# The Brand's Functions in Manufacturer-Reseller Relationships

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## ABSTRACT

The aim of this study is to evaluate brand performancein manufacturer-reseller relationships.Brands are not only valuable resources for the consumers, but they are also important for other members of distribution channels especially resellers. Manufacturers should ensure consumers' satisfactions and act so as to maintain brand equity for the reseller. However, the sources of value creation of manufacturers'brand, in the internal organization, not accepted by the reseller. This study examines the impact of the financial benefits, customers' expectations and manufacturerssupport on reseller satisfaction.And outcomes, including cooperation, dependence, commitment have been investigated.A survey of all retail grocery stores (115 supermarkets) of the city of Ahvaz was implemented by simple random sampling, To analyze data and test hypotheses partial least squares (PLS) is used.The results show a significant relationship with the financial benefits and customer expectations and reseller satisfaction. Consequences of reseller satisfaction are brand depending and commitment.

**KEY WORDS:**reseller, Manufacturer support, cooperation, Performance, Brand, Financial benefits, Customers.

## INTRODUCTION

Given that manufacturers and dealers are looking to improve the value and boost the efficiency of their operations, value of chain distribution channels is important. Resellers are trying to meet consumers' demands, by distributing more items, more stores, competitive prices and exclusive products, to maintain market shares and profitability levels. But the truth is that, the retail distribution processes are done through networks that include producers, resellers and customers.A reseller, linked with numerous manufacturers and suppliers, is also the suppliers of goods and services. The brand can be considered as a source due to the manufacturers and the consumers' needs to contact, in a distribution network. Resellers, do not allow manufacturers to distribute their products directly to the consumers, and not that of the customer to pay. On the other hand, the distribution channels of the brand management process, resellers are altered, leading to the changes in the tasks. In addition to the traditional tasks, reseller functions of product labeling and product development with an emphasis on how to use new tools to manage sales promotional product category (Hogg et al., 2005).

Brands are not only valuable resources for the consumers, but they are also valuable for other members of intermediaries, in distribution channels, which are considered to be important. For ensuring the consumers' satisfactions, manufacturers should act so as to preserve the value of branding to resellers. However, the sources of value creation of manufacturers' brand, in the internal organization, not accepted by the reseller. Literatures about the creations of brands' values, often focus on the consumers' interests and internal affairs of the brands, and present little choice. This study demonstrates the importance of brand names of manufacturers to the resellers, in retail channels. Due to the strategic importance of the brands and the impacts of resellers, distribution channels are increasingly related.

## LITERATURE REVIEW

Webster's (2000) historical review of developments in relation to the brands, consumers and resellers in a powerful world and influential organizations in retail distribution channels proved that they have been on the rise. He argues that in contrary to the public perceptions, the stronger the major retailers, decline of brand manufacturers is not new, but is different, in terms of brand management (Webster, 2000) . Glynn (2004) demonstrated theretailers perceived interests of brands within the product category and its impact on the qualities of relationships,Glynn with a choice of two different product categories (liquor and retailing) investigated the influence of product category on retailer relationship outcomes, such as satisfaction, trust, commitment and performance.Glynn showed that the brand of the liquoris stronger compared to retail grocery implications of the relationship.

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Glynn et al. (2007) showed that the brand manufacturers create financial, customer and managerial benefits for resellers.Cretuet al. (2007)examinedthe effect of brand image and corporate reputation on customer perception of product and service quality, customer value and customer loyalty, And showed that the specific impact of brand image on customer perception of product and service qualityWhile the company's reputation and widespread impact on the overall customer perception of product quality and service.

Keränen et al.(2010) content analysis of key factors influencing the brand management relations firms - firms that are identified in the existing literatureand are based on the conceptual framework provided.The factors cited in the analysis of variable branding "quality, reputation, service, product distribution, renowned manufacturer, supplier support services" have been identified as factors creating strong brands, through brand benefits .Discount price, a halo effect, risk mitigation, customer trust, loyalty, differentiates, create barriers to entry and re-branding. The results of Glynn (2010) show a significant difference between the support of manufacturers and brand equity through brand satisfaction in the weak and strong brand. Also, because of weak assess, the customers' expectations are important, and a strong brand is less important. Furthermore, the results suggest that resellers of the weak commitment to the brand and the manufacturers are more trusting than weak brand.          Manufacturer     support, through consumer advertising can increase brand competitiveness to the customers. Manufacturers' participations in trade promotions (cooperative advertising through resellers) also increase the competition between brand name. Because the reduced price promotions, marketing communications, consumer spending are a diversion, many promotions are based on the price that can lead to loss of brand equity (Jedidi et al. 1999). Resellers provide brands with little advertisements compared to those with high market shares and promotions, so earn more profits.

Some examples of co-producers and resellers( delivery, good class management systems and effective response to consumer and trade promotions) are described in detail in previous issues. Han and Wilson (2003) showed that developing relationships with manufacturers and most of the companies will reduce costs and enhance relations and cooperation. The results can improve performances and increase technical knowledges mentioned through partnerships with companies manufacturing flexibility in dealing with changing business conditions. Manufacturers must realize that this cooperation is mediated through the allocation of trade discounts, payments of damages due to the loss of control . In fact, collaboration is a mechanism to control the right to use the brand in the medium increase. Finally, cooperative bargaining costs less and enables them to establish stronger ties. To maintain a positive relationship with the values, requires continuous dependence (Wagner et al. 2002), and trust between the parties and the transaction in the distribution channels and it also provides a control dependency to develop social norms. All of these variables which affect the costs, benefits, shared values, effective communications between the parties are optimistic (Glynn et al., 2007). There are There are three types of dependency in relationships in a business, to develop stability and confidence (Kim, 2005) between the parties in commercial transactions:
-BehavioralDependance, as an act committed by a transaction wings.
-AttitudinalDependance, such as having a positive attitude towards a business      relationship.
    - Cohesion  Dependance, to take a long-term business relationship .

Farris and Ailawadi (2005) argues that the greater interdependence between channel members leads to the increase of the level of commitments. Power broker (such as legal cases in trade agreements) have a negative impact on mutual dependence and have a positive effect on party affiliations.

Alpert and Kamins (2000) found that manufacturers can control the influence of party affiliations if they reduce their controls (for example, on pricing and promotional programs), which in this case is by further increasing the profitability of the ideas to producers consent.
Hoyt andHuq(2000) argue that brand commitment is greatly influenced by the brand. In the field of marketing, committed consumers are more influenced by factors such as experience of using the brand name, one of the key elements of the brand's commitment to long-term relationships between channels' members.

**Hypotheses**
1. Financial benefits have a Significant effect on reseller satisfaction.
2. Customers' expectations have a Significant effect on reseller satisfaction.
3. Manufacturers support has a Significant effect on reseller satisfaction.
4. Reseller satisfactionhas a Significant effect on brand cooperation with manufacture
5. Reseller satisfaction has a Significant effect on brand dependence on the brand
6. Reseller  satisfaction  has  a  Significant  effect  on  brand  commitment  to  the  brand.

## METHODS

Data collection methods included the descriptive research, survey of  grocery stores of all retailers (supermarkets) in

Ahvaz. Using survey data and distribute Random samplings were implemented amongst 116 dealers and the questionnaires' return rates were 92%.

**Data**

Variables were measured by designing questionnaires as they have been used in various researches. Demographic description of the samples:More than half (4.50%) of the respondents worked less than 5 years, and 2 of them had more than 25 years of experiences , age of 52 respondents were 26 - 35 years and 50 had a high school diploma; 3 of the respondents were females and 112 were males.

**Measurement model**

Measurement reliability is measured in two parts,One Reflective of the reliability index and the corresponding structures are shown with the Loading.And the reliability of composite structures for all indices with the corresponding reflection measurement tool used to determine internal consistency. Reliability values for each parameter with the corresponding structures of at least 0.6 and composite reliability ($\rho c$) at least 0.7 (Fornell andLarcker, 1981; 13. Sosik et al., 2009).As shown in table 2the index of the corresponding structures are more than0.6 and the composite reliability greater than 0.7 confirms the reliability of the instrument

The validity of the instrument was measured by indicators of convergent validity. Convergent validity refers to the fact that the index of each structure is correlated with each other(Fornell andLarcker, 1981).

Table 2: Evaluation of reliabilities and validities of survey of data

| Variables | AVE(>0.5) | Pc (>0.6) | R Square | Cronbachs Alpha |
|---|---|---|---|---|
| Financial benefits | 0.5620 | 0.6959 | 0.0000 | 0.7782 |
| Consumers' expectations of the brands | 0.536 | 0.7797 | 0.0000 | 0.7411 |
| Manufacterssupport | 0.697 | 0.799 | 0.0000 | 0.9042 |
| Reseller Satisfactions | 0.6129 | 0.7172 | 0.3414 | 0.8447 |
| Cooperation withManufacturers | 0.6029 | 0.7114 | 0.4146 | 0.7933 |
| Dependence onthe brands | 0.5402 | 0.8232 | 0.1123 | 0.7162 |
| Commitment to the Brands | 0.6129 | 0.6959 | 0.3431 | 0.8062 |

**Structural model of research**

Figure 1, summarizes show the results of PLS analysis testing the components of structural model with standardized path coefficient ($\beta$).

**Figure 1:** Results of the structural model
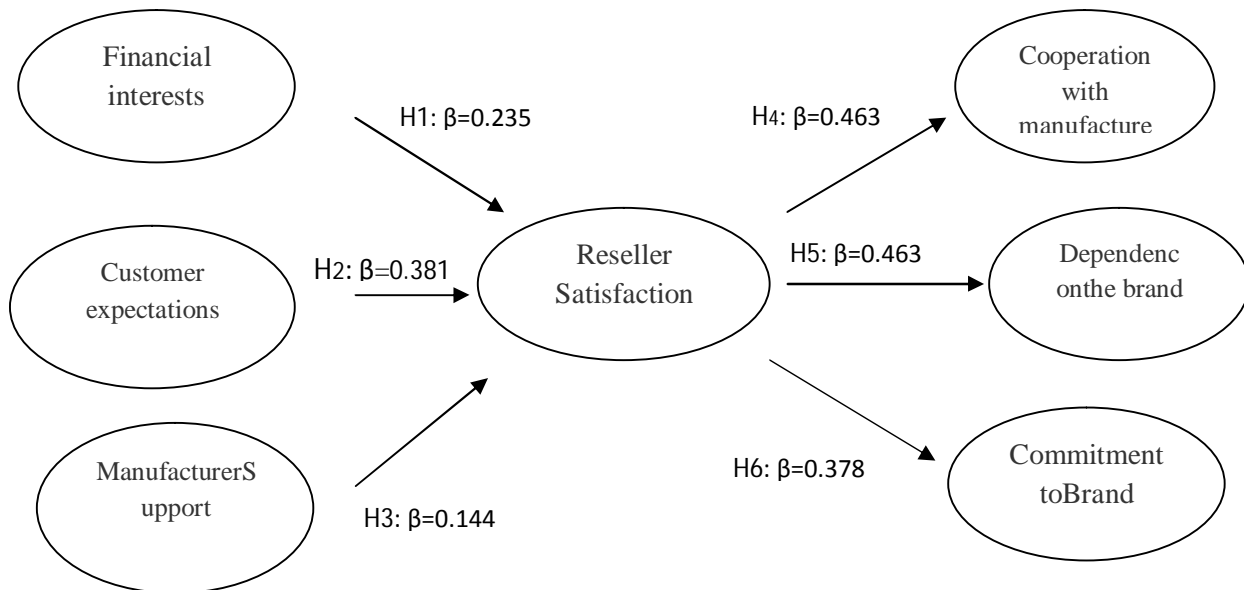
## RESULTS

Analysis of 95% correlation between the financial benefits of the brand and the satisfying range is significant. 23% of variance in the satisfactions of reseller, justify the financial benefits (β = 0.235, P <0.05).

The results of the present studies are similar to Glyyn et al. (2007) and studies (2010), confirm that the most important benefits of financial resellersare a high profit margin, but the results show there is no significant relationship between the manufacture support and reseller satisfaction; β indicates that only 14% of the variation for satisfaction has been explained by brand manufacturer supports (β= 0.144, P>0.05), therefore, the third research hypothesis could not be confirmed.

Result show that reseller satisfaction has a Significant effect cooperation with manufacture,Dependenc on the brand and Commitment to Brand.

**Table 3**: Summary of hypothesis tests

| Hypothesis | Independent variable | The dependent variable | Path coefficient (β) | Theerror α | Test statistic (t) | Results |
|---|---|---|---|---|---|---|
| 1 | Financial benefits Brand | Reseller satisfaction | 2.50 | 0.05 | 0.235 | Confirmsthe hypothesis |
| 2 | Customer expectations | | 4.414 | 0.05 | 0.381 | Confirmsthe hypothesis |
| 3 | Manufacturersupport | | 1.791 | 0.05 | 0.144 | Rejectsthe hypothesis |
| 4 | Reseller satisfaction | Throughpartnership swithmanufacturers | 5.703 | 0.05 | 0.463 | Confirmsthe hypothesis |
| 5 | | Dependence by brand | 4.250 | 0.05 | 0.335 | Confirmsthe hypothesis |
| 6 | | Commitment to Brand | 4.361 | 0.05 | 0.378 | Confirmsthe hypothesis |

## DISCUSSIONS AND SUGGESTIONS

The results show a significant effect on the financial benefits of the brand because of the brand's satisfactions, the financial benefits and implications of selling brand manufacturers, and profit margin price cuts and discounts. Glynn (2010) demonstrated that the most important benefits of financial resellersis a high profit margin which is based on the producers. He suggests the use of several techniques, such as offering volume discounts, sales and bring prices down, in order to satisfy non-cash resellers' actions. Such expectation is created when the client is a successful supplier to the ultimate customer strategy, stretching its products to attract. The company offers quality products, competitive prices and customer friendly designs and packagings through stores, to attract customers. In this case, the reseller cannot afford the extra costs to sell products that are subsequently for resellers' satisfactions; Therefore it is important to produce a competitive product by the manufacturer. The research model is satisfied by the implications that this research has addressed three outcomes: cooperation by the manufacturers, resellers' dependences on the brands and the brand promise according to all 3 outcomes proposed in the conceptual model, by investigating the relationships between the satisfactions with the brands. So, it can be satisfied through the intermediary of the brand, due to the collaboration with the producers, affiliation and commitment, so the product brand will be satisfied when the attachment has any mediated effect. It requires continuous dependence, and trust between the parties to the transactions in the distribution channels. As mentioned in the previous section, one of the key elements of the brand's commitment to the long-term relationships between channel members, therefore it does propose it as a key reseller satisfaction of creating cooperation and commitment.

### Limitations and Future Research

The main limitation of this study was the specific characteristics of social science research, that control was out of reach of researchers and their influence on the results was not far-fetched. Some respondents were uneducation and with lack of understanding the questionnaire

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