INVESTIGATING RELATIONSHIP TYPES FOR CREATING BRAND VALUE FOR RESELLERS

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 and 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 (Webster, 2000; Ailawadi and Farris, 2017). 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 and 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 (Kotler, 1974; Gupta, Melewar, and Bourlakis, 2010a).

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 et al., 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 and Moriarty, 1998; Shocker et al., 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 manage the reseller markets (Gupta et al., 2016). The need to drive engagement of resellers in competitive networks necessitates the generation of brand value that resellers will appreciate (Cravens et al., 1996; Slater and 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 and 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 and Knox, 2001; Srivastava et al., 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 et al., 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 (Ritter and Walter, 2003; Gupta et al., 2016). Brand managers seek information about the target market and the actions of competitors to develop counter-marketing plans (Achrol and Kotler, 1999; Keller and Lehmann, 2009; Slater and 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 (Mitussis et al., 2006; Palmatier et al., 2007; Gupta et al., 2008). 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 and Hunt, 1994). Relationship marketing can be one such tool that aids brand managers to get access to information they need (Brynjolfsson and 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 et al., 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 and Hunt, 1994; Yen and 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 et al., 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 and 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; Dewhirst and 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 et al., 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 strategical 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 work together in a mutually beneficial manner, sacrificing alternative short-term opportunities for the long-term benefits to be shared by both parties (Weitz and Bradford, 1999).

This paper synthesises theories from branding and relationship marketing literature to address how the deployment of relationship marketing by brand managers leads to creating superior brand value for their resellers (Keller and Lehman, 2006). Current literature supports our arguments that resellers become inclined to get engaged with a brand when they see value that facilitates success for their business. Using the theory of relationship marketing (Morgan and Hunt, 1994), we argue that relationships between brands and resellers strengthen the possibility of the brand value being recognised as a consequence. Specifically, we suggest that this could be achieved through firstly, a real-time relationship between brand manager and resellers, secondly a mutually beneficial relationship for both brand and reseller and thirdly a collaborative relationship in nature, to facilitate achievement of results desired by both the brand and the reseller.

2.1 Real-time Relationship for Collaborative Relationship

Chen and Popvich (2003) reviewed development and management of real-time relationships with customers using an integrated approach. Real-time relationship refers to the direct communications which occur between brand manager and resellers, without having to go through distributors in the sales network. Real-time relationships allow a brand manager and resellers to interact and work together for mutual benefits by facilitating exchange of responses and reactions in a manner that is frequent and personalised, wherein it is possible to develop personal and social

relationships (Gupta et al., 2010; Palmatier, 2008; Knox et al., 2007). Chen and Popvich (2003) recommended that firms should consider the strategic nature of relationships with customers and use real-time relationships as a strategy, combining information about people, process and technology, to create knowledge useful for management and retention of customers. Such management of relationships requires cross-functional re-engineering of a company's functions in collaboration with smooth execution of processes with a strong focus on customers (Chen and Popvich, 2003; Lindgreen et al., 2006). Whilst real-time relationships provide resellers a chance to directly feed back their concerns and requirements to the brand managers, they also provide brand managers with the opportunity to acknowledge, discuss and tailor their offering and marketing mix immediately in order to better satisfy the resellers. Therefore, we argue that real-time relationship is beneficial for both the resellers and the brand manager, thus encouraging them to work towards a more collaborative relationship. Therefore, we hypothesise that:

H1: Real-time relationship with a reseller will lead to a collaborative relationship with the reseller.

2.2 Real-time Relationship for Mutually Beneficial Relationship

Existing business relationship literature has discussed the importance of effective communications in business-to-business relationships and networks, with the view that real-time communications can promote better trust, commitment, cooperation and coordination in business relationships (Morgan and Hunt, 1994; Yen and Barnes, 2011). Similarly, the business-to-business marketing literature explains "real-time interactions" as a tool used by brand managers to offer more brand value, thus motivating their resellers to better promote their brands and products in a competitive market (Hakansson et al., 2009; Ford and Hakansson, 2006). Real-time relationship satisfies the need for creating and communicating brand value to resellers engaged with a brand without the employment of distributors (Leone et al., 2006; Shocker et al., 1994). Through timely, frequent and direct interactions with each other, real-time relationships can certainly promote the generation of mutual benefits, better understanding, better support and generally higher reciprocity between brand manager and resellers (Anderson et al., 1994; Abosag et al., 2016). To this extent, we therefore conceptualise that a real-time relationship between brands and resellers can lead to mutual benefits for both the resellers and the brand manager. Therefore, we hypothesise that:

H2: Real-time relationship with a reseller will lead to a mutually beneficial relationship with the reseller.

2.3 Collaborative Relationship for Mutually Beneficial Relationship

Effectiveness of a business relationship is based on mutual benefits received by both parties involved in the relationship (Natti and Ojasalo, 2008; Weitz and Bradford, 1999). Offering benefits relevant to resellers would place the brand in a position superior to its competitors and ultimately would drive consumer purchases (Ailawadi and Keller, 2004). It is very challenging for brand managers to identify benefits that are required by resellers in a distribution network because they often communicate directly with distributors rather than with resellers (Gupta et al., 2008; Shocker et al., 1994). This results in their lack of understanding of the resellers' requirements and hinders their collaboration with the resellers. Whilst such limited collaboration between the brand manager and the resellers impedes their development of mutually beneficial marketing initiatives (Gupta et al., 2008), we argue that the development of a collaborative relationship, wherein both brands and resellers collaborate their efforts in brand-related sales, will positively contribute to the development of mutually beneficial relationships. Thus, they move into "mutually beneficial relationships", wherein both parties are working together to seek and maximise their mutual benefits in such brand-reseller relationships.

Therefore, we hypothesise that:

H3: Collaborative relationship with a reseller will lead to a mutually beneficial relationship with the reseller.

2.4 Real-time Relationship for evaluation of Brand Value

In a competitive market, wherein multiple brands are offering similar products, the brand managers may attempt to generate higher brand value to resellers, in order to better promote their brands' market share and encourage the resellers to work on selling more of the brands (Gupta et al., 2008). Often, resellers are micro level, small and medium firms and as a result have limited resources available for brand promotion (Gupta et al., 2016). Whilst it is not possible for resellers to promote all of the brands due to resource constraints, resellers can choose to strategically promote certain brands that are regarded as having superior brand value. Real-time relationship provides brand managers with the opportunity to create more values for their resellers. For

example, providing offerings that are customised to the individual requirements of the resellers directly, such as modified product specifications, gives opportunities to offer higher price discounts to customers, etc. These customised offers add to the perceived value of the brands, as these offers can help the resellers sell more of the products and thus increase their profitability (Anderson et al., 1997; Hooley et al., 1998; Shocker et al., 1994). Whilst real-time relationship offers resellers the chance to negotiate directly and give feedback or requests to the brand manager without having to go through the distributor, brands that offer real-time relationship are likely to be regarded as better brands and lead to better brand value from the resellers' perspective. Hence, we hypothesise that:

H4: Real-time relationship with a reseller will lead to the reseller's superior evaluation of the brand's value.

2.5 Collaborative Relationship for evaluation of Brand Value

Relationships with resellers are important to brand managers because they enable them to cut through the competition and achieve their business goals (Day, 1994). Like brands, markets are competitive for resellers too (Weber, 2001). Native knowledge and local access available to resellers enable them to closely monitor the market dynamic and identify marketing opportunities available for brands (Douglas and Craig, 2011). Therefore, compared to others that refuse to collaborate with resellers, brands that are keen to collaborate and coordinate their marketing and sales resources and activities with their resellers are more likely to be regarded as providing higher brand value to the resellers. Previous research (Chimhundu, 2005; Glynn, 2004) working in the area of branding for business-to-business markets have discussed the role of brand value in a brand-reseller relationship. But they have not discussed how collaboration between brand and reseller would in turn increase resellers' perceived value of the brand. Therefore, we hypothesise that:

H5: Collaborative relationship with a reseller will lead to the reseller's superior evaluation of the brand's value.

2.6 Mutually Beneficial Relationship for evaluation of Brand Value

Strength of a business relationship depends upon the benefits that two firms in the relationship receive from the association (Ravald and Gronroos, 1996). Both brand managers and

resellers seek benefits from their relationships with the other (Glynn, 2010). However, mutually beneficial relationship means that the benefits sought by either party are mutually beneficial for another party, therefore resulting in a win-win situation. For example, to promote sales, brands offer resellers exclusive product designs in a competitive market (Webster, 2000) and in return, resellers make an extra effort in promoting the brand's sales in this competitive market. A mutually beneficial relationship is harder to establish with resellers, as this means that brands may give up some opportunities provided by other resellers in the same market; however when a brand is working closely with resellers in business relationships that seek mutual benefits and win-win collaborations, the brand is more likely to be evaluated as offering higher brand value. Therefore, we hypothesise:

H6: Mutually beneficial relationship with a reseller will lead to the reseller's superior evaluation of the brand's value.

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3. RESEARCH METHOD

To examine the brand relationships' value creation framework and the six hypotheses specified above, quantitative data was collected from an Indian reseller in Delhi, Rajasthan and Gujarat, India. India is chosen as the research context because it offers very high potential for businesses that sell products to consumers through a network of intermediaries such as distributors, wholesalers, stockists and retailers. While distributors buy the material from international brands, wholesalers and stockists store the material, making it available to both large and small retailers who in turn offer it to customers through their shelves in remote locations. The distribution network in a country like India allows international brands to penetrate the market successfully without having to set up their own shops or retail outlets.

Indian resellers, engaged in selling branded products sourced from distributors of large international firms, provided a good setting to explore the type of relationship that may lead to the creation of brand value for resellers. This is because India is a very competitive market and often international brands struggle to reach different segments in the market without the help of the resellers. Relationships with resellers help international brands to get access to the market, which otherwise would be difficult to penetrate even through distributor firms. Traditionally, market

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penetration models of international firms offering branded products do not require their brand managers to develop a direct and real-time relationship with resellers because in the past international firms have managed their supply chain through their distributors. However, whilst the market has increasingly become more competitive, brands venturing into India often realise that it is important that they start working on developing a direct relationship with resellers, in order to increase their market share and profitability in the Indian market.

Valid and reliable measures for the study were identified from previous studies and were adapted and modified from the perspective of the research questions being investigated. Then the research instrument was pilot tested with five academics, researchers and resellers to identify areas they found difficult to understand, irrelevant or unable to answer (Table I). The instrument was then modified based on feedback received, and the final version based on the 4 constructs and 28 items was sent out to the field for a quantitative survey.

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Data was obtained from resellers selling products of international brands in the information technology sector in Delhi, Rajasthan and Gujarat, India. Prior to data collection, a list of firms was obtained from the local trade associations that listed all the available resellers in 2016. In total, more than 1000 firms were listed in each of these cities. A random sample technique was employed for contacting respondents through field surveyors who firstly explained the purpose of the study to the resellers, before presenting the research instrument. This approach helps identify the suitability and qualifies resellers as the respondents who are deemed knowledgeable of the topic being studied. We checked the non-response bias by contacting 28 non-respondents and asked them to respond to non-demographic questions. The results from a t-test of group means illustrated that there were no differences between the non-respondents and respondents. Therefore, we expected that there would be no problem with the non-response bias in our study (Nyadzayo et al., 2016).

In short, a total of 600 resellers were approached by the field surveyors for this study, out of which only 308 completed the survey. Averaged over the 3 locations, 65% of the respondents were between 25 and 35, and 25% were between 35 and 45 years of age. 78% of respondents were males. About 72% of the respondents had a postgraduate degree. 83% of the respondents had

more than five years' experience in micro level entrepreneurial firms. The responses to multi-item measures were recorded on a 7 point Likert scale. A higher score indicated favourability of resellers towards the brand.

The questionnaire included measures for the firm's marketing and organisational processes in addition to demographic information. 308 completed survey questionnaires were coded in SPSS 21. Based on the initial exploratory factor analysis (EFA), twelve items (RTR3, RTR4, RTR6, MBR2, MBR6, MBR7, CR1, CR3, CR7, CR8, BVR3 and BVR6) were removed for contributions to reliability that were somewhat lower than those of peers, and multiple loadings on two factors (Hair et al., 2006). The total variance explained by each component is presented in Appendix I. The factors that contributed eigenvalues >1 were significant and the remaining were disregarded (Hair et al., 2006; Tabachnick and Fidell, 2007). Principal component analysis showed the presence of ten components with eigenvalues exceeding one. Appendix I shows that the highest variance extracted by items into a construct were observed in variables BVR (i.e. 34.615%) and the lowest one was observed in variables RTR (i.e. 11.763%). Altogether, four components explained a total variance of 76.936% (see column cumulative %), which is higher than the recommendations (Hair et al., 2006; Tabachnick and Fidell, 2007) (Appendix I).

After removing these items, this analysis illustrates that the individual remaining items are based on corresponding factors as intended. Internal consistency reliability was assessed using the coefficient alpha method, and not the split-half technique, because Cronbach's alpha, the most widely used internal consistency method, indicates how the different items purport to measure different aspects of a construct (Churchill, 1979; DeVellis, 2003; Hair et al., 2006; Tabachnick and Fidell, 2007). Based on the results, the internal consistency reliabilities of the measures were acceptable (Cronbach's alpha > 0.8). Furthermore, the data were plotted graphically to check for normality. As the data were found to be non-normal, the non-parametric Mann-Whitney U-test was performed between early and late respondents with respect to the means of all the variables. According to the sequence in which survey questionnaires were returned, the first 50 observations were taken as early respondents and the last 50 were taken as late respondents (Lambert and Harrington, 1990). There is no major statistical difference between early and late respondents. Accordingly, in this research non-response bias is not a concern.

This study employed the common method variances (CMV) based on the recommendation by scholars (Harman, 1967; Lindell and Whitney, 2001; Malhotra et al., 2006; Podsakoff et al.,

2003) to examine every answer of participants related to independent and dependent variables, which could have inflated or deflated the estimated relationships. CMV refers to "possibility arises from the method variance to inflate the observed correlations between the variables artifactually, are the frequently mentioned concern of researchers in empirical study" (Zhang and Chen, 2008, p. 245). This study followed Harman's one-factor test to examine the common method bias and a common latent factor proposed by previous studies, using a chi-square difference among the original and fully-constrained model. The results show that more than one factor was extracted which, as less than 50% of the variance was related to the first factor, common method bias is unlikely to have been a major problem in this study. Then we carried out a confirmatory factor analysis (CFA) and the hypothesised structural model was examined with structural equation modelling by employing AMOS 21.

4. RESULTS

Taken together, the results of the confirmatory factor analysis demonstrate that the hypothesised four-factor model - Real-time Relationship (RTR), Mutually Beneficial Relationship (MBR), Collaborative Relationship (CR) and Brand Value for Resellers (BVR) - fits the data well. Our objective for performing CFA was to explore the individual contribution of all variables to understand their significance in the creation of brand value without any mediation. First, the clarification was appropriate in that there were no negative variance estimates or other improprieties. Second, the overall goodness-of-fit indices illustrate that the model sufficiently accounted for sample variances and covariance. All of the model-fit indices exceed the respective common acceptance levels and demonstrate that the model exhibited a good fit with the data collected (Byrne, 2001; Hair et al., 2006).

Furthermore, the other absolute fit measure, the goodness-of-fit index (GFI), indicated an acceptable fit (.937). The adjusted goodness-of-fit index (AGFI) is an expansion of the GFI index of .909 and suggests that model fit is only marginal. The comparative fit index (CFI) (.98>.90) indicates good fit. CFI is considered as an improved version of the NFI (.958>.90) index. The Tucker-Lewis index (TLI), also known as the non-normed fit index (NNFI), compares the χ^2 value of the model with that of the independent model and takes degrees of freedom for the model into consideration (Hair et al., 2006; Tabachnick and Fidell, 2007). Root mean square error of

approximation (RMSEA) of 0.052 was used to judge the model fit (an acceptable level should be below 0.08, (Hair et al., 2006; Kline, 2005)).

It is worth noting that, because there is a lack of agreement among researchers about the best goodness-of fit-index and because some indices are sensitive to sample size, the best strategy is to adopt several different goodness-of-fit indices (Gerbing and Anderson, 1992). The influence of independent variables about how a brand can integrate marketing and operational functions of a brand on the brand selection criteria of resellers as a dependent variable in the fitness report of the structural model also indicated a good fit.

Third, the hypothesised measurement factor loadings were all statistically significant and considerable in size. The measurement model was evaluated to observe item and construct reliability, which were large, and convergent validity of the constructs. The results show that the model provides a strong test of the hypothesised associations among the constructs of interest.

Finally, confirmatory factor analysis of all constructs together was used to evaluate discriminant validity and there was evidence of an adequate level of discriminant validity. The correlation between each pair of latent variables was significantly less than 1 (Appendix II). This research applied Pearson's correlations matrix at the 0.01 significance level (2-tailed) to determine the linearity and multi-collinearity of the research constructs; it found all independent variables considerably positively correlated to the dependent variables. The results of this test showed that all variables are linear. The bivariate correlation matrix was computed using Pearson's correlation. The results of the correlation matrix reveal that none of the bivariate correlations was highly correlated (.90 or above) with any other (Hair et al., 2006; Tabachnick and Fidell, 2007), satisfying the assumption of multi-collinearity. Another method of checking multi-collinearity is by looking at the scores of Variance Inflation Factor (VIF) and tolerance effect (Hair et al., 2006). The larger VIF (above 10) and lower tolerance (below .1) indicate the presence of multi-collinearity (Pallant, 2007).

The average variance extracted (proportion of the total variance in all indicators of a construct accounted for by the construct) (Fornell and Larcker, 1981) exceeded the squared correlations between the factors, indicating strong discriminant validity. Moreover, the variance extracted for each construct, which measures the overall amount of variance captured by the indicators relative to measurement error, was compared to the square of each off-diagonal value within the Phi matrix for that construct (Fornell and Larcker, 1981). In all cases, the variance

extracted exceeded the phi estimates, suggesting that measures diverge from other operationalisations whereby the construct is truly distinct from other constructs (Hair et al., 2006; Peter and Churchill, 1986; Steenkamp and Van Trijp, 1991); it is the complementary concept to convergent validity.

As the proposed measurement relationships were consistent with the data, the next step in the analysis was to estimate the hypothesised model. Table II illustrates the completely standardised parameter estimates for the hypothesised model. The findings regarding causal paths (standardised path coefficients (β), standard error, *p*-value and hypotheses results), the parameter estimates corresponding to hypothesised SEM paths and the resulting regression weights are presented in Table II. The standardised regression path between the real-time relationship (RTR) and collaborative relationship (CR) is statistically significant ($\gamma=0.\ 201$, *t*-value= 2.853). This means that H1 (*Real-time relationship with a reseller will lead to a collaborative relationship with the reseller)* is fully supported.

H2 (*Real-time relationship with a reseller will lead to a mutually beneficial relationship with the reseller*) is fully supported by the significant relation between RTR and MBR ($\gamma=0.\ 233$, *t*-value=3.302). In addition, Hypothesis 3 (*Collaborative relationship with a reseller will lead to a mutually beneficial relationship with the reseller*), which explains the relationship between collaborative relationship (CR) and mutually beneficial relationship (MBR) was found to be significant in the hypothesised direction ($\gamma=0.171$, *t*-value=2.77). H4 was also completely supported, showing that r*eal-time relationship with a reseller will lead to the reseller's superior evaluation of the brand's value against competitors* ($\gamma=0.274$, t-value=3.902). In addition, H5: c*ollaborative relationship with a reseller will lead to the reseller's superior evaluation of the brand's value against competitors* was supported ($\gamma=0.235$, *t*-value=3.871). H6, however, was not supported. In the hypothesised model, *mutually beneficial relationship with a reseller will lead to the reseller's superior evaluation of the brand's value against competitors* did not reach significance ($\gamma=0.091$, *t*-value=1.518). This shows developing a mutually beneficial relationship with resellers will not help increase the resellers' evaluation of a brand's value. Overall, the results show that the hypotheses received a considerable amount of support, as five out of the six proposed relationships were statistically significant. The results of the validated structural model are depicted in Figure II.

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5. DISCUSSION

Our work supports the integration of branding in the distribution processes, with an emphasis on collaboration between the brand and its resellers (Hatch and Schultz, 2003; Knox, 2004). Consistent with our hypotheses, real-time relationship was found to be effective in developing collaborative business relationships (H1) between the brand and resellers in a distribution network. In addition, our study supports the findings of Day (2000), Shoemaker (2001) and Gupta et al. (2008) and highlights that a real-time relationship when managed with resellers will create a mutually beneficial relationship with the reseller (H2). Moreover, results show that collaborative relationships between brands and resellers also promote the development of mutually beneficial relationships (H3). As the previous studies only reflect on brand value from brand managers' perception and ignore the view of small resellers, our research is novel as it illustrates that the real-time relationship with a reseller will lead to the reseller's superior evaluation of the brand's value against competitors (H4).

The results of our study prove that the collaborative relationship with a reseller will lead to the reseller's superior evaluation of the brand's value against competitors (H5) and shows how collaboration between brand and reseller would in return increase resellers' perceived value of the brand. Interestingly, our data analysis demonstrates that a mutually beneficial relationship with a reseller cannot lead to the reseller's superior evaluation of the brand's value against competitors, thus rejecting hypothesis H6. This result was contrary to previous studies reflecting on mutual benefits as indicators of relationship marketing (Wang, 2007; Gupta et al., 2016). This may be because for resellers to dedicate their effort in building a mutually beneficial relationship with one particular brand is against the resellers' approach to sales and profit generation.

5.1 Theoretical Implications

From a theoretical perspective, the results highlight the importance of establishing real-time relationships and collaborative relationships with resellers in competitive business-to-

business markets. Real-time relationships offer brand managers the chance to establish direct and timely communications with resellers, which help them obtain more up-to-date marketing information and local knowledge in a competitive environment. Additionally, collaborative relationships help brand managers better coordinate and collaborate with resellers on all-brand related activities and resources, which are considered beneficial to help promote sales for both brands and resellers. On the contrary, mutually beneficial relationships are not considered as a suitable approach for brands, if they wish to increase their perceived brand values, as mutually beneficial relationships demand a higher level of brand commitment and suggest relationship exclusivity, which are not welcomed by resellers.

The study contributes to existing business-to-business and relationship marketing literature in three ways. Firstly, by explaining the structure of the distribution networks and highlighting the differences between different actors in a distribution channel that brands would consider establishing business relationships with, this study broadens previous understanding on business-to-business relationships that were predominately discussed based on direct buyer-seller relationships (Morgan and Hunt, 1994; Yen and Barnes, 2011; Yen and Abosag, 2016). Secondly, by highlighting the strategic importance for brand managers to focus on improving its brand-reseller relationships, this study sheds new light to business brand management literature and gives novel suggestions in terms of how brands could better enhance their sales and presence through resellers in competitive markets (Gupta et al., 2016). Thirdly, it extends previous works on the role of relationship marketing by Palmatier et al. (2007) and Parvatiyar and Sheth (2001) by clearly articulating different types of business relationships and demonstrating their individual effect on brand value.

5.2 Managerial Implications

This research has implications for both brand managers and resellers and proposes that brands selling through distributors should develop real-time, collaborative and consequentially mutually beneficial business relationships in distribution networks (Krake, 2005). Such relationships develop the confidence of resellers in the approachability and availability of a brand when they have an operational problem or an issue in selling a brand. A collaborative relationship with resellers ensures that their needs are met through marketing support of the brand.

Markets are competitive because resellers are always approached by many competitive brands. Therefore, when a brand is not available or performed not so well, the alternative brands may get an opportunity to be recommended and pushed onto consumers because resellers don't want to lose the sale. It then creates variations in selection of brands by resellers within the same product category. Since our finding shows that brands that are available to provide the needed support, to collaborate relevantly, are the brands that are regarded as having higher values, they are more likely to be offered to customers when available.

For managers, this research shows to all brand managers that real-time relationships directly with resellers are critical to the development of more collaborative and mutually beneficial relationships. In return, resellers would evaluate the brands that (made such effort) as brands that are of higher value than competitors' and as a consequence, the resellers would dedicate more effort in promoting these brands. Therefore, marketing and brand managers of MNEs are encouraged to consider developing real-time relationships directly with resellers as such relationships will help promote the perceived brand values in the eyes of the resellers. Such a relationship is of particular importance in very competitive international markets wherein local resellers are supplying similar products of several competing brands. By having closer, real-time, collaborative relationship with resellers, brands are more likely to secure valuable market information quicker than the others, and prompt the resellers to sell more of their product, thus increasing market share and profitability in these markets. However, it is worthy of note that whilst mutually beneficial relationship is not proven to positively affect perceived brand value, brand managers need to be aware that it may be unrealistic to expect resellers to constantly work towards generating exclusive benefits to one brand, or to dedicate all its sales force on promoting one brand only, considering the competitive environment of the reselling sector.

All companies selling branded products in any categories can use our findings to apply the approach in a generalised manner. Our research contributes to knowledge about real-time, collaborative and mutually beneficial relationships between brands and resellers in the business environment that use technology for management of information to successfully manage relationships in competitive and large markets (Gunasekaran and Ngai, 2005; Krake, 2005; Saren and Tzokas, 1998). While the focus of our investigation was on examining the role of three individual types of relationships, it would also be interesting to identify conditions under which brand cannibalisation occurs, wherein all competing brands use the same formula for their

marketing and market management techniques in distribution networks. Future researchers should extend this study by distinguishing between manufacturer brands, retailer brands, corporate brands, product and/or service brands. Identifying and establishing moderation effects, non-linearities or interactions between constructs could also extend this study.

6. SUMMARY, LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study fills the gap in our current understanding about relationship marketing. By arguing the need for marketers to integrate marketing with organisational functions of the brand and by identifying different types of relationships that have a critical effect on generating brand value for resellers, this research conceptually proposes and empirically validates the brand relationship and value creation framework. In theory the influence of marketing and organisational processes on the behaviour of customers has been recognised as a very important aspect of business relationships. The role of the brand-reseller relationship in developing stronger relationships with resellers which can lead to collaboration in marketing activities was theorised and tested empirically using the survey data.

While the results of our study provide some meaningful ideas for practitioners and academics focussing on business relationships, it also suffers from certain limitations. This study has used cross-sectional data and has not examined the differences in relationships between brand and resellers over a period of time. We recommend that business relationships between brands and resellers should be examined longitudinally, as a progressive change based on the dynamic nature of the business-to-business environment requires ongoing nurturing of the relationships with resellers by the brand. Our study is limited to the information technology sector and its results cannot be generalised for other industry sectors. There is also a risk of response bias from respondents.

This research opens up avenues for new exploratory studies that can investigate the impact of brand-reseller relationships on brand efficiency based on relationships in distribution networks. It encourages academics and practitioners to address the main issue underlying the theme of this paper, i.e. to improve the algorithm of integration of marketing and operational functions for the success of the brand in competitive business relationships. The second area for future research is

to understand brand cannibalisation due to lack of integration of marketing and business processes of the brand.

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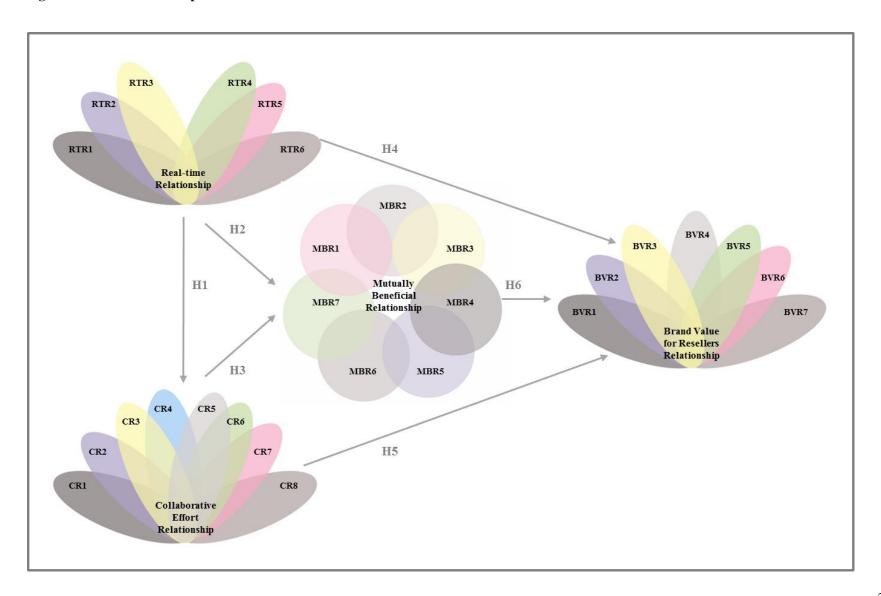**Figure I: The research conceptual model**
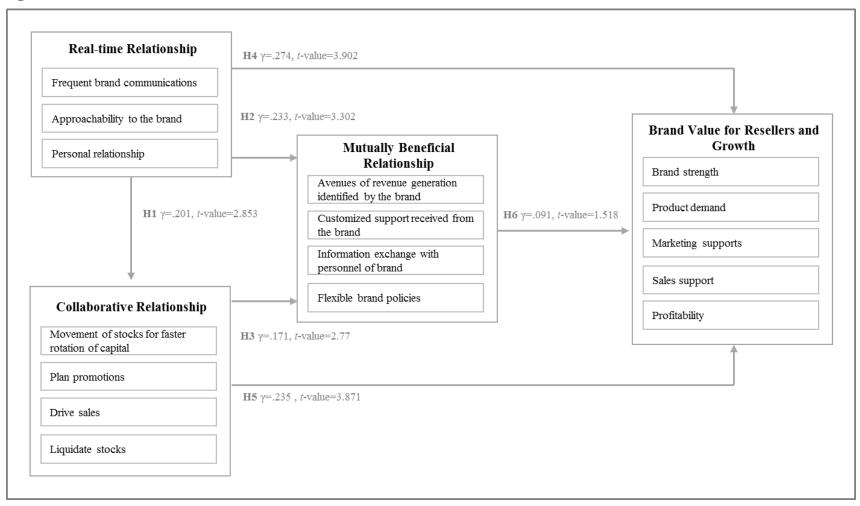
Figure II: Validated structural model

Do you want to change "customized" to "customised" for continuity?

Table I: The main constructs and measurement items

CONSTRUCT	CODE	ITEMS	REFERENCE
Real-time Relationship (RTR)	RTR1	Real-time relationship allows frequent & direct communications about the brand	Knox et al. (2007); VanBruggen et al. (2005); Urban et al. (2000); Gupta et al. (2010); Palmatier (2008)
	RTR2	Real-time relationship allows direct communications that develop understanding about approachability to the brand	
	RTR3	Real-time relationship allows direct communications that help me understand support I can receive from the brand	
	RTR4	Real-time relationship allows direct communications that facilitate development of a direct relationship with the brand	
	RTR5	Real-time relationship allows direct communications that facilitate development of personal relationship	
	RTR6	Real-time relationship allows direct communications that facilitate development of a social relationship with the brand	
Mutually Beneficial Relationship (MBR)	MBR1	A relationship that creates avenues of revenue generation for mutual benefits	Hada et al. (2013); Lewin and Johnston (1997); Gupta et al. (2010); Homburg et al. (2000)
	MBR2	A relationship that creates mutual understanding about value offered by brand and its resellers to one another	
	MBR3	A relationship that allows mutual customisation of support received by brand and reseller from one another	
	MBR4	A relationship that enables mutual exchange of information by brand and reseller	
	MBR5	A relationship that enables both brand and reseller to have a flexible approach to their organisational policies for the benefit of the other	
	MBR6	A relationship that creates mutual incentives on sales for both brand and its resellers	
	MBR7	A relationship that ensures mutual efforts of both brand and its resellers for smooth delivery of service after sales	
Collaborative Relationship (CR)	CR1	A relationship that facilitates collaborative efforts by brand and its resellers to ensure availability of products of the brand when demand arises	Glynn (2004); Parniangtong (2017); Gupta (2010); Webster (2000)
	CR2	A relationship that facilitates collaborative efforts by brand and its resellers to ensure smooth movement of stocks for faster rotation of capital	
	CR3	A relationship that facilitates collaborative efforts by brand and its resellers to ensure availability of support for achieving target sales	
	CR4	A relationship that facilitates collaborative efforts by brand and its resellers to plan promotions	
	CR5	A relationship that facilitates collaborative efforts by brand and its resellers to drive sales	

	CR6	A relationship that facilitates collaborative efforts by brand and its resellers to liquidate stocks	
	CR7	A relationship that facilitates collaborative efforts by brand and its resellers to identify future targets	
	CR8	A relationship that facilitates collaborative efforts by brand and its resellers to mutually agree targets	
Brand Value for Resellers and Growth (BVR)	BVR1	A relationship that communicates value offered by brand to its resellers as brand strength	Webster (2000); Gupta et al. (2008); Keller and Lehmann (2009); Gupta et al. (2010)
	BVR2	A relationship that communicates value offered by brand to its resellers as product demand	
	BVR3	A relationship that communicates value offered by brand to its resellers as support after sales	
	BVR4	A relationship that communicates value offered by brand to its resellers as marketing support	
	BVR5	A relationship that communicates value offered by brand to its resellers as sales support	
	BVR6	A relationship that communicates value offered by brand to its resellers as growth	
	BVR7	A relationship that communicates value offered by brand to its resellers as profitability	

Table II: Structural Equation Model Result

Hypothesized relationships			Estimate	S.E	C.R	p	Hypothesis
H1	**Real-time Relationship**	--->	**Collaborative Relationship**	0.201	0.07	2.853	0.004	Supported
H2	**Real-time Relationship**	--->	**Mutually Beneficial Relationship**	0.233	0.071	3.302	***	Supported
H3	**Collaborative Relationship**	--->	**Mutually Beneficial Relationship**	0.171	0.062	2.77	0.006	Supported
H4	**Real-time Relationship**	--->	**Brand Value for Resellers and Growth**	0.274	0.07	3.902	***	Supported
H5	**Collaborative Relationship**	--->	**Brand Value for Resellers and Growth**	0.235	0.061	3.871	***	Supported
H6	**Mutually Beneficial Relationship**	--->	**Brand Value for Resellers and Growth**	0.091	0.06	1.518	0.129	Not- Supported

**p<0.01, *p<0.05.

Appendix I: Total Variance Explained

Component	Initial Eigenvalues Total	Extraction Sums of Squared Loadings % of Variance	Rotation Sums of Squared Loadings[a] Cumulative %	Total	% of Variance	Cumulative %
1	5.885	34.615	34.615	5.885	34.615	34.615
2	2.724	16.024	50.640	2.724	16.024	50.640
3	2.471	14.533	65.173	2.471	14.533	65.173
4	2.000	11.763	76.936	2.000	11.763	76.936
5	.911	5.357	82.293			
6	.653	3.839	86.132			
7	.322	1.892	88.024			
8	.300	1.765	89.789			
9	.282	1.657	91.446			
10	.268	1.574	93.020			

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Appendix II: Study constructs and scale items, descriptive statistics, factor loadings and reliabilities

Constructs	Measurement items	Fac. load.	Mean	Std Dev	AVE	Com. Reli	Cronbach alpha
Real-time Relationship					90.7	.96	.915
		1					
	RTR1	.920	5.43	1.231	**Items deleted** (RTR2, RTR3, RTR4, and RTR6) low reliability		
	RTR2	.909	5.49	1.254			
	RTR5	.882	5.43	1.270			
Mutually Beneficial Relationship					82.4	.94	.877
		.257**	1				
	MBR1	.662	5.25	1.327	**Items deleted** (MBR2 and MBR6) and (MBR7) cross-loaded		
	MBR3	.880	5.14	1.264			
	MBR4	.907	5.08	1.347			
	MBR5	.899	5.12	1.317			
Collaborative Relationship					88.9	.97	.922
		.176**	.245**	1			
	CR2	.878	5.24	1.377	**Items deleted** (CR3 and CR7) low reliability and (CR1 and CR8) cross-loaded		
	CR4	.914	4.96	1.548			
	CR5	.887	4.87	1.555			
	CR6	.855	5.44	1.423			
Brand Value for Resellers and Growth					90.8	.98	.947
		.275**	.223**	.277**	1		
	BVR1	.877	5.60	1.396	**Items deleted** (BVR3 and BVR6) low reliability and cross-loaded		
	BVR2	.887	5.62	1.366			
	BVR4	.906	5.52	1.443			
	BVR5	.891	5.61	1.332			
	BVR7	.893	5.54	1.438			