



Target and position article

Investigating relationship types for creating brand value for resellers

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ABSTRACT

This study investigates three different types of brand-reseller business relationships, namely real-time relationship, collaborative relationship, and mutually beneficial relationship, and discusses how they drive brand value creation in a competitive market. Using data collected from Indian resellers, the findings show that brands that engage in real-time and collaborative relationships are regarded by resellers as having higher brand value in comparison to brands that only focus on mutually beneficial relationships. This paper extends previous understanding on relationship marketing by conceptually discussing and empirically examining different types of business relationships that could be used to enhance brand values perceived by resellers. Managerial implications are discussed for business-to-business marketing practitioners. Specifically brand managers are advised to incorporate these three different types of business relationships to create superior brand value for resellers, thus improving their brands' perceived competitiveness.

1. Introduction

Due to resource limitations, resellers are often employed by global brands to reach their intended customers located in international markets. However, when resellers fear that a brand may be underperforming and cannot satisfy the requirements of their business, they are likely to move away to competitors and spend less time on promoting the brand or its products (Saren & Tzokas, 1998). A reason for such movements of resellers in a distribution network is that resellers do not want to lose their own set of customers to other resellers (Ailawadi & Farris, 2017; Webster, 2000). Hence, they overlook their existing association with a brand and sell whichever brands are available in order to retain their customers and preserve their own revenue (Aaker & Day, 1986). In order to avoid such situations, business relationship literature recommends brands to develop good relationships with their resellers to better understand and fulfil these resellers' business requirements and secure the brand competitive advantages within the distribution network (Gupta, Melewar, & Bourlakis, 2010a; Kotler, 1974).

However, in reality the situations between brands and resellers are very dynamic and brand managers are unable to restrict their own distributors (through whom they sell to resellers) from offering rival products of their competitors (Beverland, Napoli, & Lindgreen, 2007). This pressing matter has led brand managers to consider employing different facets of their relationships with resellers as tools to

strengthen the brand-reseller relationships. Relationships with resellers can help brand managers become more informed of the customers' needs, and develop a unique and advantageous brand positioning, without the involvement of the distributors. Value created directly by a brand manager's relationships with resellers can help improve the resellers' business performance, and strengthens the brand's positioning in competitive markets (Duncan & Moriarty, 1998; Shocker, Srivastava, & Ruekert, 1994). Nevertheless whilst existing literature reflects on the benefits of having good business relationships, it has not discussed how different types of relationships could be employed to effectively manage the brand-reseller relationships. Acknowledging this knowledge gap, this study thus proposes to investigate different types of business relationships and their effect on enhancing perceived brand values, in order to address the pressing need of businesses and brand managers who struggle to manage their brand-reseller relationships effectively in competitive markets.

This study draws upon several streams of business relationships in the existing literature. Current literature fails to explain the structure of the distribution network and differences between different types of actors in a distribution channel such as business customers, distributor, wholesaler, stockist and retailers etc. Simultaneously, relationship marketing literature explains that when a brand is operating in different markets through different networks of distributors, it is important for the brand manager to understand its reseller networks from a macro perspective and reflect on the inability of brand managers to micro

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manage the reseller markets (Gupta, Malhotra, Czinkota, & Foroudi, 2016). The need to drive engagement of resellers in competitive networks necessitates the generation of brand value that resellers will appreciate (Cravens, Piercy, & Shipp, 1996; Slater & Narver, 1995). The operations management literature indicates that the integration of smooth and efficient organisational processes can increase the value perceived by business customers who are resellers in a distribution network (Gunasekaran & Ngai, 2005). The b2b brand management literature emphasises that for better customer management, brands should supply products with attractive sales promotions, as they provide brands with the opportunities to build progressive brand-reseller relationships that are mutually beneficial and collaborative in nature (Ryals & Knox, 2001; Srivastava, Shervani, & Fahey, 1998; Woodruff, 1997). In short, relationships with resellers enable brand managers to acquire knowledge needed to offer additional value relevant to them and customised for them (Rust, Ambler, Carpenter, Kumar, & Srivastava, 2004). However, more work is required to better discuss which types of relationships could be employed to achieve superior brand-reseller relationships.

To shed new light on this area, this study aims to investigate the types of brand-reseller relationships that can help brand managers create brand value for resellers and as a consequence prevent resellers from switching to competitors. Several streams of literature, such as b2b relationship marketing, brand management and operations management were referred to in the process of developing a brand-reseller relationship and value-creation framework. The following sections explain how conceptualised arguments are tested empirically as hypothesised relationships. The quantitative results are then discussed together with the theoretical, managerial implications and limitations of the study, based upon which, future research directions are provided.

2. Literature review & hypothesis development

The branding literature explains that creation of brand value for resellers in a competitive market depends upon the ability of a brand to recognise, understand and efficiently fulfil rational requirements of resellers (Gupta et al., 2016; Ritter & Walter, 2003). Brand managers seek information about the target market and the actions of competitors to develop counter-marketing plans (Achrol & Kotler, 1999; Keller & Lehmann, 2009; Slater & Narver, 1995; Woodruff, 1997). Research on reseller networks reveals that brands should develop capabilities to compete, based on their knowledge about the actors operating in the market and transaction based associations of competitors (Gupta, Grant, & Melewar, 2008; Mitussis, O'Malley, & Patterson, 2006; Palmatier, Scheer, Houston, Evans, & Gopalakrishna, 2007). Furthermore, brands operating in a competitive market should have access to the knowledge required to achieve their business objectives. The theory of relationship marketing explains that building relationships can work as a marketing tool that emphasises the management of intangible assets such as customer satisfaction, for customer retention, for building commitment of customers towards the brand and making them loyal to the brand in a competitive market (Morgan & Hunt, 1994). Relationship marketing can be one such tool that aids brand managers to get access to information they need (Brynjolfsson & Hitt, 2000).

Existing relationship marketing theory explains the need for building effective business relationships; however it suffers from several limitations. Firstly, extant works tend to focus very much on brands' relationships directly with end-users, rather than on the relationships between brands and resellers (Armstrong, 2006). In the case of brands that sell their products through a reseller network, their relationships with resellers are generally recognised through distributors, hence are not really considered as direct or real-time relationships (Nysveen, Pedersen, Thorbjørnsen, & Berthon, 2005). As a result, brand-reseller relationships have received scant research attention in the past. Secondly, extant b2b relationship literature tends to focus on discussing constructs such as trust, commitment, cooperation and coordination

that could be used to reflect and measure relationship quality between buyers and sellers, thus promoting better relationship performance between buyers and sellers who interact directly with each other (Morgan & Hunt, 1994; Yen & Barnes, 2011).

However, this is not the case in brand-reseller relationships, as brands sell directly to distributors, not to resellers. Whilst the relationships cannot be maintained or developed spontaneously through each sales interaction, brands need to find other ways to create value for their resellers through ways of relationships. To address this knowledge gap, this study thus proposes to develop a brand-reseller relationship value-creation framework that could be employed by business brand managers to enhance their perceived brand values to the reseller, with specific focus on real-time relationship, collaborative relationship and mutually beneficial relationship.

Real-time information addresses information inefficiencies. When real-time information is made available to both brands and resellers through either face-to-face communication or information technology, it enriches their understanding of each other's needs, strengthens their relationship and impacts their business performance (Yang, Burns, & Backhouse, 2004). The real-time relationship between brands and resellers conceptualised in this study is based on the ability of a brand to initiate efficient, timely information sharing and exchanges (Mohr & Spekman, 1994), without the intervention of other channel members, such as distributors. Real-time relationships allow brands to acquire customer and market information directly from the resellers. Synthesis of real-time market and customer information acquired during customer-facing relationship marketing initiatives and other customer-related organisational functions can help brand managers understand the future requirements of their customers (Srivastava et al., 1998) and identify patterns in purchasing behaviour of resellers (Day, 1994). Thus, real-time relationships directly with resellers - not through distributors - act as a source of market penetration for the brand (Ambler et al., 2002; Christopher, 1996).

Collaborative relationship refers to a relationship that facilitates collaborative efforts such as actors, resources and activities from both brands and resellers in planning and promoting brand-related sales. For example, to ensure smooth movement of stocks, to provide support for achieving sales targets, to plan and review sales promotion activities, etc. (Glynn, 2004; Parniangtong, 2017). Through collaborative relationship, brand managers would be able to better understand the requirements of the resellers, and this helps the brand managers develop more effective marketing mix initiatives to promote sales for resellers, thereby benefiting both brands and resellers (Cox, 1999; Dewhurst & Davis, 2005; Gummesson, 1994). Collaborative brand-reseller relationships increase brand managers' knowledge about the various actors operating in the competitive market and also improve resellers' understanding about the benefits they can accrue by working with the brand (Rust et al., 2004). Brand managers are therefore advised to establish collaborative relationships to communicate about their products, product promotion plans, sales support available, sales incentives and after sales support to resellers (Payne, Storbacka, & Frow, 2008).

Mutually beneficial relationship refers to relationships wherein both parties are working closely with each other, seeking individual benefits in a win-win collaboration, thus creating mutual benefits for both parties. According to Mohr and Spekman (1994) a successful business partnership should be strategic and purposive, wherein compatible goals are shared, mutual benefits are actively sought and mutual interdependence is acknowledged. Establishing a mutually beneficial relationship is critical to successful long-term collaborations between brands and resellers. Mutually beneficial relationship is more demanding than real-time relationship or collaborative relationship, as it requires a greater level of commitment from both brands and resellers, wherein individual gains cannot be sought, if they may damage the other party's profits. By committing to a mutually beneficial relationship (in a similar way to a marriage), both brands and resellers agree to

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