

*Full Length Research Paper*

# The effects of manufacturer brand performance, brand strength and role performance on retailer satisfaction

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**This study examines how brand performance, brand strength and role performance affect retailer satisfaction, specifically economic and non-economic satisfaction. The research model was proposed and empirically tested using data collected from retailers that their in-store area is bigger than 100 m<sup>2</sup> in Turkey. Results reveal that brand performance and meeting consumer needs as a dimension of brand strength influences retailer satisfaction both economically and non economically. However, other dimensions of brand strength and innovation of manufacturer brand did not have a significant influence on satisfaction. Also, specific relationships between role performance of manufacturer and satisfaction of retailer are discussed.**

**Key words:** Brand performance, brand strength, role performance, satisfaction, retailer.

## INTRODUCTION

For manufacturers to be successful in today's market conditions, a good understanding of retailers and their behaviour is needed more than ever before. The main reason is retailers have begun to assume a more powerful and decisive role in the distribution channels (Farris and Ailawadi, 1992). One of the important factors in changing the balance of power in favour of retailers is increasing the supply of goods in terms of quantity and quality through use of developing technologies and better manufacturing capabilities. In the past, major manufacturers were more dominant on the retailers whereas today the retailers have reached a similar position. Another reason for the growth of retailer power is the concentration of retailing power in only a few outlets (Cappo, 2003). Bloom and Perry (2001) reported on how big retailers exerted power over their suppliers. Whereas a decade ago information was largely controlled by the manufacturers, nowadays retailers are collecting vast amounts of information and developing models for their utilization (Aaker, 1995). Also manufacturers generally need retailer cooperation to carry out their marketing plans. Gylinn et al. (2007) noted that, because of the

size and buying power of retailers, retailer's performance could affect a manufacturer's success in the marketplace.

Because of the increasing power of retailers, it is crucial for manufacturers to understand the needs, perceptions and behaviors of retailers and improve the relations with them. Considering this aim, manufacturers need to know the factors that affect the retailers' evaluation of their products and their satisfaction with the manufacturers and their brands. Thus, manufacturers should be able know how to satisfy retailers' needs and grow their businesses by managing these factors. For many suppliers and manufacturing firms, satisfying retailers' requirements is crucial for the long-term viability of their channels (Geyskens et al., 1999). Satisfaction is widely examined in the existing literature but it is not evaluated sufficiently in terms of influencing factors such as brand performance and brand strength.

Traditional ways of thinking about brands have largely left the retailer out of the equation. Brands are generally associated with consumers but brands do not have value only for consumers but are also of value to manufacturers, wholesalers and retailers (Webster, 2000). Also, from the retailer's point of view retailer purchasing does not only involve organizational considerations, but also end-customer needs and perceptions of consumers about manufacturer brands could be important for

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retailers to succeed and compete with other players in the market (Glynn et al., 2007).

Due to its importance, the role of brands in retailer satisfaction is explored in this paper as an aspect which has not been studied sufficiently. Even some authors examined the relations between brands and retailers (Glynn et al., 2007; Baldauf et al., 2003; Webster, 2000; Verbeke et al., 2006), the effects of brand performance and brand strength on dimensions of retailer satisfaction has not been studied in the literature. Thus this study is the first in this respect. Besides, how manufacturer's role performance affects retailer satisfaction both in economical and other terms is discussed in the study as well.

## LITERATURE REVIEW

### Satisfaction

In the channel literature satisfaction has been widely studied by researchers (Dwyer, 1980; Ruekert and Churchill, 1984; Schul et al., 1985; Brown et al., 1991; Geyskens and Steenkamp, 2000; Lewis and Lambert, 1991; Andaleeb, 1996; Geyskens et al., 1999; Bigne and Blesa, 2003; Rodriguez et al., 2006).

In some studies, satisfaction is conceptualized as a single dimension construct (Andaleeb, 1996; Anderson and Narus, 1990; Ganesan, 1994; Scheer and Stern, 1992). In some others, it is examined in two dimensions: economic satisfaction and non-economic (psychological or social) satisfaction (Geyskens and Steenkamp, 2000). Satisfaction is studied both from an economic and non-economic perspective in this study and is thus, examined in two dimensions. This will facilitate a more explicit understanding of the effects of independent variables on satisfaction.

Channel member satisfaction is defined as, a positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm (Gaski and Nevin, 1985; Frazier et al., 1989). Economic satisfaction refers to channel member's positive affective response to the economic rewards, those flow from the relationship with its partner, such as sales volume and margins. Besides, non-economic satisfaction is channel member's positive affective response to the non-economic, psychosocial aspects of its relationship, in that, interactions with the exchange partner are fulfilling, gratifying and easy (Geyskens et al., 1999).

### Brands and satisfaction

Brands clearly provide important benefits to customers – both individuals and firms. For latter, brands are a source of financial returns and represent competitive advantage and a means of identification to simplify handling or tracing, signal to quality level to satisfied customers

(Keller, 2003).

In literature, it was found that brand is one of the factors that affects retailer's decision making (Baldauf et al., 2003; Glynn, 2007; Rao and McLaughlin, 1989). Collins-Dodd and Louviere (1999) showed the effects of brands on retailer's acceptance of new products. Also, Anselmi (2000) found that relative market share of a brand had an effect on the long-term relationship with distributors and affected manufacturer's advertising allocation decisions. Also, Alpert et al. (1992) reported that retailer buyers had a much more favorable attitude toward pioneer brands than towards me-too follower brands.

For retailers, manufacturer brands also offer benefits such as established consumer demand, favorable consumer attitudes toward the branded products found in the stores and enhancement of the retailer's credibility (Webster, 2000). Glynn et al. (2007) note that sources of brand benefits can enhance a retailer satisfaction, trust and commitment to the brand. Hence, benefits provided by the brands improve the relations between the manufacturer and the retailer, and also increase the level of retailer satisfaction. It is considered that brand performance and brand strength are the sources of the benefits for retailer. Thus the effects of brand performance and brand strength on retailer satisfaction are explored in this study.

### Brand performance

Brand performance focuses on the role of the brand in enhancing store outcomes including store traffic, profit and sales volume (Glynn, 2007). It considers the demand side of the market and refers to indicators such as sales volume and market share (Lassar, 1998).

Lassar (1998) examined the impact of retailer behaviour control systems on brand performance and measured brand performance from the retailer's perspective that consisted of two factors: brand profitability and brand sales volume. Also, Baldauf et al. (2003) focused on these two performance measures and investigated the effects of brand equity on brand performance.

Glynn et al. (2007) developed a conceptual framework that showed manufacturer brands provided financial, customer and management benefits for retailers and proposed that these benefits had an impact on retailer relationship outcomes with the manufacturer's brand, which included satisfaction, dependence, cooperation, commitment and trust. Hence, brand benefits for the retailer and its positive effects on retailer satisfaction could influence the relation between manufacturer and retailer. High performance of manufacturer brand would contribute to retailer's business growth and this would lead to the retailer satisfaction. Thus, brands which have high performance in the market would be attractive for the retailer because of economical and non-economical

benefits such as sales volume, sales growth, store traffic, credibility and image of the retailer. Accordingly, retailer's perception of manufacturer's brand performance will have a positive effect on the retailer's economic and non-economic satisfaction. Thus;

H<sub>1a</sub>: Retailer's perception of manufacturer brand performance is positively related to retailer's economic satisfaction.

H<sub>1b</sub>: Retailer's perception of manufacturer brand performance is positively related to retailer's non-economic satisfaction.

### Brand strength

In this study, brand strength refers to the retailer perception about the strength of the manufacturer brand and conceptualized with two dimensions; innovation and meeting consumer needs (Verbeke et al., 2006).

(1) Innovation refers to retailer's evaluation of manufacturer brand in terms of pioneering attributes (Alpert et al., 1992).

(2) Meeting consumer needs refers to retailer's evaluation of manufacturer brands if they meet consumer needs and offer better value to the consumer than the competition (Woodruff, 1997).

Strategically strong brands represent a key component of competitive advantage and function as the main source of a company's future earnings. For instance, a strong brand can be leveraged to launch new products and support repeat purchases (Baldauf et al., 2003). On the other hand, strong brands create trade leverage for manufacturers when dealing with retailers (Keller, 2003; Glynn, 2007).

Verbeke et al. (2006) showed the brand strength effects on retailer's resource allocation behavior. According to the results brand strength influenced both shelf space allocation and in-store promotional support. It is reported that retailer buyers have a very favourable attitude toward innovative brands, and have a less favorable attitude towards follower brands (Alpert et al., 1992). In other words, brands should be differentiated from the perspective of consumers (Lefkoff-hagius and Mason, 1993; Farr and Hollis, 1997; Verbeke et al., 2006).

It is proposed that there is a positive relation between the dimensions of brand strength and retailer satisfaction. Specific to the brand strength dimension, innovation of the brand that is favorably viewed by the consumer would lead to an increase in consumer demand and this would provide economical and non-economical benefits for the retailer such as increasing sales value, consumers' positive perceptions of the retailer. Likewise, a brand that meets consumer needs with its products and marketing

activities would result in acceptance of the brand by the consumer. This would lead to an increase in sales for the retailer. Hence it is proposed that the contribution of the brand to the retailer's goals by increasing sales and satisfying consumers would provide retailer satisfaction with the brand both economically and non-economically. Thus:

H<sub>2a</sub>: Retailer's perception of the manufacturer brand's innovation is positively related to retailer's economic satisfaction.

H<sub>2b</sub>: Retailer's perception of manufacturer brand's innovation is positively related to retailer's non-economic satisfaction.

H<sub>3a</sub>: Retailer's perception of manufacturer brand's meeting consumer needs is positively related to retailer's economic satisfaction.

H<sub>3b</sub>: Retailer's perception of manufacturer brand's meeting consumer needs is positively related to retailer's non-economic satisfaction.

### Role performance and satisfaction

Role performance is define as how well a firm performs its channel roles in comparison with the industry average (Kim, 2000). When two firms decide to initiate an exchange relationship each will agree to perform certain tasks and hold certain responsibilities to facilitate exchanges of products, services, and information between them and consumers. (Frazier et al., 1989; Yilmaz et al., 2004).

Retailer assessments of supplier role performances are generally based on;

- i. How well the supplier and its boundary personnel carry out their responsibilities, such as timely and complete delivery of good quality products, responsiveness to specific requests, and support for retailer operations
- ii. The degree of the supplier's contribution to the demand generation efforts and financial earnings of retailers (Yilmaz et al., 2004).

Similarly in this study role performance is examined in several dimensions. Logistic performance and promotional support of the manufacturer are the dimensions explored within the study.

Cannon and Perreault (1999) noted that retailers became satisfied with effective performance of suppliers who simply met retailers' needs. Yilmaz et al. (2004) found that favorable role performance evaluations increased retailer satisfaction indirectly through enhanced perceptions of fairness.

A manufacturer's performance of each of role elements as perceived by the associated wholesalers and retailers should be seen to have an important influence on their goal attainment. Superior role performance by the

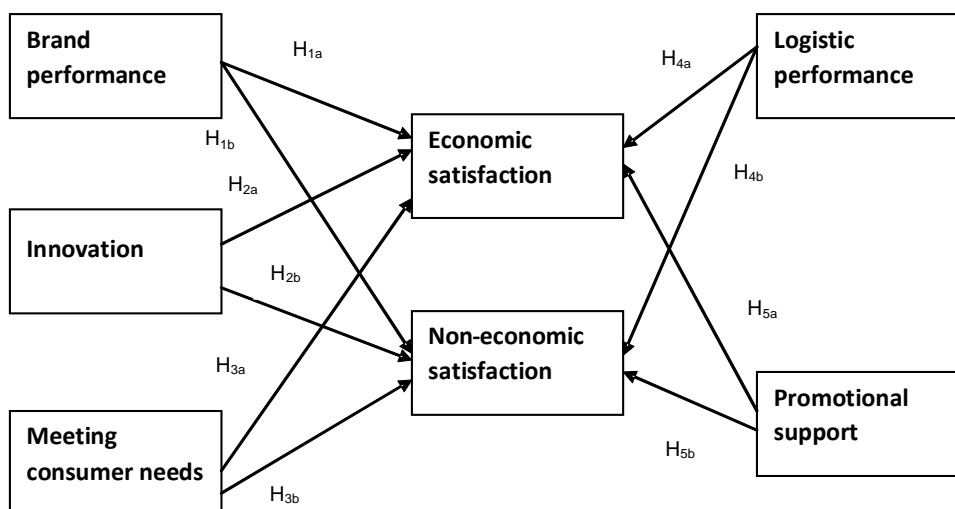


Figure 1. Research model and hypothesis.

manufacturer would enhance its credibility with the dealer (Frazier and Summers, 1986; Frazier et al., 1989).

Lusch (1977) found that the franchisor's performance of a set of services was an important determinant of the franchisee's overall satisfaction with the franchisor's performance.

Hunt and Nevin (1974) conducted a study of 815 fast-food franchisees and reported that satisfaction with the franchisor's role performance of a set of services influenced the franchisee's level of satisfaction with their initial decision to join the franchise organization.

Robicheaux and El-Ansary (1975) developed a model of channel member behaviour and noted that channel member's performance outcomes would influence the member's satisfaction with their channel partner. Several authors also reported that satisfaction with one's partner would depend upon the perceived contribution to the member's performance outcomes (Anand and Stern, 1985; Frazier, 1983a; Ruekart and Churchill, 1984; Schul et al., 1985).

Relation of role performance with satisfaction is not widely studied as economic and non-economic satisfaction. Thus, as an additional objective in this study, the effects of logistic performance and promotional support on economic and non-economic satisfaction are investigated.

High logistic performance of the manufacturer would prevent time, labour losses and unnecessary expenditures. In case of low logistic performance, shipment delays, erroneous shipments can occur and the retailer encounters out of stock problems and this can lead to sales and profit losses. Consequently, this would lead to retailer dissatisfaction with the logistic service of the retailer and this would impact retailer's overall satisfaction negatively. Hence it is proposed that high logistic performance of the manufacturer will lead to economical

and non-economical retailer satisfaction.

In addition, to role performance variable, promotional support of the manufacturer will directly contribute to the retailer's sales volume and profitability. Thus it is proposed that, as the promotional support of the manufacturer increases, retailer's economic satisfaction would increase in parallel, this would also influence the retailers non-economic satisfaction as well.

H<sub>4a</sub>: Retailer's perception of manufacturer's logistic performance is positively related to retailer's economic satisfaction

H<sub>4b</sub>: Retailer's perception of manufacturer's logistic performance is positively related to retailer's non-economic satisfaction

H<sub>5a</sub>: Retailer's perception of manufacturer's promotional support relates positively to retailer's economic satisfaction

H<sub>5b</sub>: Retailer's perception of manufacturer's promotional support relates positively to retailer's non-economic satisfaction

Research model and hypothesis are shown on the model Figure 1.

## METHODS

### Data collection

The research model was tested with the data collected from a sample drawn from the supermarkets located in 52 cities throughout Turkey. Respondents were purchasing managers, executives or owner of the supermarkets. Data on their perception about the manufacturers operations, performance and satisfaction levels were collected using a self-administered questionnaire. The manufacturer, evaluated by respondents, has national brands which have products in cooking categories like soup powder, bouillon,

**Table 1.** Descriptive statistics of the respondents.

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	304	83.3
Female	61	16.7
Total	365	100.0
<b>Education</b>		
Primary school	19	5.2
High school	214	58.6
Vocational school	60	16.4
Graduate	70	19.2
Master/Phd.	2	0.5
Total	365	100.0
<b>Hierarchical status</b>		
Top level manager/Owner	103	28.2
Middle level manager	99	27.1
Bottom level manager	163	44.7
Total	365	100.0
<b>Age</b>		
20-30	83	22.7
31-40	187	51.2
41-50	72	19.7
51+	23	6.3
Total	365	100.0

spaghetti, ketchup, mayonnaise and some others sold in 854 supermarkets all around the country. These products are distributed by a sales and distribution company via its distributors.

All study measures, adopted from prior studies, were first translated into Turkish and then controlled by two other people. Based on the feedbacks, items were revised and controlled again by a third person.

Next, questionnaire was assessed together with eight sales representatives of the manufacturer and managers of supermarkets in terms of ease of responding and clarity of the wording. After some minor modifications, questionnaires were pretested on 57 supermarket managers. Based on the comments made by the respondents some of the questions were revised and then questionnaires were mailed to the supermarket managers via sales representatives of the manufacturer. A total of 569 questionnaires were sent, 394 were returned, but of these 29 were eliminated due to being incomplete. The remaining 365 questionnaires were complete and resulted in a valid response rate of 64%.

## Measures

All the variables were measured using 5-point Likert scales with anchors 1 (strongly disagree) to 5 (strongly agree). A three item scale, adopted from Glynn's (2007) scale was used to measure the retailer's perception of the manufacturer brand performance which focuses on the role of the brand in enhancing store outcomes, including store traffic, profit and sales volume.

Brand strength was represented as a two dimensional variable which comprises innovation and meeting consumer needs. Using

items adopted from Verbeke et al. (2006), the perception of the retailer on the manufacturer brand strength was also measured.

Role performance was comprised of logistic performance and promotional support dimensions. Logistic performance was measured using a five item scale and promotional support was measured with a six item scale adopted from Verbeke et al. (2006).

Satisfaction is conceptualized as a multidimensional variable with non-economic satisfaction and economic satisfaction dimensions. Items of both dimensions were adopted from Sezen (2001).

## Respondent profile

Summary information about the respondents profile is presented in Table 1.

## Measure validation

In order to evaluate construct validity, exploratory factor analysis was conducted using principal components analysis with varimax rotation. Results indicated low factor loadings for two items, one from innovation scale and one from meeting consumer needs scale. After the elimination of these problematic items, exploratory factor analysis was carried out again. The results, shown in Table 2, revealed that each scale items were loaded to relevant factors with sufficient factor loadings addressing the construct validity of the measure.

Factors and explained variances are presented in Table 3 with the Cronbach's alpha coefficients which were evaluated to ensure

**Table 2.** Measurement items and factors loadings of the items.

Item	Component						
	1	2	3	4	5	6	7
Brand performance	1. Impact of brand on our stores' sales volume				0.821		
	2. Impact of brand on our stores' sales growth				0.781		
	3. Impact of brand on our stores' traffic				0.767		
Innovations	4. Brand has innovative in-store promotional materials						0.813
	5. Brand has innovative promotional activities						0.709
Meeting consumer needs	6. It has a good price-quality relationship					0.497	
	7. It fits the needs of the consumers					0.801	
	8. It fits into consumer trends					0.829	
Logistic performance	9. Supplier delivers our orders at the agreed time			0.823			
	10. Supplier delivers our orders exactly what we have ordered			0.847			
	11. Supplier delivers our orders without much unnecessary delay			0.867			
	12. The orders remain adequate even in the case of rising demand as a consequence of promotional activities			0.813			
	13. Supplier gives us enough information about the order taking in case delivery problems occur			0.712			
Promotional support	14. Supplier has promotional activities that fit the holidays (special days, supports events)	0.562					
	15. Supplier has displays that are easy to set up	0.608					
	16. Supplier has promotional activities that suit the different seasons	0.725					
	17. Promotional activities of supplier suit our actual needs	0.673					
	18. Supplier has tailor-made promotions for us	0.807					
	19. Supplier has in-store marketing activities supported by significant advertising campaigns	0.808					
Non-economic satisfaction	20. Supplier has effective in-store activities	0.794					
	21. We are not regret to do business with supplier				0.757		
	22. In general we are satisfied to do business with supplier				0.798		
	23. We are satisfied with the things that supplier does for our company				0.668		
	24. We are happy to do business with supplier				0.663		
Economic satisfaction	25. If we had to start over, we would do business with supplier again				0.7		
	How much are you satisfied with the manufacturer brand's outcomes?						
	26. Profitability		0.775				
	27. Sales volume		0.854				
	28. Annual growth of profitability		0.882				
	29. Annual growth of sales volume		0.833				
	30. Cash flow		0.797				

Extraction method: Principal component analysis; Rotation method: Varimax with Kaiser normalization.

**Table 3.** Factors analysis results and Cronbach's alpha values of the variables.

Variable	Number of items	Number of factor	Initial eigenvalues	% of variance	Cumulative variance (%)	Cronbach's alpha
Brand performance	3	1	10.489	34.964	34.964	0.84
Innovation	2	1	3.356	11.188	46.152	0.78
Meeting consumer needs	3	1	2.407	8.024	54.176	0.75
Logistic performance	5	1	1.751	5.838	60.014	0.89
Promotional support	7	1	1.449	4.829	64.844	0.89
Economic satisfaction	5	1	1.169	3.897	68.74	0.93
Non-economic satisfaction	5	1	0.901	3.004	71.744	0.88

**Table 4.** Means, standard deviations of the measures and correlation analysis results.

Variable	Mean	Standard deviation	1	2	3	4	5	6	7
1. Brand performance	3.772	0.678	1						
2. Innovation	3.512	0.963	0.385**	1					
3. Meeting consumer needs	3.58	0.769	0.447**	0.427**	1				
4. Logistic performance	3.961	0.774	0.214**	0.284**	0.261**	1			
5. Promotional support	3.687	0.731	0.338**	0.579**	0.427**	0.402**	1		
6. Economic satisfaction	3.521	0.803	0.489**	0.38**	0.571**	0.326**	0.512**	1	
7. Non-economic satisfaction	3.933	0.654	0.51**	0.319**	0.436**	0.216**	0.353**	0.546**	1

\*\*Correlation is significant at the 0.01 level (2-tailed).

the reliability of scales. Alpha coefficients ranging from 0.75 to 0.93. confirmed the reliability of the scales.

## ANALYSES AND RESULTS

Means and standard deviations of the variables were estimated and displayed in Table 4 with intercorrelations among research variables. Multicollinearity did not appear to be a problem since all correlations between the variables were below 0.90, with the 0.579 highest coefficient. Proposed relationships were tested by using multiple linear regression analysis. Economic satisfaction and non-economic satisfaction were regressed separately on the same set of independent variables containing brand performance, innovation, meeting consumer needs, logistic performance and promotion support. The results of regression analyses are displayed in Table 5. Predictor variables in the first model explain the 32% of the variance in economic satisfaction significantly ( $p < 0.01$ ). Consistent with our hypothesis  $H_{1a}$  brand performance was found to be positively related to economic satisfaction ( $p < 0.01$ ), with standardized beta coefficients of 0.365. Thus,  $H_{1a}$  was supported. As a dimension of brand strength, innovation did not have significant relation with retailer's economic satisfaction directly. However the relation between meeting consumer needs and economic satisfaction was significant ( $p < 0.05$ )

and the beta coefficient was 0.209. Thus,  $H_{2a}$  was not supported whereas  $H_{3a}$  was. Results did not reveal a significant relation between the logistic performance and economic satisfaction. Thus,  $H_{4a}$  was not supported. However promotional support was found to be significantly related to economic satisfaction ( $p < 0.05$ ) and the standardized coefficient of promotional support was 0.122. Thus it can be said  $H_{5a}$  was supported.

The second model with predictor variables including brand performance, brand strength and role performance explains the 46% of the variance in economic satisfaction significantly ( $p < 0.01$ ). Analysis results revealed a positive relation between brand performance and non-economic satisfaction ( $p < 0.01$ ) and the standardized coefficient is 0.241. Thus,  $H_{1b}$  was supported. Similar to results of the first mode, the relation between innovation and non-economic satisfaction was not confirmed. So  $H_{2b}$  was not supported. As proposed in the hypothesis, meeting consumer needs of the manufacturer brand was related positively to non-economic satisfaction ( $p < 0.01$ ) and the standardized coefficient was 0.341. Thus,  $H_{3b}$  was supported. Analysis results revealed no significant relation between the logistic performance and non-economic satisfaction. Thus,  $H_{4b}$  was not supported. Also results showed that promotional support of the manufacturer was related positively to non-economic satisfaction ( $p < 0.01$ ) and standardized coefficient was 0.275.  $H_{5b}$  was supported.

**Table 5.** Regression analysis results.

Variable	Economic satisfaction		Non-economic satisfaction	
	Standardized beta coefficient	Significance	Standardized beta coefficient	Significance
Brand performance	0.365**	0	0.241**	0
Innovation	0.01	0.863	-0.041	0.426
Meeting consumer needs	0.209**	0	0.341**	0
Logistic performance	0.031	0.531	0.087	0.052
Promotional support	0.122*	0.042	0.275**	0
R <sup>2</sup>	0.32		0.457	
F	32.252**		56.993**	

## DISCUSSION

This paper proposed that manufacturer brand performance, brand strength and role performance increase retailer satisfaction. The results offered support for the research thesis that retailer satisfaction is positively affected by brand performance, meeting consumer needs and promotional support of the manufacturer. Thus, results revealed relations between manufacturer brands and retailers' economic and non-economic satisfaction that were not sufficiently explored in the literature.

Specifically, economic satisfaction of the retailer was affected by brand performance, meeting consumer needs, and promotional support as was hypothesized. These variables relate to economical returns and finance. If brand performance of the manufacturer is high, sales volume of the store will increase, so the retailer will gain more revenue. Likewise, if the brand meets the consumer needs, the store will have a higher consumer demand that will increase the return of the store and this will contribute to retailer's economic satisfaction.

Promotional support is another variable that increases the consumer demand and decreases the promotion costs of the retailer. Thus, higher promotional support increases retailer's economic satisfaction. Among these three variables brand performance had the highest impact on economic satisfaction. This would be because brand performance which results in higher sales volume and profit increase is the most direct and obvious contribution to the retailer's return.

Results did not reveal a significant relation between innovation and economic satisfaction. This is because retailers did not consider innovation to have a direct or indirect impact on their economical gains when compared with brand performance or promotional support. Innovation might be thought as an issue in the manufacturers realm which does not significantly influence the retailer's business.

Also, logistic performance did not have a significant relation with retailer's economic satisfaction. This would be because logistic performance was considered by the retailers as one of the basic tasks of the manufacturer that did not affect their sales volume or profit. Actually,

logistics is one of the basic role elements of the manufacturer in the sector. Manufacturer is responsible for this function with all costs included as the retailers do not bear any cost for this function.

In terms of non-economic satisfaction of retailer the results revealed relationship evidence with all variables except innovation and logistic performance. Results showed that retailers did not consider innovation of the brand as a factor that contributed to their non-economical goals. Innovation was considered by retailers as a competing factor between manufacturers or brands. Similar to economic satisfaction, logistic performance did not influence non-economic satisfaction of the retailer.

Overall, brand performance and meeting consumer needs are the main variables that affect the retailer satisfaction. These results reveal that the consumer needs and their demand for brands are critical for retailers. It should be noted that, negative performance of brands will cause dissatisfaction of the retailer that may cause difficulties in their relationship. However, high performance of brands will increase retailer satisfaction and this will improve the relation between manufacturer and retailer with better cooperation and support given by the retailer.

## MANAGERIAL IMPLICATIONS

From managerial point of view, our research reveals that, brands should be considered as an important part of retailer-manufacturer relations. High performance brands help to create satisfied retailers that are critical for the manufacturers to succeed in the market. As a result of this research, managers should not consider brands only as a consumer related subject that is only of interest to manufacturers. Retailers also take notice of manufacturer brands as well.

The results show that, brand performance is an important factor that affects both economic satisfaction and non-economic satisfaction. Promotional support as a role performance dimension also affects satisfaction in the same way. These results imply that, for practitioners, economic contribution of the brands for the retailer is



indispensable in the relations with retailer. It must be noted that the retailer's principal goal is increasing sales revenue and market growth. So any action by the manufacturer that increases sales revenue would be highly regarded by the retailers. Also, role performance dimensions of the manufacturers that affect the retailers economically should be taken into account by the manufacturers in their relations with retailers.

According to results of the study, retailer satisfaction is not affected by innovation as a dimension of brand strength. This may be because of retailer's economic focus in the relation. So innovativeness of brand is not considered as a major issue by retailers as long as it does not turn into a positive cash flow or store traffic that increases sales revenue or profit. However, the other dimension of brand strength, meeting consumer needs affects both economic and non-economic satisfaction. In this area it should be noted that retailers consider consumers evaluation of the brands sold in the store and this is one of the key points of their satisfaction with the manufacturer and the brands. Because meeting consumer needs by the manufacturer brand would increase retailer's sales and customer satisfaction which is essential for retailer. Another result of this study that is significant for practitioners, is that logistic performance as a dimension of role performance does not contribute to retailer satisfaction. However, lack of logistic performance may be a problem between manufacturer and retailer. Thus, implementers should focus on performance of their brands and provide support while ensuring the continuance of the required logistic service levels.

## LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This empirical study has several limitations which should be taken into account in future research. The sample was selected from the stores those have in-store area larger than 100 m<sup>2</sup>. Thus, the research results are specially useful for supermarkets. Also, the study could not test the model with national supermarket chains; those have a high number of stores throughout the country. For future research, the model could be tested with smaller retailers and national supermarket chains.

As earlier mentioned, role performance was examined in terms of several dimensions by the authors. These dimensions are generally product quality, operational support, service quality, cooperation, financial returns generated for the retailer and contribution to the retailer's sales and market share (Cannon and Perreault, 1999; Yilmaz et al., 2004). However, logistic performance and promotional support was the focus of this study in terms of role performance dimensions. Further research could evaluate role performance jointly with other dimensions.

Another limitation of the study is the usage of a single brand data. Testing the model with different brands and with other sectors would substantially add to our knowledge of the role of brand strength and brand

performance on the retailer satisfaction.

Finally, the model can be improved with new variables that further define the relation between manufacturer and retailer. For instance different variables related to the brand such as brand image, brand communication could be added to the model for future research.

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