer power on wholesale price determination, the effect of fragmentation on price dispersion, and lastly, the effect of market information and relational networks on price determination. A working sample of 120 respondents was used in the research. The methods of collecting data included the use of descriptive statistics, frequency distributions, and multiple regressions. The findings of this research revealed that buyer power, fragmentation, and market information/relational networks have a positive and significant effect on price determination in fragmented markets. Specifically, the findings reveal that the effect of buyer power is the highest as compared to the effects of other variables, indicating that buyer power factors have a lot of impact on pricing decisions.

KEYWORDS: Buyer Power; Wholesale Pricing; Market Fragmentation; Bargaining; Price Dispersion; Ladipo Market; Lagos; Informal Markets.

INTRODUCTION

Price setting in fragmented markets usually involves far more complex process than simply applying some formula. Most of the informal and semi-formal markets have a negotiation-based price formation process that depends on the costs of imports, risks of inventories, exchange rates, transportation expenses, rivalry behaviour, product quality and bargaining power of the buyer. For example, the Ladipo market in Lagos can be employed as a particular empirical environment since this market is known to be the place where auto spare parts dealers work. This market includes importers, seller-agents, mechanics and customers. As such, informational asymmetry can play its role here, together with different prices offered to different customers for the same product.

The key notion for this paper is buyer power, or power of the buyer. Buyer power can be seen as the set of resources which help the buyer to change the terms of exchange (price, quality assurance, delivery time, replacements, payment terms and others). From the perspective of the theory of industrial organisation and strategic management, buyer power tends to be larger in case the buyer makes purchases in large volumes, has alternatives, knows better prices or is an important repeat buyer (Porter, 1980; Galbraith, 1952). In the case of the wholesale market, the buyer power can be defined as a countervailing power and thus create pressures for lowering prices; however, it can create price differences as well, as the powerful buyers may receive larger discounts.

There are some additional complications caused by market fragmentation. Market fragmentation means that there are multiple sellers in the market, while there is no price-setting authority, no price information centre and no coordination between sellers whatsoever. In his theory, Stigler (1961) shows that imperfect information leads to price dispersion because buyers must put efforts into finding out the best prices. Both Varian (1980) and Burdett & Judd (1983) explain price variation as the outcome of either searching behaviour or the mixed pricing strategy of the consumers/sellers. These theories could also be applicable in the case of Ladipo Market, because the customers who talk with mechanics, call friends or find out prices on the Internet can be seen as better informed than their less active counterparts.

It should be mentioned that the present study would add something new to academic debate. Despite the fact that there is much discussion about the existence of market power in particular in the case of retailing chains, supermarkets, electricity markets or even e-commerce markets, there is almost no discussion regarding fragmented wholesale markets that prevail in African countries. Nevertheless, these types of markets play a vital role in generating employment and supporting businesses. Thus, this paper would provide some useful insights into the practice of pricing within such markets.

Statement of the Problem

One of the specific features of the fragmented wholesale market is that the price for identical goods varies greatly due to the different buyers and sellers. There might be a number of reasons for such price variation—difference in product quality, impact of exchange rate, cost difference, and differences in inventory situation. Additionally, price variation is also explained by the difference in buyer power among customers. In particular, mechanics, bulk buyers, repeat customers, and buyers having an alternative source of goods are likely to receive a better price in the Ladipo market.



Objectives of the Study

1. To examine the effect of buyer power on wholesale price setting in Ladipo market area of Lagos;
2. To assess the influence of market fragmentation on wholesale price variation in Ladipo market area of Lagos;
3. To evaluate the effect of market information and buyer-seller relationship networks on wholesale price setting in Ladipo market area of Lagos.

Research Questions

RQ₁: To what extent does buyer power affect wholesale price setting in the Ladipo market area of Lagos?

RQ₂: How does market fragmentation influence wholesale price variation in the Ladipo market area of Lagos?

RQ₃: What effect do market information and buyer-seller relationship networks have on wholesale price setting in the Ladipo market area of Lagos?

Research Hypotheses

H₀₁: Buyer power has no significant effect on wholesale price setting in the Ladipo market area of Lagos.

H₀₂: Market fragmentation has no significant effect on wholesale price setting in the Ladipo market area of Lagos.

H₀₃: Market information and buyer-seller relationship networks have no significant effect on wholesale price setting in the Ladipo market area of Lagos.

Literature Review

Conceptual Review

Buyer power is the degree of influence that buyers have on the prices and terms of selling. It may occur as a result of the buyer's ordering volumes, purchase frequency, price sensitivity, searching for alternatives, credit rating, and postponement or alteration of transactions. Countervailing power is the ability of dominant buyers to counteract the dominant power of sellers. In his 1952 work, Galbraith introduced countervailing power in the following manner: "The means by which the strength of strong sellers can be countered by the strength of strong buyers." One of the forces identified by Michael Porter in his 1980 analysis of competitive advantage in the firm is buyer power. According to Porter, buyers gain power if they are few, informed, price-sensitive, or switch-cost-conscious.



Price setting is the process during which sellers establish the price of the goods to be sold to retailers, mechanics, institutional clients, or any other resellers. In fragmented markets, price-setting procedures are flexible because sellers begin negotiations from an asking price while the transaction price is negotiated. Hence, there can be different prices on the same products depending on each individual buyer, ordering volumes, the buyer's product information, and previous experience of transactions.

By definition, fragmentation is the condition where there are many small traders within a single market but without any coordination mechanism. Fragmentation can increase competition on behalf of buyers because they will face multiple options, but the lack of information results in higher search costs. Stigler (1961) argues that information search implies significant costs, and the higher the costs of search, the more dispersed the prices will be. In her turn, Bakos (1997) shows how the low cost of search helps in eliminating inefficiencies by providing buyers with multiple alternatives.

Theoretical Framework

In total, the current study relies on three interrelated theoretical perspectives. First of all, according to bargaining theory, price is formed by negotiations between two parties having alternatives. An informed buyer with many suppliers will have more threat points than a non-informed buyer who has no other option except for purchasing goods from one particular seller. Secondly, the SCP framework connects structural variables with pricing conduct using such concepts as information asymmetry and competition. Thirdly, the information search theory explains why price dispersion continues under heterogeneity of buyers.

Thus, it is possible to conclude that buyer power will be a crucial element in fragmented markets with imperfect information. With informed dominant buyers, the latter will be able to force sellers to set lower prices because uninformed weak buyers would agree with any prices quoted to them. In the same way, with a fragmented market where many small sellers exist without centralized pricing mechanisms, the latter could use quotations against heterogeneous buyers.

Empirical Review

According to available research findings, buyer power plays an essential role in price decisions in various markets. In their 2007 study, Inderst and Wey prove that large buyers are able to get advantageous conditions from their suppliers because of the former's power. Ellison and Snyder (2010) empirically verify the concept that large commercial buyers are granted better prices. In addition, Zhao et al. (2019) claim that the influence of buyer power on prices may depend on the type of buyers (whether they are large or local). Furthermore, evidence exists that

fragmented and informationally asymmetrical markets may cause price dispersion even in homogeneous products. Particularly, according to Sorensen (2000), price dispersion occurs when consumers face search costs and differ in terms of the value of search. Price dispersion in online and offline markets can arise from the use of hybrid pricing strategies by sellers combined with consumers' imperfect information, which is proved by Baye, Morgan, and Scholten (2006). In addition, informal markets in Nigeria, such as those described by Meagher (2010), emphasize the importance of institutions and networks.

It is clear that such elements as buyer power, fragmentation, and information cannot be examined separately. In particular, buyer power is associated with the ability to obtain information and the fragmented nature of many sellers. If the buyer knows many importers of a certain product, he/she is familiar with the grade of the product and compares prices among dealers; then the former will have a different experience of prices than those buyers who know nothing about the product.

Conceptual Model

The conceptual relationship among the variables is stated in functional form as:

$$WPS = f(BP, MF, MI)$$

where WPS represents wholesale price setting, BP represents buyer power, MF represents market fragmentation, and MI represents market information and buyer-seller relationship networks.

The empirical model is specified as:

$$WPS_i = \beta_0 + \beta_1 BP_i + \beta_2 MF_i + \beta_3 MI_i + \varepsilon_i$$

Methodology

Research Design

Given the fact that the research is aimed at investigating the opinions of both the traders and buyers about buyer power, market fragmentation, and influence of information on wholesale price, it becomes clear that the survey research should be used for Given the fact that the research is aimed at investigating the opinions of both the traders and buyers about buyer power, market fragmentation, and influence of information on wholesale price, it becomes clear that the survey research should be used for conducting the research..

Population and Sample

The research will be focused on such individuals as wholesalers, dealers, sales agents, mechanics, retailers, and buyers in the Ladipo market located in Lagos. The total number of respondents to be investigated will be equal to one hundred and



twenty. The research will be focused on such individuals as wholesalers, dealers, sales agents, mechanics, retailers, and buyers in the Ladipo market located in Lagos. The total number of respondents to be investigated will be equal to one hundred and twenty.

Research Instrument

As far as research instruments go, it will be possible to claim that the survey research method with the help of a questionnaire, representing a five-point Likert scale, will be employed for the purpose of data collection. These will be the following answers included: Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). The issues covered will relate to the demographic characteristics of the respondents as well as buyer power, market fragmentation, and setting of wholesale prices.

Validity and Reliability

With respect to the validity of the research questions, it is necessary to stress that they should be compatible with the objectives of the research. Concerning reliability measurement, it will be achieved with the help of the internal consistency method when all the items are arranged according to constructs. As a result, the values of means become higher than 3.00, which shows agreement.

Method of Data Analysis

When speaking about the methods of data analysis, the following aspects should be taken into account: data presentation, data collection, demographic characteristics, descriptive statistics, regression analysis, hypothesis testing and results interpretation. Categorical variables will be evaluated through frequency distribution and percentage distribution, whereas mean and standard deviations will be calculated using the five-point Likert scale.

Data Presentation and Analysis

Preamble

This section presents the survey results and their interpretations using a standard empirical reporting format. It includes questionnaire response distribution, socio-demographic characteristics, descriptive statistics for each construct, and regression. This section presents the survey results and their interpretations using a standard empirical reporting format. It includes questionnaire response distribution, socio-demographic characteristics, descriptive statistics for each construct, and regression-based hypothesis testing. session-based hypothesis testing.

Analysis of Questionnaire Distribution and Response Rate

Item	Frequency	Percentage (%)
Questionnaires administered	120	100.0
Questionnaires retrieved and usable	120	100.0
Questionnaires not returned/invalid	0	0.0

A total of 120 usable questionnaire responses were analysed, representing the valid sample for the empirical investigation.

Table 4.1: Questionnaire Distribution by Likert Response

S/ N	Statement	SA (%)	A (%)	U (%)	D (%)	SD (%)	Total (%)
1	Large-volume buyers usually obtain lower wholesale prices than small buyers in Ladipo market.	37 (30.8)	32 (26.7)	21 (17.5)	19 (15.8)	11 (9.2)	120 (100)
2	Repeat buyers are able to influence the final wholesale price quoted by dealers.	42 (35.0)	24 (20.0)	29 (24.2)	13 (10.8)	12 (10.0)	120 (100)
3	Dealers often reduce their initial asking price when buyers negotiate strongly.	41 (34.2)	24 (20.0)	23 (19.2)	20 (16.7)	12 (10.0)	120 (100)
4	Buyers with alternative suppliers have stronger power during price bargaining.	45 (37.5)	24 (20.0)	21 (17.5)	21 (17.5)	9 (7.5)	120 (100)
5	Buyer loyalty and relationship history affect the price finally accepted by sellers.	45 (37.5)	24 (20.0)	18 (15.0)	19 (15.8)	14 (11.7)	120 (100)
6	The large number of small dealers in Ladipo market leads to different prices for similar products.	42 (35.0)	25 (20.8)	25 (20.8)	21 (17.5)	7 (5.8)	120 (100)
7	The absence of a central price list makes wholesale price setting vary from shop to shop.	43 (35.8)	25 (20.8)	27 (22.5)	18 (15.0)	7 (5.8)	120 (100)
8	Different product clusters and streets within Ladipo market influence wholesale price differences.	42 (35.0)	23 (19.2)	28 (23.3)	19 (15.8)	8 (6.7)	120 (100)
9	Weak coordination among sellers makes it difficult to maintain uniform wholesale prices.	40 (33.3)	29 (24.2)	23 (19.2)	18 (15.0)	10 (8.3)	120 (100)

S/ N	Statement	SA (%)	A (%)	U (%)	D (%)	SD (%)	Tota l (%)
10	Market fragmentation encourages dealers to adjust prices based on immediate competition.	43 (35.8)	25 (20.8)	32 (26.7)	15 (12.5)	5 (4.2)	120 (100)
11	Buyers with better information about product quality obtain more favourable wholesale prices.	34 (28.3)	26 (21.7)	31 (25.8)	21 (17.5)	8 (6.7)	120 (100)
12	Buyers who compare prices across many shops negotiate more effectively.	37 (30.8)	29 (24.2)	26 (21.7)	19 (15.8)	9 (7.5)	120 (100)
13	Trust between buyers and sellers reduces uncertainty during price bargaining.	38 (31.7)	21 (17.5)	33 (27.5)	21 (17.5)	7 (5.8)	120 (100)
14	Information from phone calls, online platforms, and referrals affects price quotation before purchase.	43 (35.8)	24 (20.0)	27 (22.5)	15 (12.5)	11 (9.2)	120 (100)
15	Transparent market information reduces the chance of excessive price differences for similar products.	36 (30.0)	29 (24.2)	31 (25.8)	19 (15.8)	5 (4.2)	120 (100)
16	Wholesale prices in Ladipo market are mainly determined through bargaining between buyers and sellers.	44 (36.7)	28 (23.3)	20 (16.7)	19 (15.8)	9 (7.5)	120 (100)
17	Import cost, exchange-rate changes, and transport expenses influence dealers' wholesale price decisions.	37 (30.8)	31 (25.8)	28 (23.3)	18 (15.0)	6 (5.0)	120 (100)
18	Dealers consider competitors' prices before setting or adjusting their own wholesale prices.	43 (35.8)	34 (28.3)	14 (11.7)	23 (19.2)	6 (5.0)	120 (100)
19	The final wholesale price often depends on the type and power of the buyer involved.	40 (33.3)	20 (16.7)	28 (23.3)	22 (18.3)	10 (8.3)	120 (100)
20	Price setting in the market reflects both seller costs and buyer negotiation strength.	38 (31.7)	27 (22.5)	27 (22.5)	19 (15.8)	9 (7.5)	120 (100)

Source: Field Survey, 2026.

The distribution indicates that most responses fall within the agreement categories. This suggests that respondents generally perceive buyer power, market fragmentation, and information access as important factors in the way wholesale

prices are negotiated and set in the Ladipo market area. The stronger agreement on items relating to bargaining, bulk purchase, alternative suppliers, and price comparison supports the view that final prices are often shaped by buyer characteristics rather than by seller cost alone.

Socio-Demographic Characteristics of Respondents

Table 4.2: Gender

Gender	Frequency	Percentage (%)
Male	85	70.8
Female	35	29.2
Total	120	100.0

Table 4.2: Age of Respondent

Age of Respondent	Frequency	Percentage (%)
26-35	42	35.0
36-45	39	32.5
18-25	25	20.8
46 and above	14	11.7
Total	120	100.0

Table 4.2: Sector/line of trade

Sector/line of trade	Frequency	Percentage (%)
Retail	50	41.7
Manufacturing/auto parts	43	35.8
Professional services	27	22.5
Total	120	100.0

Table 4.2: Years in market

Years in market	Frequency	Percentage (%)
1-5 years	45	37.5
6-10 years	35	29.2
Above 10 years	30	25.0
Below 1 year	10	8.3
Total	120	100.0

Table 4.2: Role in transaction

Role in transaction	Frequency	Percentage (%)
Wholesaler/dealer	40	33.3
Retail buyer/customer	39	32.5
Sales assistant	23	19.2
Importer/agent	18	15.0
Total	120	100.0

Table 4.2: Highest qualification

Highest qualification	Frequency	Percentage (%)
HND/Bachelor's	46	38.3
Trade apprenticeship	37	30.8
SSCE/OND	31	25.8
Postgraduate	6	5.0
Total	120	100.0

The demographic results show that the sample is dominated by male respondents and by participants with direct market experience as wholesalers, dealers, buyers, sales assistants, or import agents. This is appropriate for the study because wholesale price setting in Ladipo market is a practical bargaining process involving actors who regularly participate in spare-parts transactions. The sector distribution also reflects the nature of Ladipo as an auto-parts and trading cluster with links to retail and manufacturing-related repair activities.

Descriptive Statistics of Study Variables and Constructs

Table 4.3: Descriptive Statistics for Buyer Power

Statement	N	Mean	Std. Deviation
Large-volume buyers usually obtain lower wholesale prices than small buyers in Ladipo market.	120	3.54	1.321
Repeat buyers are able to influence the final wholesale price quoted by dealers.	120	3.59	1.332
Dealers often reduce their initial asking price when buyers negotiate strongly.	120	3.52	1.372
Buyers with alternative suppliers have stronger power during price bargaining.	120	3.62	1.341
Buyer loyalty and relationship history affect the price finally accepted by sellers.	120	3.56	1.425
Valid N (listwise)	120		



Source: Field Survey, 2026.

The descriptive statistics for buyer power show an average construct mean of 3.57, which is above the decision threshold of 3.00. This implies that respondents agree that large-volume purchase, repeated patronage, alternative suppliers, and strong negotiation capacity influence the final wholesale price in the Ladipo market. The average standard deviation of about 1.36 indicates moderate variation, suggesting that although the perception is generally shared, respondents differ in the intensity of their experience.

Table 4.4: Descriptive Statistics for Market Fragmentation

Statement	N	Mean	Std. Deviation
The large number of small dealers in Ladipo market leads to different prices for similar products.	120	3.62	1.285
The absence of a central price list makes wholesale price setting vary from shop to shop.	120	3.66	1.267
Different product clusters and streets within Ladipo market influence wholesale price differences.	120	3.60	1.293
Weak coordination among sellers makes it difficult to maintain uniform wholesale prices.	120	3.59	1.312
Market fragmentation encourages dealers to adjust prices based on immediate competition.	120	3.72	1.197
Valid N (listwise)	120		

Source: Field Survey, 2026.

The market fragmentation construct recorded an average mean of 3.64, indicating agreement that the presence of many small dealers, lack of centralised price lists, product clustering, and weak coordination contribute to price variation. This supports the argument that fragmented market structures allow prices to vary across shops and transaction contexts.

Table 4.5: Descriptive Statistics for Market Information and Relationship Networks

Statement	N	Mean	Std. Deviation
Buyers with better information about product quality obtain more favourable wholesale prices.	120	3.48	1.257
Buyers who compare prices across many shops negotiate more effectively.	120	3.55	1.282

Statement	N	Mean	Std. Deviation
Trust between buyers and sellers reduces uncertainty during price bargaining.	120	3.52	1.263
Information from phone calls, online platforms, and referrals affects price quotation before purchase.	120	3.61	1.330
Transparent market information reduces the chance of excessive price differences for similar products.	120	3.60	1.191
Valid N (listwise)	120		

Source: Field Survey, 2026.

Market information and relationship networks recorded an average mean of 3.55. This indicates that respondents agree that informed buyers, referrals, trust, phone enquiries, and comparison across sellers influence bargaining outcomes. In practical terms, the more informed and connected a buyer is, the stronger the buyer's position during wholesale price negotiation.

Table 4.6: Descriptive Statistics for Wholesale Price Setting

Statement	N	Mean	Std. Deviation
Wholesale prices in Ladipo market are mainly determined through bargaining between buyers and sellers.	120	3.66	1.319
Import cost, exchange-rate changes, and transport expenses influence dealers' wholesale price decisions.	120	3.62	1.210
Dealers consider competitors' prices before setting or adjusting their own wholesale prices.	120	3.71	1.273
The final wholesale price often depends on the type and power of the buyer involved.	120	3.48	1.341
Price setting in the market reflects both seller costs and buyer negotiation strength.	120	3.55	1.289
Valid N (listwise)	120		

Source: Field Survey, 2026.

The wholesale price setting construct produced an average mean of 3.61, confirming that respondents generally perceive wholesale pricing in Ladipo as a negotiated outcome shaped by bargaining, cost, exchange-rate movements, competitor prices, and buyer identity. This supports the study's central argument that wholesale prices are not fixed but are formed through interaction between seller-side cost pressure and buyer-side power.



Test of Hypotheses

Table 4.7: Multiple Regression Result for Wholesale Price Setting

Model	B	Std. Error	Beta	t	Sig.
Constant	0.097	0.311		0.312	0.756
Buyer Power	0.479	0.064	0.513	7.523	0.000
Market Fragmentation	0.238	0.069	0.228	3.452	0.001
Market Information/Relationship Networks	0.263	0.069	0.246	3.811	0.000

Model Summary: R = 0.757; R Square = 0.573; Adjusted R Square = 0.562; F-statistic = 51.962; Sig. = 0.000. Dependent Variable: Wholesale Price Setting.

Source: Field Survey, 2026.

H₀₁: Buyer power has no significant effect on wholesale price setting in Ladipo market area of Lagos.

The regression result shows that buyer power has a positive and statistically significant effect on wholesale price setting (B = 0.479, beta = 0.513, t = 7.523, p = 0.000). Since the p-value is below 0.05, the null hypothesis is rejected. This means that buyer power significantly explains variation in wholesale price setting in the Ladipo market sample.

H₀₂: Market fragmentation has no significant effect on wholesale price setting in Ladipo market area of Lagos.

The regression result shows that market fragmentation has a positive and statistically significant effect on wholesale price setting (B = 0.238, beta = 0.228, t = 3.452, p = 0.001). Since the p-value is below 0.05, the null hypothesis is rejected. This means that market fragmentation significantly explains variation in wholesale price setting in the Ladipo market sample.

H₀₃: Market information and buyer-seller relationship networks have no significant effect on wholesale price setting in Ladipo market area of Lagos.

The regression result shows that market information and relationship networks have a positive and statistically significant effect on wholesale price setting (B = 0.263, Beta = 0.246, t = 3.811, p = 0.000). Since the p-value is below 0.05, the null hypothesis is rejected. This means that market information and relationship networks significantly explain variation in wholesale price setting in the Ladipo market sample.



Summary of Hypotheses

Hypothesis	Statement	Result	Decision
HO1	Buyer power has no significant effect on wholesale price setting in Ladipo market area of Lagos.	Beta = 0.513; p = 0.000	Rejected
HO2	Market fragmentation has no significant effect on wholesale price setting in Ladipo market area of Lagos.	Beta = 0.228; p = 0.001	Rejected
HO3	Market information and buyer-seller relationship networks have no significant effect on wholesale price setting in Ladipo market area of Lagos.	Beta = 0.246; p = 0.000	Rejected

Discussion of Findings

First, there is enough evidence that the impact of buyer power is essential in the wholesale price-setting process. It relates to such theories as countervailing power by Galbraith (1952) and competitive bidding by Porter (1980). In the case of this study, buyer power in the Ladipo market area is reflected through bulk purchases, frequent visitations, the ability to switch dealers and bargaining skills. As a result, two buyers may pay various amounts of money for an identical product in one and the same dealer's store.

Second, the results obtained during the study prove that market fragmentation is very important in wholesale price determination. Such an observation is supported by the theories proposed by Stigler (1961) concerning search and by the theory of price dispersion developed by Varian (1980). In accordance with market fragmentation, different dealers who do not have guidelines for wholesale price setting may provide varied quotations depending on the urgency of the buyer, his/her familiarity with the product, competition in proximity and alternative dealers.

Third, market information and relationships with the dealer also affect the price determination process. In this aspect, the results obtained in the study coincide with various theoretical bases concerning search cost and relational exchange. From the perspective of the study results, buyers, having sufficient mechanical knowledge, experience, Internet-based price information, phone numbers and referrals, are more likely to reach a deal with the dealer.

In general, as has been seen above, the paper reveals that price determination in a fragmented market is an intricate process, the result of which is usually determined by bargaining. That is, buyer power affects standardisation of prices

negatively, and market fragmentation promotes diversity of prices, whereas market information and relationships impact the bargaining process. Therefore, the study makes a contribution to the body of knowledge since it concerns a particular Nigerian wholesale market.

Summary, Conclusion and Recommendations

Summary of Findings

The study focused on examining the impact of buyer power on wholesale price determination in a fragmented market in the area of Ladipo Market in Lagos. There were three main predictors of the dependent variable (price): buyer power, market fragmentation, and market information/relationship. On the basis of the data collected from 120 respondents, it became clear that the mentioned three independent variables positively and significantly affected the price-setting process.

In particular, buyer power was the key factor due to such features as bulk purchasing, frequent visitations, the possibility of switching dealers, and bargaining abilities. Market fragmentation was also an important predictor, as a number of dealers, lack of price guidelines, and competition in proximity promoted price diversity. Lastly, market information was critical for price determination because of the knowledge and connectivity of a buyer.

CONCLUSION

Overall, it is possible to conclude that the wholesale price setting process in the Ladipo market area cannot be based only on costs or market prices. Instead, wholesale price determination is heavily affected by such concepts as buyer power, market fragmentation, and relationship networks. Thus, the conclusion made draws attention to the importance of analysis of other competitive informal markets.

RECOMMENDATIONS

1. Introduction of price information guides by market association will help promote healthy competition in the market.
2. Traders should be encouraged to grade their goods so that buyers understand what kind of spare parts they purchase (new, fairly used, refurbished, or poor).
3. Buyer education using information desks, Internet price inquiries, and complaints centers will protect novices from fraudulent dealers.
4. Fair bargain practices promoted by dealers' associations will contribute to their good reputation and prevent buyers from exploiting them.
5. Improvement of organization, security, and dispute resolution mechanisms is needed in the market area.



Contribution to Knowledge

It is anticipated that the present paper will make a contribution to the field of knowledge because of the investigation of buyer power and price dispersion in the Nigerian fragmented market. Application of the theoretical perspectives for analysis of the process of wholesale price setting in the informal market helped deepen understanding of the issue.

Limitations and Suggestions for Future Research

The cross-sectional nature of the data and singularity of the market area constitute the key limitations of the current study. Additional research should focus on various auto spare parts markets.



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Appendix A: Questionnaire Instrument

Title: The Role of Buyer Power in Wholesale Price Setting under Fragmentation: Empirical Evidence from Ladipo Market Area of Lagos

Instruction: Please tick the option that best represents your view. Scale: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), Strongly Disagree (SD).

S/N	Questionnaire Statement	SA	A	U	D	SD
1	Large-volume buyers usually obtain lower wholesale prices than small buyers in Ladipo market.	SA	A	U	D	SD
2	Repeat buyers are able to influence the final wholesale price quoted by dealers.	SA	A	U	D	SD
3	Dealers often reduce their initial asking price when buyers negotiate strongly.	SA	A	U	D	SD
4	Buyers with alternative suppliers have stronger power during price bargaining.	SA	A	U	D	SD
5	Buyer loyalty and relationship history affect the price finally accepted by sellers.	SA	A	U	D	SD
6	The large number of small dealers in Ladipo market leads to different prices for similar products.	SA	A	U	D	SD
7	The absence of a central price list makes wholesale price setting vary from shop to shop.	SA	A	U	D	SD
8	Different product clusters and streets within Ladipo market influence wholesale price differences.	SA	A	U	D	SD
9	Weak coordination among sellers makes it difficult to maintain uniform wholesale prices.	SA	A	U	D	SD
10	Market fragmentation encourages dealers to adjust prices based on immediate competition.	SA	A	U	D	SD
11	Buyers with better information about product quality obtain more favourable wholesale prices.	SA	A	U	D	SD
12	Buyers who compare prices across many shops negotiate more effectively.	SA	A	U	D	SD
13	Trust between buyers and sellers reduces uncertainty during price bargaining.	SA	A	U	D	SD



S/ N	Questionnaire Statement	SA	A	U	D	SD
14	Information from phone calls, online platforms, and referrals affects price quotation before purchase.	SA	A	U	D	SD
15	Transparent market information reduces the chance of excessive price differences for similar products.	SA	A	U	D	SD
16	Wholesale prices in Ladipo market are mainly determined through bargaining between buyers and sellers.	SA	A	U	D	SD
17	Import cost, exchange-rate changes, and transport expenses influence dealers' wholesale price decisions.	SA	A	U	D	SD
18	Dealers consider competitors' prices before setting or adjusting their own wholesale prices.	SA	A	U	D	SD
19	The final wholesale price often depends on the type and power of the buyer involved.	SA	A	U	D	SD
20	Price setting in the market reflects both seller costs and buyer negotiation strength.	SA	A	U	D	SD