Unlocking the Link between Relationship Duration and Product Failure in Retail Channels: The Role of Market Orientation and Brand Diffusion

Ismail Gölgeci*, Associate Professor of Marketing Strategy, School of Business and Social Sciences, Department of Business Development and Technology, Aarhus University, Herning, Denmark. Tel: +4593521226, Email: i.golgeci@btech.au.dk.

Ricardo Malagueno de Santana, Associate Professor of Accounting, Norwich Business School, University of East Anglia, Norwich, UK. Tel: +44 (0)1603 59 1403, Email: R.Malagueno@uea.ac.uk.

Andrew Fearne, Professor of Value Chain Management, Norwich Business School, University of East Anglia, Norwich, UK. Tel: +44 (0)1603 59 7239, Email: A.Fearne@uea.ac.uk.

*** Corresponding Author**

Acknowledgements: We would like to thank Lucy Coupe for help with data collection and preparation of the database. This research was made possible by funding from Invest NI and the ESRC Business and Local Government Data Research Centre at the University of East Anglia.

Unlocking the Link between Relationship Duration and Product Failure in Retail Channels: The Role of Market Orientation and Brand Diffusion

Abstract

Despite the increasing possibility and threat of product failure in retail channels, little is known about the relationship-specific and supplier-related antecedents of product failure. Drawing on the extant research on buyer-supplier relationships, brand management, and market orientation (MO) in business-to-business markets, our research explores the antecedents of product failure in retail channels and unlocks the link between relationship duration and product failure by examining the role of MO and brand diffusion. Testing our hypotheses by using a combination of primary data with both objective and subjective measures and proprietary objective data from a sample of suppliers to a large British supermarket, we reveal interesting findings. Our findings indicate that the supplier's brand diffusion in retail stores is an essential means of utilizing relationship duration between suppliers and retailers to reduce product failure in retail stores. Interestingly, we also find that MO plays opposite moderating roles in the links between relationship duration, brand diffusion, and product failure in that it strengthens the negative influence of relationship duration on product failure, while it weakens the positive influence of relationship duration on brand diffusion.

Keywords

Relationship duration; product failure; market orientation; brand diffusion; retail channels; buyer-supplier relationships

1. Introduction

Until relatively recently, the retail sector was marked by a greater range of product assortments and relative ease of attaining a shelf space, which presented a completely different picture to the rationalized range structure that exists today. A study by Wagner, Fillis, and Johansson (2005) highlighted the growing significance of local and regional produce in British grocery retailing in 2005. They detailed how major food retailers sought to capitalize on this trend by working with local small and medium-sized enterprises (SMEs) by offering training and advice to suppliers on how to work with large retailers. Fourteen years on, however, the picture of

mainstream retail has fundamentally changed. The "reset era" driven by omnichannel retailing (Verhoef, Kannan, & Inman, 2015) and rapidly transforming competitive landscape (Waller et al., 2010) has coerced supermarkets to compete fiercely against each other and compelled them to implement radical measures for streamlining. For example, Tesco's 2015 Project Reset, which aimed to reduce a seemingly overstocked range by 20 to 30%, has recently been upgraded to its "Sourcing Reset" strategy that will review the entire supplier base over the next two years (Grocer, 2018). It seems that no supplier – not even the likes of large international brands (Grocer, 2017) – are "safe" from product range rationalization.

Against this backdrop, much-feared product failure becomes a higher possibility, and both suppliers and retailers face daunting challenges concerning product listing/delisting decisions. On the one hand, suppliers, especially SMEs, face the threat of losing their financial lifelines, as some large retailers constitute the major share of their sales and, in some cases, the only channel to reach their final customers (Malagueño, Gölgeci, & Fearne, 2019). On the other hand, retailers face the threat of backlash from their customers when they reduce their product range (Argouslidis et al., 2018). However, competitive forces have become too fierce to ignore the efficiency potential of product range rationalization (Waller et al., 2010), amplifying the need for better a understanding of the drivers/inhibitors of product failure in retail channels.

There currently exists very limited literature on the specific reasons for product failure in retail channels with those existing studies focusing primarily on broader understandings from retail buyers and the effect of product failure on consumers' attitudes and opinions (Davies, 1994; Sloot & Verhoef, 2008). The current literature and research have neither focused on individual product performance in a retail store, nor the predictors of "failed" products. In particular, relationship-specific and supplier-related antecedents of product failure, and especially that of SMEs, have received scant attention in extant research. As one of the central concepts in the literature on buyer-supplier relationships (Palmatier et al., 2006), relationship

duration may be an essential indicator of the stability of buyer-supplier relationships and may function as a hedge against perceived product failure (Fink, James, & Hatten, 2008). However, as relationship duration is a multifaceted concept (Palmatier et al., 2013), its influence on product failure may depend on supplier-related factors such as the supplier's market orientation (MO) and brand diffusion.

The purpose of our study is to advance the understanding of the antecedents of product failure in retail channels by examining the role of supplier's MO and brand diffusion in the link between buyer-supplier relationship duration and product failure. In so doing, we rely on primary data gathered from a sample of suppliers to a large British supermarket and use both objective and subjective measures to test our hypotheses. Our findings indicate that the supplier's brand diffusion in retail stores mediates the negative relationship between relationship duration and product failure. MO, however, exerts opposite moderating influences on the impact of relationship duration. While it strengthens the negative influence of relationship duration on product failure, it weakens the positive influence of relationship duration on brand diffusion.

Our study contributes to research on marketing channels and business-to-business (B2B) marketing by explicating the antecedents of product failure in retail channels. First, we establish the link between relationship duration and product failure and show that buyer-supplier relationships can serve as a hedge against product failure in retail stores. Second, we reveal the role of brand diffusion in realizing the potential of long-term buyer-supplier relationships in preventing product failure situations and highlight the relevance of brand diffusion in B2B markets (cf. Bendixen, Bukasa, & Abratt, 2004; Zaichkowsky, Parlee, & Hill, 2010). Finally, we show that suppliers' MO is a pivotal boundary condition for converting relationship duration into brand diffusion and reduced product failure and provide a new angle

to MO in B2B markets (Beverland & Lindgreen, 2007; Iyer et al., 2018; Min, Mentzer, & Ladd, 2007).

2. Theoretical background and hypotheses development

2.1. Product failure in retail channels

Retail channels are the primary domain through which many firms' products are delivered to consumers. In particular, food and beverage producers rely heavily on often larger retailers to have their products delivered to their target customers (Maglaras, Bourlakis, & Fotopoulos, 2015; Malagueño et al., 2019). Most of such relationships between suppliers and retailers are managed across long periods and witness ups and downs during the relationship period (Autry & Golicic, 2010; Buvik & Haugland, 2005; Fink et al., 2008). At the epicenter of retailer-supplier relationships is the product, and thus, product performance is closely intertwined with the way retailer-supplier relationships are managed over time.

Past research has, for a long time, paid extensive attention to product performance, as well as its antecedents and consequences (e.g., Anderson, 1973; Calantone & Di Benedetto, 2012; Najafi-Tavani et al., 2018; Selnes, 1993; Wu, Ma, & Liu, 2019). For example, while Anderson (1973) has found that disconfirmed expectancy hurts perceived product performance, Selnes (1993) has found that product performance is positively associated with brand reputation and satisfaction. This line of early research has focused on product performance as perceived by consumers/shoppers. Nonetheless, later research has focused on the link between buyer-supplier relationships and product performance (e.g., Lakshman & Parente, 2008; Najafi-Tavani et al., 2018). In one of the influential studies adopting this line of research, Song, Song, and Di Benedetto (2011) have found that product innovativeness, supplier involvement in production, and product launch quality are positively linked to product performance. Their findings are in line with extant research in management strategy that also highlights the critical role of buyer-supplier relationships in product performance (Lakshman & Parente, 2008).

On the other hand, less attention has been paid to product failure, potentially due to the challenge of finding reliable and accurate measures for product failure as managers may be less willing to report product failure instances (Fisher, 1993). While product failure could refer to the functional or economic failure of a product and may depend on the perception of a customer or producer (Folkes & Kotsos, 1986), in this study, we view *product failure* as the instances where the product fails to meet the (retail) buyer's expectations, resulting in the product being removed from the retailer's range. Volatile customer preferences and the abundance of alternatives means products may fail even if they meet vital criteria for providing functional, symbolic, and economic value to customers (Cavusgil & Cavusgil, 2012; Waller et al., 2010).

In a rapidly evolving global marketplace, products that perform today may fail tomorrow (Cavusgil & Cavusgil, 2012). One of the ultimate proxies for a product failure in the retail sector is product delisting, i.e., being removed from sale by the retailer (Davies, 1994). Especially given tight competition for retail shelf space in supermarkets (Waller et al., 2010), products that fail to attract attention and gain a considerable level of sales are often considered uncompetitive and quickly delisted. Given the current restructuring and omnichannel revolution experienced in the retailer sector (Verhoef et al., 2015), many failing products face the threat of being delisted by the retailers.

Research into distinct reasons for a product delist is limited. A 1985 review highlighted the significance which pricing and margin pressure had on the grocery trade (Davies, Gilligan, & Sutton, 1985). Likewise, Davies (1994) found that over half (57.2%) of all delistings were as a result of low sales volumes. Other reasons included low potential sales, high retail price, low product quality, intense competition, broad product range, and low gross margin. However, recent studies show that there is more to delisting than margins, sales figures, and competing products. Literature highlights the pressure that retailers place upon suppliers; retailers may threaten to delist a product in a bid to obtain a better deal or may remove a product from sale

as a form of "punishment" (Florez-Acosta & Herrera-Araujo, 2017). This finding highlights the fact that beyond being a product failure on its own, product delisting can be influenced by the relationship dynamics between suppliers and retailers. Identifying profitable and unprofitable products is difficult and complicated due to the vast differences in costs associated with selling. It is, therefore, problematic to make completely analytical decisions, and so buyers' judgments come into play. Thus, soft factors such as relationship strength and relationship duration may play an important role in determining whether and how products fail, i.e., get delisted.

In this study, we focus on relationship duration as a possible predictor of product failure and ensuing delisting. In a marketing domain, *relationship duration* denotes the total length of time of the relationship between a buyer and a supplier (Fink et al., 2008). It is a relationship-specific factor and is enabled by interpersonal relationships and hindered by power imbalance and negative reputation (Anderson & Weitz, 1989). As relationship duration involves time, it is a critical factor to account for when explaining relationship dynamics and outcomes as they evolve (Palmatier et al., 2006; Palmatier et al., 2013).

Relationship duration indicates a high level of specific investments by interacting parties (Liu et al., 2008) and may be used to gauge a firm's relational capital (Krause, Handfield, & Tyler, 2007). It provides channel partners with greater behavioral information and allows for better predictions that should increase each party's trust in its partner's behavior (Palmatier et al., 2006). Likewise, buyer-supplier relationships often become more intense and involved as they evolve, and longer relationships are likely to be more stable and less complicated due to the time it takes to build trust and consistent relational norms (Fink et al., 2008). For example, Yen and Barnes (2011) found that Taiwanese buyers in long-term and medium-to-long-term relationships experienced consistently higher perceptions of their relationships than those in short-term relationships. Research drawing on social exchange theory suggests that a long-term relationship allows channel partners to undergo an extended period of mutual adjustment, while

unsatisfactory and inflexible relationships will have been ended in the process (Anderson & Weitz, 1989). Thus, one might expect that relationship duration may help explain some performance outcomes in retail channels such as product performance.

On the other hand, relationship duration relates more to changes in relationships and may not necessarily be a good proxy for relationship strength, because an older relationship could have peaked, in which case its flat or negative trajectory reduces performance (Palmatier et al., 2013). As peripheral relationships with a lower degree of importance and fewer transactions may also last longer (Dagger, Danaher, & Gibbs, 2009), relationship duration may be a poor proxy for relationship quality. Especially in retail channels, suppliers providing products over long periods may still be perceived as unimportant by their larger channel partners (Malagueño et al., 2019). This phenomenon may be particularly exacerbated when suppliers do not exhibit superior MO and maintain strong brands. The link between relationship duration and product failure may be sophisticated and involve intervening factors. Accordingly, we next discuss the concepts of MO and brand diffusion as relevant supplier-related factors within the domain of buyer-supplier relationships in order to unlock the link between relationship duration and product failure.

2.2. Market orientation and brand management in buyer-supplier relationships

Although buyer-supplier relationships typically involve transactions between two firms, exchange behaviors are eventually manifested by individuals who are, beyond firm policies and behavioral templates, influenced by their own values, perceptions, and impressions when making and executing business decisions (Liu et al., 2014). The behavioral nature of buyer-supplier relationships engenders extending the domains of the fundamentally business-to-consumer related concepts of MO and brand into the B2B realm (Bendixen et al., 2004; Beverland & Lindgreen, 2007; Frösén et al., 2016; Lynch & De Chernatony, 2007; Zaichkowsky et al., 2010).

The frameworks introduced by Narver and Slater (1990) and Kohli and Jaworski (1990) often constitute the foundations for research on MO. Narver and Slater (1990) describe MO as an organizational culture that facilitates the needed behaviors for the production of greater value for customers and better performance for the organization. This cultural approach involves a customer orientation to understand target customers, a competitor orientation to understand competitors' characteristics, and cross-functional coordination to generate superior value for customers. Alternatively, Kohli and Jaworski (1990) refer to *market orientation* as the organization-wide generation of, dissemination of, and responsiveness to market intelligence. Regardless of the differences in its conceptualization, a consensus exists that the essence of MO relies on the premise that MO stimulates necessary behaviors for developing a superior value for buyers (Iyer et al., 2018; Kohli & Jaworski, 1990; Narver & Slater, 1990). We primarily follow the perspective developed by Narver and Slater (1990) in this study, given their particular emphasis on encapsulating both philosophical and behavioral aspects of MO.

To generate intelligence, market-oriented firms engage in active information acquisition through multiple channels, including customers, suppliers, and competitors (Liao et al., 2011). Following the generation of market intelligence, the information is disseminated throughout the organization to facilitate joint actions by different functions. Finally, responsiveness is the action market-oriented firms take in response to the intelligence generated and disseminated (Kohli & Jaworski, 1990). Accordingly, MO is a resource-intensive endeavor and may, thus, become a challenge for SMEs (Slater & Narver, 1994). Likewise, developing MO involves uncovering and transforming long-held assumptions in firms and requires the adoption of challenging change processes (Beverland & Lindgreen, 2007).

MO is fundamental to firms' operations across organizational boundaries with channel partners (Min et al., 2007). It is instrumental to both buyers and suppliers and enables linking focal firms' operations with that of its channel partners. Recent research on MO examined the role of

suppliers' MO in buyer's behavior in channels and supply chains and found that supplier's MO typically plays a positive role in buyer's performance outcomes (Frösén et al., 2016; Gligor, Gligor, & Maloni, 2019). Similarly, MO is argued to play a positive role in product performance (Augusto & Coelho, 2009; Wu et al., 2019). That said, MO is not an immutable quality single-handedly leading to positive outcomes (Liao et al., 2011; Slater & Narver, 1994). Especially in the context of smaller supplier-larger retailer dyads, the supplier's brand can be a crucial complementary asset for the supplier's products and performance outcomes.

Brands are considerable sources of a firm's profitability and success (Bendixen et al., 2004). A good brand is consistent, utilizable, makes sense, stays relevant over time, and fits value perceptions of customers (Berthon, Ewing, & Napoli, 2008). Although brands have been slow to be developed and handled effectively in B2B markets (Bendixen et al., 2004; Zaichkowsky et al., 2010), they are increasingly gaining a prominent position in B2B marketing. Therefore, as a process of creating, coordinating, and monitoring interactions between a firm and its stakeholders to maintain consistency between the firm's vision and stakeholders' beliefs about its brand (Berthon et al., 2008), brand management is increasingly seen and deployed as a strategic tool by firms to win both hearts and minds (Lynch & De Chernatony, 2007), achieve greater customer commitment, loyalty, and purchasing frequency (Zaichkowsky et al., 2010). SMEs face formidable challenges in their brand management activities due to a lack of marketing expertise and resources, but some SMEs' pragmatic, practical and adaptive marketing activities help transcend such challenges and build unique niche brands (Berthon et al., 2008).

Brand is the primary means of effectively communicating a firm's value proposition to customers and help differentiate a B2B firm's offerings from its competitors (Iyer et al., 2018). Brand diffusion is a key indicator of both retailers' and supplier success in the retail context (Dhar & Hoch, 1997). *Brand diffusion* denotes the acceptance of a brand by the customers represented by the proportion of all households who purchase a brand at least once over a given period and the

loyalty of customers to that brand, represented by the frequency of their purchases in a given period (Thompson & Sinha, 2008). It is both about the breadth (the number of customers who buy) and the depth (the repeat rate of their purchases) of a brand's infusion into the customer's consumption behavior. As such, brand diffusion is rooted in suppliers' brand awareness, reputation, and equity in the customer's eye (Bendixen et al., 2004; Selnes, 1993; Zaichkowsky et al., 2010). Brand diffusion can be seen as one of the direct outcomes of brand management, since firms with better brand management capabilities and processes are more likely to achieve greater brand diffusion. Higher brand diffusion is of major importance to smaller suppliers, as it could be a primary factor for survival in a hyper-competitive retail environment. Particularly in food channels where products can easily be substituted, brand diffusion can be indispensable equity for survival on the retail shelf.

Dhar and Hoch (1997) found that overall chain strategy in terms of commitment to quality and a premium brand offering consistently enhances brand performance. High equity brands can be used to draw customers to retail stores, and niche yet premium brands provide retailers with the possibility of responding to heterogeneous customer preferences (Dhar & Hoch, 1997). In this vein, the essence of brand diffusion goes beyond purely quantitative measures. In fact, some brands may be important factors for attracting specific customer segments and are essential assets to retailers beyond their sheer sales figures. Therefore, some retailers may keep a specific brand listed on its shelves for strategic purposes even if that brand does not represent a large proportion of sales.

MO and brand diffusion exhibit an interesting interplay in the interorganizational context. For example, Iyer et al. (2018) examined MO as an antecedent to brand positioning and ensuing brand performance in B2B markets. More importantly, Urde, Baumgarth, and Merrilees (2013) view both MO and brand orientation as drivers of new product offerings that create greater customer value, and we position MO and brand management as central ingredients for increased product performance. Thus, MO and brand diffusion can be essential factors to understand better when and how relationship duration is linked to product success or failure. Next, we develop hypotheses on

the nexus of relationships between relationship duration and product failure in retails channels and examine the role of MO and brand diffusion in linking relationship duration and product failure.

2.3. Hypotheses

Davies (1994) analyzed the features of retail buyers as individuals and concluded that the personal judgment of retail buyers is significant in the delisting of products beyond financial metrics. Thus, as relationship duration is considered a soft factor in buyer-supplier relationships and positively entangled with interorganizational knowledge transfer activities and ensuing supplier performance improvement outcomes (Kotabe, Martin, & Domoto, 2003), it may play a role in the perceived product failure and decisions involved in product delisting. Since retailers' product failure judgments may depend more on their preferences than that of customers' shopping patterns (Davies, 1994), suppliers may leverage the length of their relationships with retailers to influence their perceptions positively and mitigate the risk of product delisting. Although relationship duration is not a universally positive factor (Dagger et al., 2009), more often than not, it can underpin products' survival on a retail shelf.

Individual suppliers are almost always more reliant upon the retailer for their profitability and survival than vice-versa: approximately 10-30% of suppliers' total sales may come from one retailer while this would only represent a tiny proportion of the retailer's total sales (Dobson, 2005). Nonetheless, the negative effect of such asymmetric dependence may dissipate over time, as trust is built, and retailer-supplier partnerships take root (Palmatier et al., 2006; Squire, Cousins, & Brown, 2009). Such established retailer-supplier relationships may help stabilize performance expectations and reduce product failure. As suppliers gain experience in working with the retailer, they may learn their market and customers better and adapt their behaviors in line with the retailer's expectations (Squire et al., 2009). Likewise, it may become harder to terminate longer relationships due to nested interests and sunk costs of

relationship-specific investments. Consequently, we expect a negative association between relationship duration and product failure and hypothesize that:

H1 *Relationship duration between suppliers and retailers is negatively associated with suppliers' product failure.*

As the core premise of brand management is creating, coordinating, and monitoring interactions between a firm and its customers (Berthon et al., 2008), buyer-supplier relationships play an important role in how brands evolve and penetrate consumer households (Reid, Luxton, & Mavondo, 2005). Both brands and relationships take time and concerted efforts to build (Berthon et al., 2008; Liu et al., 2008; Palmatier et al., 2013). As customers typically take their time to familiarize themselves with, evaluate, and embrace new brands, suppliers often need significant time on a retailer's shelf to improve their brand diffusion. This means, all else being equal, relationship duration between suppliers and retailers is likely to have a positive impact on suppliers' brand diffusion in retail stores.

That being said, relationship duration may not automatically lead to increased brand diffusion. As noted by Palmatier et al. (2013), some of the long-lasting relationships are not necessarily the best performing ones due to potential peak and flat or negative trajectory in such relationships, which may end up hurting suppliers' brand diffusion in retail outlets. Still, we expect relationship duration between suppliers and retailers to play an overall positive role in enabling suppliers to build customer penetration and brand loyalty. Thus, hypothesize that:

H2A *Relationship duration between suppliers and retailers is positively associated with suppliers' brand diffusion.*

A recent study surveying shoppers in 4 large supermarkets revealed that narrow product and brand ranges are a source of anger in shoppers, resulting in reduced patronage intentions (Argouslidis et al., 2018). Likewise, Sloot and Verhoef (2008) found that some consumers would stop using stores that delisted their preferred brand, concluding that a too severe range

rationalization approach may result in the loss of consumers' total shopping baskets. This inference suggests that an "over-streamlined" approach to range rationalization may actually serve to damage the retailer. Against this backdrop of increased competition, reduced shelf space, and contraction in brand range in retail stores (Argouslidis et al., 2018; Sloot & Verhoef, 2008; Waller et al., 2010), brand diffusion can be a force for mitigating the risk of product failure. Customers of visible and well-permeated brands are likely to put direct or indirect pressure on retailers to have their preferred brands stay on shelves even in the case of range rationalization. This means brand diffusion can function as a hedge against product failure in retail stores.

Furthermore, even from the pure product performance point of view of retailers, well-penetrated brands are more likely to justify the retail space they occupy. As the rate of sale can be a vital measure of product performance and growth for retailers (Davies, 1994), brands that achieve higher levels of customer penetration and repeat purchase in retail stores are less likely to be perceived as a failure by retail managers. In this vein, brands with high diffusion can be seen as part of the identity of the retailer, be deemed essential for the retailer's sales growth, and help stop products from being delisted. Drawing on the past empirical evidence on the interplay between brand rationalization and customer response and arguments on brand diffusion and product performance as perceived by retailers, we hypothesize that:

H2B *Suppliers' brand diffusion is negatively associated with their product failure.*

Drawing on the arguments leading to H2A and H2B, we also expect that brand diffusion mediates the link between relationship duration and product failure. Although relationship duration between suppliers and retailers might be expected to attenuate the risk of product failure in retail stores, the potential of relationship duration may need to be realized through brand diffusion, given the fact that relationship duration can be both a negative and a positive factor (Palmatier et al., 2013). In other words, suppliers may need more than lengthy

relationships if they want their products to survive in fiercely competitive retail channels (Waller et al., 2010). In this vein, brand diffusion can be an important mechanism to channel the potential mitigating influence of relationship duration on product failure. Suppliers can leverage both sales growth dimensions and consumer pressure effects of brand diffusion to showcase the performance of their products to their established retail partners. Likewise, retailers would be less likely to terminate relationships with their long-term suppliers, if they witness that their suppliers' products are purchased by a significant percentage of the customers in the stores in which they are listed and exhibit high levels of repeat purchase. Thus, we hypothesize that:

H2C *Suppliers' brand diffusion mediates the relationship between relationship duration between suppliers and retailers and their product failure.*

As mentioned earlier, while relationship duration is perceived to be a positive factor in most cases (Fink et al., 2008; Yen & Barnes, 2011), there are circumstances that its effect on performance outcomes would be either marginal or negative (Palmatier et al., 2013). These circumstances often occur when one or both partners find themselves in a comfortable yet unproductive type of stable relationship, start neglecting the needs of the other party, and overlook the signs of relationship deterioration. In such cases, relationship duration alone may not suffice in yielding the expected preventive effect on product failure.

On the other hand, the essence of MO is acquiring information about the buyers and competitors in the target market and disseminating it throughout the business(es) in a way that the firm reads and reflects upon market (including that of partners) signals effectively (Narver & Slater, 1990). Accordingly, suppliers with high MO are in a better position to leverage relationship duration as a positive factor rather than a relic (Frösén et al., 2016; Taylor et al., 2008). As such, suppliers that are better at understanding their retail channel partners and responding to their needs can utilize the length of their relationships to avoid the failure of their

products in retail stores. Likewise, in retail channels, suppliers can also apply their MO to consumers to avoid the failure of long-lasting brands in retail stores (Urde et al., 2013). By better communicating the dynamic value offerings of their brands rather than relying on past success, suppliers can prevent the failure of products that have long been listed in their retail partners' stores. Especially considering the highly competitive and dynamic conditions of retail channels (Verhoef et al., 2015; Waller et al., 2010), MO can help avoid turning relationship duration into liability and enable revitalization of both products and long-lasting relationships through the creation and utilization of market intelligence to avoid product failure. Thus, we hypothesize that:

H3A *Suppliers' market orientation positively moderates the link between relationship duration and product failure in that the influence of relationship duration on the prevention of product failure becomes stronger at higher levels of suppliers' market orientation.*

As noted in the extant research (Beverland & Lindgreen, 2007), MO is a multifaceted construct and involves sophisticated processes that may yield conflicting influences. This means MO's influence is neither universal nor unidimensional but is situational (Wu et al., 2019). In particular, MO's moderating role in the link between relationship duration and brand diffusion would be opposite to that of the link between relationship duration and product failure. The literature on the interplay between buyer-supplier relationships and MO may shed some light on this position (Frösén et al., 2016; Gligor et al., 2019; Reid et al., 2005). We expect that relationship duration and MO may act as substitutes in supporting brand diffusion in that firms may rely less on relationship duration to enhance brand diffusion when they have high MO.

One of the fundamental functions of buyer-supplier relationships in retail channels is to get the partners to be more committed and act more favorably toward suppliers' products (Buvik & Haugland, 2005; Liu et al., 2008; Palmatier et al., 2006). However, relationships take time to build (Autry & Golicic, 2010; Buvik & Haugland, 2005; Fink et al., 2008), which highlights

the critical role of relationship duration in brand diffusion under normal circumstances. However, when suppliers have a high degree of MO, they are more likely to run marketing activities effectively and may not need a long time to build successfully running relationships (Reid et al., 2005; Taylor et al., 2008), which undermines the role of relationship duration in brand diffusion. MO may also act as an alternative means to improve brand diffusion such that the supplier does not merely need the retailer to foster its brand diffusion in stores but instead relies on consumers to boost its sales and brand diffusion, rendering relationship duration somewhat redundant for brand diffusion. In short, we argue that MO can be an influential factor in the link between relationship duration and brand diffusion and may even weaken the link between relationship duration and brand diffusion when MO is high. Thus, we hypothesize that:

H3B *Suppliers' market orientation negatively moderates the link between relationship duration and brand diffusion in that the influence of relationship duration on brand diffusion becomes weaker at higher levels of suppliers' market orientation.*

The conceptual framework for this study is presented in Fig. 1.

[Insert Fig. 1 here]

3. Research method

3.1. Sample selection and data collection

This research relies on a combination of primary data with both objective and subjective measures and proprietary objective data from suppliers of a large British supermarket. The empirical analysis uses a sample of small and medium-sized food and drink producers in the United Kingdom. All participants were supplying local product lines to the focal supermarket, which was involved in an action research project with the authors. The aim of the project was to support business planning and marketing decision-making of the supermarket's small and medium-sized suppliers. As a result, the authors gained access to the supply base of local suppliers and the details of person responsible for managing the relationship with the focal supermarket (account manager).

Survey data was collected in different stages from November 2016 to August 2018. At the time of the first survey, the supermarket's local range comprised 1,820 products, supplied by 571 producers, of which 337 (59%) had a turnover of less than £6.5m. We contacted the account mangers invited them to respond to an online questionnaire. The questionnaire, which included objective and perceptual measures, was pre-tested with academic researchers and practitioners (buyers and suppliers) and revised based on the feedback received.

A total of 133 questionnaires were completed, of which 13 were discarded as duplicates (response rate of 23%). Independent sample t-tests to check potential bias between early and late respondents were performed. Except for family firms (i.e., family ownership), who were more evident amongst the early respondents, there were no statistically significant differences between respondent firms for the several characteristics examined. The results for the tests of early versus late respondents are presented in Table 1.

[Insert Table 1 here]

To test the hypotheses, the self-reported survey data was complemented with objective proprietary data obtained from the focal supermarket. The objective data included sales value, penetration level (% of households purchasing the product at least once), distribution (the number of stores selling) and repeat purchase rate (% of shoppers who purchased the product at least twice) for all of the suppliers' products including those that were de-listed, as well as the value of sales for the category in which they were listed. All this data was collected for the duration of the survey. After combining the self-reported survey data with proprietary objective data, and excluding cases with missing values, we obtained a sample of 113 firms.

3.2. Measurement of Variables

Relationship duration

Relationship duration measures the length of the supplier-buyer relationship. It was measured using a single question in the survey that captures the number of years the supplier had been supplying the retailer.

Brand diffusion

In this study, we measured brand diffusion using a composite measure obtained by the mean average of the product's penetration (% of shoppers purchasing at least once) and the repeat purchase rate (% of shoppers purchasing at least twice). In their effort to diffuse their brands into different markets, businesses attempt to expand their customer base by acquiring new customers to buy their goods or services and increase sales volume to their existing customers by encouraging more frequent purchases (Thompson & Sinha, 2008). Both rates were calculated with the proprietary data gathered from the focal retailer for 52 weeks before the product was delisted.[1] Product penetration aims to measure the breadth of brand diffusion. The repeat purchase rate aims to measure the depth of brand diffusion.

Product failure

Objective data was also used to measure *product failure*, which we define as the removal of a product from sale by the focal retailer, which excludes delisting initiated by the supplier. To capture different degrees of product failure, we computed the ratio of the total value of delisted products per supplier over the total sales to the retailer. The operationalization of this variable is based on proprietary archival records provided by the retailer. The ratio assumes values from 0 to 1, where a value of zero means that the supplier did not experience any delisted products during the reference period, and a value of 1 means the supplier experienced the delisting of all its products (i.e., total product failure) during the reference period. For those suppliers experiencing delisted products, the total value of delisted products and total sales to the focal retailer were obtained for 26 weeks before the delisting of the product(s).

[1] For new suppliers the information for 12 months was not available. In those occasions, we relied on fewer months of data.

Market orientation

Market orientation is measured with a subjective (i.e., self-rated questions, based on primary data) 13-item instrument adapted from (Narver & Slater, 1990). The items represent three MO dimensions: customer orientation, competitor orientation, and inter-functional coordination. All variables were measured using a seven-point Likert scale ranging from "completely disagree" to "completely agree" (see items in Appendix 1). A second-order confirmatory factor analysis (CFA) to assess the homogeneity of the three dimensions was performed. The observable measures were modeled to load to the corresponding dimensions, and the three dimensions were loaded to an overall higher-order factor measuring MO. The first model indicated that the hypothesized model did not fit the data well. Improvement of the model was obtained by eliminating two items from the original instrument (i.e., strive to create value for our customers, a good understanding of competitors). The second-order CFA model yielded a better fit than alternative models ($\chi 2$=110.50, df=37, CFI=0.870, SRMR=0.079, RMSEA=0.001). Consistent with Kumar et al. (2011), responses were averaged to form an overall MO score. An aggregate-level Cronbach's alpha =0.84 indicated adequate reliability.

Control variables

Family ownership, number of years trading, total number of employees, number of employees engaged in marketing and sales, *number of customers*, *number of stores selling brand*, *prior sales to focal retailer, category size* and *product category* were included as control variables. All the control variables except the *number of stores selling brand* and *category size* were obtained from the suppliers via the questionnaire. Previous literature recognizes that family ownership can influence the buyer-supplier relationship (Jack, Florez-Lopez, & Ramon-Jeronimo, 2018). *Family ownership* was captured with a dummy variable (1 if the enterprise was a family firm; 0 otherwise). Previous literature on SMEs has shown that maturity and size are common characteristics that can impact the success of organizational endeavors

(Malagueño, Lopez-Valeiras, & Gomez-Conde, 2018). We included the *number of years trading* and the *total number of employees* as control variables. The *number of employees engaged in marketing and sales* was used as a measure of the suppliers' sales and marketing capability. Previous research suggests that larger sales teams are more equipped to contribute to creating value in business relationships (Haas, Snehota, & Corsaro, 2012). In order to account for supplier dependency, we used the total *number of customers*. The respondents were asked to report the total *number of* (retail) *customers* they were selling to at the time of the survey. Products appearing on more shelves are more likely to have higher brand diffusion and less likely to fail. *Number of stores selling brand* measure the total number of stores selling a specific product. The relevance and success of prior relationships might influence the result of future interactions. Consequently, we ask respondents about their *prior sales to focal retailer* in t-1. Finally, we control for *category size* and *product category*. Category size represents the total value of goods sold in a particular category. *Product category* effects were computed by three dummies (product categories 1 to 3), respectively 'biscuits, snack and bakery', 'dairy, meat and eggs'; and 'others'. [2] Table 2 displays descriptive statistics on all of the variables in this study.

[Insert Table 2 here]

4. Results

4.1. Hypotheses Testing

We tested direct and moderating hypotheses using fractional logit regressions. Fractional logit analysis is appropriate for a fractional dependent variable that is bounded between zero and one, which is the case of our mediating and dependent variables (i.e., brand diffusion and product failure) (Kashmiri, Nicol, & Arora, 2017). Previous research has shown that in these circumstances this analysis provides more accurate estimates of predicted values than can be

[2] Product category 3 was used as a reference category and consequently it was not included on the tables.

obtained from an ordinary least squares (OLS) regression analysis (Papke & Wooldridge, 1996). To investigate the proposed mediation effect of brand diffusion, we relied on a bootstrapping approach described by Hayes (2012).

Table 3 presents the correlation matrix. The correlation matrix shows that, as expected, relationship duration is correlated with brand diffusion (0.45) and product failure (-0.23). Additionally, it shows that brand diffusion is correlated with product failure (-0.37).

[Insert Table 3 here]

First, we tested the predicted negative association of relationship duration between suppliers and retailers and suppliers' product failure. As shown in Table 4 model 3, the effect of relationship duration on product failure is not significant (β=-0.001, z-stat.=-0.02, $p>0.10$). Thus, H1 is not supported.

Next, we tested the predicted positive link between the suppliers-retailers relationship duration and suppliers' brand diffusion (H2A) and the negative link between suppliers' brand diffusion and product failure (H2B). Table 4 model 1 depicts a significant positive effect of relationship duration on brand diffusion (β=0.020, z-stat.=2.68, $p<0.01$). Table 4 model 3 depicts a significant negative effect of brand diffusion and product failure (β=-18.577, z-stat.=-3.47, $p<0.01$). Thus, we find support for H2A and H2B.

Next, we tested the proposed mediating role of suppliers' brand diffusion in the effect of relationship duration on product failure. We report results from SPSS PROCESS macro (see Hayes, 2012) in Table 5. The direct effect of relationship duration on product failure was found to be insignificant (unstandardized coefficient=-0.023, $p>.10$), and the 95% confidence interval of the direct effect contained zero. However, the indirect effect of relationship duration on product failure via brand diffusion was found to be negative (unstandardized coefficient=-0.004; completely standardized coefficient=-0.062, $p<0.05$), and the 95% confidence interval of the indirect effect did not contain zero, providing support for H2C.

Finally, we examined the moderation role of MO. Table 4 model 4 displays the positive moderating effect of suppliers' MO in the link between relationship duration and product failure (β=0.145, z-stat.=2.84, $p<0.01$). It suggests that the influence of relationship duration on product failure becomes stronger at higher levels of suppliers' MO, therefore supporting H3A. Table 4 model 2 displays the negative moderating effect of suppliers' MO in the link between relationship duration and brand diffusion (β=-0.014, z-stat.=-1.86, $p<0.05$). It suggests that the influence of relationship duration on brand diffusion becomes weaker at higher levels of suppliers' MO, therefore supporting H3B.

[Insert Table 4 here]

[Insert Table 5 here]

5. Discussion

It has long been recognized that strong buyer-supplier relationships are an important component of sustainable business development. Inter-organizational collaboration has been shown to foster closer strategic alignment, deeper levels of inter-organizational commitment, improved information sharing, and business process integration, resulting in improved performance, within and between collaborating businesses. However, such benefits are not easy to measure and require significant investments of time, effort, and financial resources from both parties (buyers and suppliers), which can preclude smaller businesses from enjoying the benefits of longstanding relationships that are widely reported for larger organizations.

The results of this study highlight the vulnerability of small suppliers operating in a fiercely competitive environment such as grocery retailing, should they assume that the mere existence of longstanding relationships will protect them from changes in buyer behavior resulting from changes in the competitive environment. Specifically, in the context of mainstream supermarkets faced with increased competition from discounters and e-commerce

platforms offering more for less, the decision to rationalize product ranges poses a significant threat to small suppliers who have little to offer in terms of category sales or differentiation.

5.1. Theoretical contributions

The survey findings combined with the objective measures of performance illustrate the critical role that MO (Kumar et al., 2011; Narver & Slater, 1990; Taylor et al., 2008) plays in determining the propensity of (small) suppliers to survive the cut, when supermarket buyers are compelled to reduce the long tail of under-performing products for which they are responsible. Moreover, the results show that suppliers with a strong MO are more likely to allocate resources that are specifically targeted at increasing brand diffusion –attracting trialists and encouraging repeat purchase– making it difficult for buyers to remove their products from their shelves, regardless of how long they have been supplying them. Indeed, the evidence from this study suggests that the greater the brand diffusion, the better the performance of a supplier's products.

These findings are at odds with much of the extant literature on B2B relationships and their impact on business performance (e.g., Krause et al., 2007; Maglaras et al., 2015; Squire et al., 2009; Taylor et al., 2008), for three reasons. First, the extant literature takes little or no account of the role that the size of business plays in determining the likelihood of survival during difficult times. Indeed, there are very few studies that focus on business failure (Folkes & Kotsos, 1986), with the majority extolling the virtues of relationship strength and many using relationship duration as a proxy measure for relationship strength (Dagger et al., 2009; Squire et al., 2009), which is clearly inadequate when the competitive environment intensifies, and the contribution of suppliers comes under closer scrutiny. Small suppliers without the protection of market share or significant advertising and promotional budgets are less likely to observe the danger signs and less able to take proactive measures to avoid de-listing, regardless of the duration of their relationship, unless they have a strong MO and brand diffusion. Our research

shows that MO and brand diffusion are important mechanisms to explain the effects of relationship on the survival of SMEs during difficult times.

The second reason that our findings challenge much of the extant literature is that our study is focused on a sector with distinct market and structural characteristics –a competitive oligopolistic market structure with a small number of powerful buyers sourcing tens of thousands of products from thousands of suppliers, the majority of which contribute very little to total sales (Maglaras et al., 2015; Malagueño et al., 2019; Wagner et al., 2005). In the supermarket sector the phenomenon of the 'long tail' is there for all to see and has been exploited by new entrants –discounters and e-commerce– resulting in the process of range rationalization devoid of sentiment and driven my commercial metrics, from which only the strong survive, and relationship duration counts for very little without MO and brand diffusion.

The third reason for the departure of our findings from the conventional wisdom, concerning the importance of relationship duration, is the combination of self-reported and objective output measures. The majority of prior studies in the general area of B2B relationships and business performance rely on claimed performance measures and/or internal (operational) benefits (Dagger et al., 2009; Fink et al., 2008; Squire et al., 2009) resulting from relationship duration – reduced levels of uncertainty and increased confidence in future business resulting in more efficient resource utilization and higher levels of customer-specific investment. Our study is the first to combine reported measures of MO and relationship duration with objective measures of the two critical components of success in the environment of fast-moving consumer goods (FMCG) – brand penetration and repeat purchase.

5.2. Managerial implications

The implications for the managers of small businesses supplying mainstream supermarkets are stark – the protection afforded by the existence of enduring relationships is of secondary importance to the attention paid to product performance. Thus, new suppliers should focus more

of their scarce account management resources on monitoring the performance of their products and less on ensuring lengthy relationships. For incumbent suppliers with established relationships, greater focus should be given to leveraging these relationships to gain strategic and market insights that enable them to make more proactive investments targeted at increasing key performance metrics rather than the goodwill of the buyer.

In particular, MO and brand diffusion emerge as two important factors for avoiding SMEs' product failures in retail channels. As such, our findings are particularly relevant to SMEs that list their products through much larger retailers and fight against the increasingly fierce competition for shelf space. We suggest that SMEs invest in MO and brand diffusion strategies to survive harsh range rationalization decisions by large retailers. In particular, SME managers are advised to make better use of market intelligence opportunities provided by larger retailers to support their activities and product performance. Although SMEs suffer from resource constraints concerning market intelligence gathering and use for their production and marketing activities, greater attention to data on shopper behavior across different periods can help them obtain unique and first-hand insights to prevent product failure situations. In this vein, retailers are also advised to share their shopper data and help their suppliers make better use of such data to avoid unnecessary product desilting and potentially frustrating consumers. Likewise, our findings indicate that SMEs' activities targeted toward improving their brand's diffusion in retails stores can help make better use of their buyer-supplier relationship and avoid product failure. Thus, we suggest that SMEs build their niche brands and find creative ways to penetrate better into the shoppers' basket to make sure that shoppers continue to demand their products and resist product delisting threats.

5.3. Future research avenues

With the rapid transformation of retail channels over the last decade, such as the advent of omnichannel retailing (Verhoef et al., 2015), many conventional assumptions concerning the

inner workings of and relationships in retail channels need to be revisited. As such, there are ample future research opportunities that could be derived from our study. First, there is a paucity of research on product failure/performance, and our research can be used as a catalyst to reinvigorate the investigations of the drivers of product failure and performance amid changing dynamics in retail channels. Such research could provide a better understanding of the reasons behind and effectiveness of major range rationalization decisions by large retailers.

Second, the interplay between buyers' and suppliers' strategic orientations and their relationships in retail channels could be a fruitful research avenue to pursue. Our findings indicate that MO plays an instrumental role in the nexus of relationships between relationship duration, brand diffusion, and product failure. Future research can disentangle the role of other important strategic orientations such as entrepreneurial orientation and learning orientation (Schweiger et al., 2019) in retail channels.

Third, shopper marketing and shopper behavior, rather than consumer behavior, are becoming increasingly important elements in retail channels (Stolze, Mollenkopf, & Flint, 2016). As such, our findings on product failure can also be examined through the angle of shopper behavior and shopper marketing. Future research can explore how the interplay between shopper behavior and store layout, in-store marketing activities, and supply chain design can explain product failure and performance outcomes in retail channels. Despite the increasing use of real-time data on shopper behavior in retail stores, there remains a lot to understand systematic and spontaneous shopper behavior in retail stores and their influence on product failure.

Finally, despite recent reinvigoration of power research and increasing interest in asymmetric buyer-supplier relationships (Maglaras et al., 2015; Malagueño et al., 2019), there is a lot more to explore with regard to relationship dynamics in asymmetric retail channels. For example, the behavior of buyers and suppliers may change across different stages of channel

relationships (Habib et al., 2019), and future research can examine the evolution of relationships in asymmetric retail channels, and how such evolution influences product performance outcomes as well customer reactions to in-store marketing activities.

Appendix 1. Market orientation measurement items

Items	Mean	Std. Dev.
We strive to create value for our customers and our consumers	5.92	0.75
We strive to satisfy customer and consumer expectations	6.08	0.74
We measure customer and consumer satisfaction on a regular basis	4.49	1.37
We use market information to understand customer and consumer needs	4.82	1.37
Our business strategy is focused on the needs and wants of our customers and consumers	5.33	1.12
We have a good understanding of who our competitors are	6.07	0.87
We use market information to understand our competitors' strategies	4.68	1.32
We respond swiftly to the actions of our competitors	4.56	1.16
Our business strategy is influenced by our assessment of our competitors' products and activities	4.39	1.25
We share market information across the different parts of our business	4.87	1.30
Different parts of our business use market information to inform their decisions	4.64	1.30
We have a common understanding of customer and consumer needs across the different parts of our business	5.09	1.13
The activities of the different parts of our business are well coordinated	5.20	1.18

References

Anderson, E., & Weitz, B. (1989). Determinants of continuity in conventional industrial channel dyads. *Marketing Science, 8*(4), 310-323.

Anderson, R.E. (1973). Consumer dissatisfaction: The effect of disconfirmed expectancy on perceived product performance. *Journal of Marketing Research, 10*(1), 38-44.

Argouslidis, P., Skarmeas, D., Kühn, A., & Mavrommatis, A. (2018). Consumers' reactions to variety reduction in grocery stores: A freedom of choice perspective. *European Journal of Marketing, 52*(9/10), 1931-1955.

Augusto, M., & Coelho, F. (2009). Market orientation and new-to-the-world products: Exploring the moderating effects of innovativeness, competitive strength, and environmental forces. *Industrial Marketing Management, 38*(1), 94-108.

Autry, C.W., & Golicic, S.L. (2010). Evaluating buyer-supplier relationship–performance spirals: A longitudinal study. *Journal of Operations Management, 28*(2), 87-100.

Bendixen, M., Bukasa, K.A., & Abratt, R. (2004). Brand equity in the business-to-business market. *Industrial Marketing Management, 33*(5), 371-380.

Berthon, P., Ewing, M.T., & Napoli, J. (2008). Brand management in small to medium-sized enterprises. *Journal of Small Business Management, 46*(1), 27-45.

Beverland, M.B., & Lindgreen, A. (2007). Implementing market orientation in industrial firms: A multiple case study. *Industrial Marketing Management, 36*(4), 430-442.

Buvik, A., & Haugland, S.A. (2005). The allocation of specific assets, relationship duration, and contractual coordination in buyer-seller relationships. *Scandinavian Journal of Management, 21*(1), 41-60.

Calantone, R.J., & Di Benedetto, C.A. (2012). The role of lean launch execution and launch timing on new product performance. *Journal of the Academy of Marketing Science, 40*(4), 526-538.

Cavusgil, S.T., & Cavusgil, E. (2012). Reflections on international marketing: Destructive regeneration and multinational firms. *Journal of the Academy of Marketing Science, 40*(2), 202-217.

Dagger, T.S., Danaher, P.J., & Gibbs, B.J. (2009). How often versus how long: The interplay of contact frequency and relationship duration in customer-reported service relationship strength. *Journal of Service Research, 11*(4), 371-388.

Davies, G. (1994). The delisting of products by retail buyers. *Journal of Marketing Management, 10*(6), 473-493.

Davies, K., Gilligan, C., & Sutton, C. (1985). Structing: Changes in grocery retailing: The implications for competition. *International Journal of Physical Distribution & Materials Management, 15*(2), 3-48.

Dhar, S.K., & Hoch, S.J. (1997). Why store brand penetration varies by retailer. *Marketing Science, 16*(3), 208-227.

Dobson, P.W. (2005). Exploiting buyer power: Lessons from the British grocery trade. *Antitrust Law Journal, 72*, 529-562.

Fink, R.C., James, W.L., & Hatten, K.J. (2008). Duration and relational choices: Time-based effects of customer performance and environmental uncertainty on relational choice. *Industrial Marketing Management, 37*(4), 367-379.

Fisher, R.J. (1993). Social desirability bias and the validity of indirect questioning. *Journal of Consumer Research, 20*(2), 303-315.

Florez-Acosta, J., & Herrera-Araujo, D. (2017). Multiproduct retailing and buyer power: The effects of product delisting on consumer shopping behavior.

Folkes, V.S., & Kotsos, B. (1986). Buyers' and sellers' explanations for product failure: Who done it? *Journal of Marketing, 50*(2), 74-80.

Frösén, J., Jaakkola, M., Churakova, I., & Tikkanen, H. (2016). Effective forms of market orientation across the business cycle: A longitudinal analysis of business-to-business firms. *Industrial Marketing Management, 52*, 91-99.

Gligor, D., Gligor, N., & Maloni, M. (2019). The impact of the supplier's market orientation on the customer market orientation-performance relationship. *International Journal of Production Economics, 216*, 81-93.

Grocer (Producer). (2017, 23/06/2019). Tesco axes more than half of Heineken's beer, lager and cider range. Retrieved from https://www.thegrocer.co.uk/stores/ranging-and-merchandising/tesco-takes-an-axe-to-heineken-range-in-major-reset/550238.article

Grocer (Producer). (2018, 23/06/2019). Tesco poised to slash supplier numbers in next phase of project reset. Retrieved from https://www.thegrocer.co.uk/channels/supermarkets/tesco/tesco-to-slash-supplier-numbers-in-next-phase-of-reset/567720.article

Habib, F., Bastl, M., Karatzas, A., & Mena, C. (2019). Treat me well and I may leave you kindly: A configurational approach to a buyer's relationship exit strategy. *Industrial Marketing Management*.

Hayes, A.F. (2012). Process: A versatile computational tool for observed variable mediation, moderation, and conditional process modeling. In. Lawrance, KS: University of Kansas.

Haas, A., Snehota, I., & Corsaro, D. (2012). Creating value in business relationships: The role of sales. *Industrial Marketing Management, 41*(1), 94-105.

Iyer, P., Davari, A., Zolfagharian, M., & Paswan, A. (2018). Market orientation, positioning strategy and brand performance. *Industrial Marketing Management*.

Jack, L., Florez-Lopez, R., & Ramon-Jeronimo, J.M. (2018). Accounting, performance measurement and fairness in UK fresh produce supply networks. *Accounting, Organizations and Society, 64*, 17-30.

Kashmiri, S., Nicol, C.D., & Arora, S. (2017). Me, myself, and I: Influence of CEO narcissism on firms' innovation strategy and the likelihood of product-harm crises. *Journal of the Academy of Marketing Science, 45*(5), 633-656.

Kohli, A.K., & Jaworski, B.J. (1990). Market orientation: The construct, research propositions, and managerial implications. *Journal of Marketing, 54*(2), 1-18.

Kotabe, M., Martin, X., & Domoto, H. (2003). Gaining from vertical partnerships: Knowledge transfer, relationship duration, and supplier performance improvement in the US and Japanese automotive industries. *Strategic Management Journal, 24*(4), 293-316.

Krause, D., Handfield, R., & Tyler, B. (2007). The relationships between supplier development, commitment, social capital accumulation and performance improvement. *Journal of Operations Management, 25*(2), 528-545.

Kumar, V., Jones, E., Venkatesan, R., & Leone, R.P. (2011). Is market orientation a source of sustainable competitive advantage or simply the cost of competing? *Journal of Marketing, 75*(1), 16-30.

Lakshman, C., & Parente, R.C. (2008). Supplier-focused knowledge management in the automobile industry and its implications for product performance. *Journal of Management Studies, 45*(2), 317-342.

Liao, S.-H., Chang, W.-J., Wu, C.-C., & Katrichis, J.M. (2011). A survey of market orientation research (1995–2008). *Industrial Marketing Management, 40*(2), 301-310.

Liu, A.H., Gould, A.N., Rollins, M., & Gao, H. (2014). Role conflict and ambiguity confronting transnational business networkers: Contrasting social stigma and relational risks for Chinese and western boundary spanners. *Industrial Marketing Management, 43*(6), 911-919.

Liu, Y., Li, Y., Tao, L., & Wang, Y. (2008). Relationship stability, trust and relational risk in marketing channels: Evidence from China. *Industrial Marketing Management, 37*(4), 432-446.

Lynch, J., & De Chernatony, L. (2007). Winning hearts and minds: Business-to-business branding and the role of the salesperson. *Journal of Marketing Management, 23*(1-2), 123-135.

Maglaras, G., Bourlakis, M., & Fotopoulos, C. (2015). Power-imbalanced relationships in the dyadic food chain: An empirical investigation of retailers' commercial practices with suppliers. *Industrial Marketing Management, 48*, 187-201.

Malagueño, R., Gölgeci, I., & Fearne, A. (2019). Customer categorization, relational justice and SME performance in supermarket supply chains. *Supply Chain Management: An International Journal, 24*(3), 417-429.

Malagueño, R., Lopez-Valeiras, E., & Gomez-Conde, J. (2018). Balanced scorecard in smes: Effects on innovation and financial performance. *Small Business Economics, 51*(1), 221-244.

Min, S., Mentzer, J., & Ladd, R. (2007). A market orientation in supply chain management. *Journal of the Academy of Marketing Science, 35*(4), 507-522.

Najafi-Tavani, S., Najafi-Tavani, Z., Naudé, P., Oghazi, P., & Zeynaloo, E. (2018). How collaborative innovation networks affect new product performance: Product innovation capability, process innovation capability, and absorptive capacity. *Industrial Marketing Management, 73*, 193-205.

Narver, J.C., & Slater, S.F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing, 54*(4), 20-35.

Palmatier, R.W., Dant, R.P., Grewal, D., & Evans, K.R. (2006). Factors influencing the effectiveness of relationship marketing: A meta-analysis. *Journal of Marketing, 70*(4), 136-153.

Palmatier, R.W., Houston, M.B., Dant, R.P., & Grewal, D. (2013). Relationship velocity: Toward a theory of relationship dynamics. *Journal of Marketing, 77*(1), 13-30.

Papke, L.E., & Wooldridge, J.M. (1996). Econometric methods for fractional response variables with an application to 401 (k) plan participation rates. *Journal of applied econometrics, 11*(6), 619-632.

Preacher, K.J., & Hayes, A.F. (2004). SPSS and SAS procedures for estimating indirect effects in simple mediation models. *Behavior Research Methods, 36*(4), 717-731.

Reid, M., Luxton, S., & Mavondo, F. (2005). The relationship between integrated marketing communication, market orientation, and brand orientation. *Journal of Advertising, 34*(4), 11-23.

Schweiger, S.A., Stettler, T.R., Baldauf, A., & Zamudio, C. (2019). The complementarity of strategic orientations: A meta-analytic synthesis and theory extension. *Strategic Management Journal, 40*(11), 1822-1851.

Selnes, F. (1993). An examination of the effect of product performance on brand reputation, satisfaction and loyalty. *European Journal of Marketing, 27*(9), 19-35.

Slater, S.F., & Narver, J.C. (1994). Does competitive environment moderate the market orientation-performance relationship? *Journal of Marketing*, 46-55.

Sloot, L.M., & Verhoef, P.C. (2008). The impact of brand delisting on store switching and brand switching intentions. *Journal of Retailing, 84*(3), 281-296.

Song, L.Z., Song, M., & Di Benedetto, C.A. (2011). Resources, supplier investment, product launch advantages, and first product performance. *Journal of Operations Management, 29*(1-2), 86-104.

Squire, B., Cousins, P.D., & Brown, S. (2009). Cooperation and knowledge transfer within buyer-supplier relationships: The moderating properties of trust, relationship duration and supplier performance. *British Journal of Management, 20*(4), 461-477.

Stolze, H.J., Mollenkopf, D.A., & Flint, D.J. (2016). What is the right supply chain for your shopper? Exploring the shopper service ecosystem. *Journal of Business Logistics, 37*(2), 185-197.

Taylor, C.R., Kim, K.H., Ko, E., Park, M.H., Kim, D.R., & Moon, H.I. (2008). Does having a market orientation lead to higher levels of relationship commitment and business performance? Evidence from the Korean robotics industry. *Industrial Marketing Management, 37*(7), 825-832.

Thompson, S.A., & Sinha, R.K. (2008). Brand communities and new product adoption: The influence and limits of oppositional loyalty. *Journal of Marketing, 72*(6), 65-80.

Urde, M., Baumgarth, C., & Merrilees, B. (2013). Brand orientation and market orientation—from alternatives to synergy. *Journal of Business Research, 66*(1), 13-20.

Verhoef, P.C., Kannan, P.K., & Inman, J.J. (2015). From multi-channel retailing to omni-channel retailing: Introduction to the special issue on multi-channel retailing. *Journal of Retailing, 91*(2), 174-181.

Wagner, B.A., Fillis, I., & Johansson, U. (2005). An exploratory study of SME local sourcing and supplier development in the grocery retail sector. *International Journal of Retail & Distribution Management, 33*(10), 716-733.

Waller, M.A., Williams, B.D., Tangari, A.H., & Burton, S. (2010). Marketing at the retail shelf: An examination of moderating effects of logistics on SKU market share. *Journal of the Academy of Marketing Science, 38*(1), 105-117.

Wu, J., Ma, Z., & Liu, Z. (2019). The moderated mediating effect of international diversification, technological capability, and market orientation on emerging market firms' new product performance. *Journal of Business Research, 99*, 524-533.

Yen, D.A., & Barnes, B.R. (2011). Analyzing stage and duration of Anglo-Chinese business-to-business relationships. *Industrial Marketing Management, 40*(3), 346-357.

Zaichkowsky, J.L., Parlee, M., & Hill, J. (2010). Managing industrial brand equity: Developing tangible benefits for intangible assets. *Industrial Marketing Management, 39*(5), 776-783.

Table 1. Early respondents vs. late respondents

Variable	Early respondents	Late respondents
Relationship duration (years)	8.07	6.69
Product failure	0.19	0.13
Family ownership (family firm = 1)	0.92*	0.40*
Number of years trading	39.43	20.45
Total number of employees	50.53	27.15
Number of employees engaged in marketing and sales	5.35	3.95
Number of customers	3.12	2.90
Number of stores selling brand	298.20	465.45
Prior sales to focal supermarket (millions)	0.62	0.58

Note: The sample was divided into early, middle, and late respondents based on the return date of the survey. * Means are significantly different at p-value<0.05.

Table 2. Descriptive statistics

Variable	Mean	Std. Dev.	Min.	Max.
Brand diffusion	0.04	0.82	-1.15	5.09
Product failure	0.27	0.36	0.00	1.00
Relationship duration	7.75	6.52	0.00	30.0
Marketing orientation†	4.92	0.76	1.00	7.00
Family ownership	0.73	0.44	0.00	1.00
Number of years trading	33.84	45.58	0.50	300.00
Total number of employees	37.28	53.93	2.00	300.00
Number of employees engaged in marketing and sales	4.47	4.58	0.00	30.00
Number of customers	3.12	1.12	1.00	4.00
Number of stores selling brand	302.75	418.80	0.00	2,491.00
Prior sales to focal retailer (millions)	0.71	0.88	0.50	8.00
Category size (millions)	35.26	30.54	0.40	137.95
Product category 1	0.18	0.39	0.00	1.00
Product category 2	0.14	0.35	0.00	1.00

Note. † Mean value for all the items not excluded in CFA.

Table 3. Correlation matrix

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) Brand diffusion	1.00													
(2) Product failure	-0.37**	1.00												
(3) Relationship duration	0.45**	-0.23*	1.00											
(4) Marketing orientation	-0.14	-0.19	-0.06	1.00										
(5) Family ownership	0.19*	-0.20*	0.12	0.13	1.00									
(6) Number of years trading	0.39**	-0.27**	0.50**	-0.25**	0.13	1.00								
(7) Total number of employees	0.17	-0.15	0.17	-0.03	0.14	0.48**	1.00							
(8) Number of employees engaged in marketing and sales	-0.14	-0.04	0.03	0.04	-0.02	0.24**	0.48**	1.00						
(9) Number of customers	-0.21*	-0.04	0.06	0.16	0.08	0.17	0.13	0.28**	1.00					
(10) Number of stores selling brand	0.31**	0.02	0.20*	0.02	-0.03	-0.02	0.00	0.01	-0.20*	1.00				
(11) Prior sales to focal retailer	0.40**	-0.04	0.26**	0.04	0.08	0.09	0.14	-0.05	-0.15	0.52**	1.00			
(12) Category size	0.24*	0.12	0.10	-0.02	-0.01	0.02	0.07	-0.02	-0.10	0.19*	0.23*	1.00		
(13) Product category 1	0.08	0.02	-0.04	0.04	-0.10	0.08	0.19*	0.09	-0.01	0.01	-0.08	-0.11	1.00	
(14) Product category 2	0.20*	-0.13	-0.10	-0.07	0.08	0.14	0.13	0.05	-0.07	-0.13	-0.00	0.27**	-0.19*	1.00

Note. ** $p<0.01$, * $p<0.05$.

Submitted to: November 2019
Industrial Marketing Management Word count: 11,146

Table 4. Results of fractional logit regression analysis

Dependent variable:	**Brand diffusion**		**Product failure**	
	Model 1	*Model 2*	*Model 3*	*Model 4*
	Coeff. (z-stat.)	Coeff. (z-stat.)	Coeff. (z-stat.)	Coeff. (z-stat.)
Intercept	-2.081*** (-10.36)	-2.129*** (-11.22)	0.743 (0.64)	1.022 (0.87)
Relationship duration	0.020*** (2.68)	0.017** (2.38)	-0.001 (-0.02)	0.020 (0.57)
Market orientation	-0.035 (-0.60)	-0.030 (-0.57)	-0.981*** (-3.06)	-0.637** (2.20)
Relationship duration x Market orientation		-0.014** (-1.86)		0.145*** (2.84)
Brand diffusion			-18.577*** (-3.47)	-17.90*** (-3.25)
Family ownership	0.194** (2.35)	0.176** (2.16)	0.020 (0.04)	0.012 (0.02)
Number of years trading	0.204* (1.81)	0.248** (2.24)	-0.792 (-1.20)	-0.950 (-1.46)
Total number of employees	0.000 (0.05)	0.000 (0.09)	-0.002 (-0.47)	-0.003 (-0.58)
Number of employees engaged in marketing and sales	-0.017** (-2.32)	-0.016** (-2.32)	-0.002 (-0.04)	-0.012 (-0.27)
Number of customers	-0.060 (-1.51)	-0.065* (-1.64)	0.026 (0.13)	0.043 (0.22)
Number of stores selling brand	0.000* (1.92)	0.000 (1.61)	0.000 (0,09)	0.000 (0.36)
Prior sales to focal retailer	0.046 (0.97)	0.001 (1.01)	0.096 (0.16)	-0.315 (-0.49)
Category size	0.000 (0.81)	0.074* (1.67)	0.022*** (2.66)	0.024*** (2.73)
Product category 1	0.224** (2.53)	0.239*** (2.79)	0.907 (1.60)	0.888 (1.54)
Product category 2	0.331*** (3.12)	0.311*** (2.91)	-0.855 (-1.22)	-1.582* (-1.75)
N	113	113	102	102
Pseudo R^2	0.018	0.019	0.233	0.266
Wald χ^2	194.23	206.40	39.49	44.07
Log-likelihood	-47.77	-47.74	-37.05	-35.90

Note. *** p<0.01, ** p<0.05, * p<0.10, (one-tailed for hypothesized links, two-tailed otherwise)

Table 5. Mediation analysis via bootstrapping

Effect	**Coeff. (Bootstrap SE)**	**95% CI lower to upper**
Direct effect of relationship duration on product failure	-0.023 (0.006)	-0.018 to 0.006
Indirect effect of relationship duration on product failure via brand diffusion	-0.004** (0.002)	-0.010 to -0.001
Completely standardized indirect effect of relationship duration on product failure via brand diffusion	-0.062** (0.038)	-0.153 to -0.005

Note. ** p<0.05 (two-tailed significance levels). Family firm, years trading, number of employees, employees in marketing and sales, number of customers, stores selling brand, prior sales to focal retailer, category size and sectors were included as control variables. The unstandardized coefficients reported were obtained from Preacher and Hayes (2004)' PROCESS macro. The standard errors (SE) and confidence intervals (CI) were obtained from bootstrapping with 1000 replications. The 95% confidence intervals were bias-corrected.

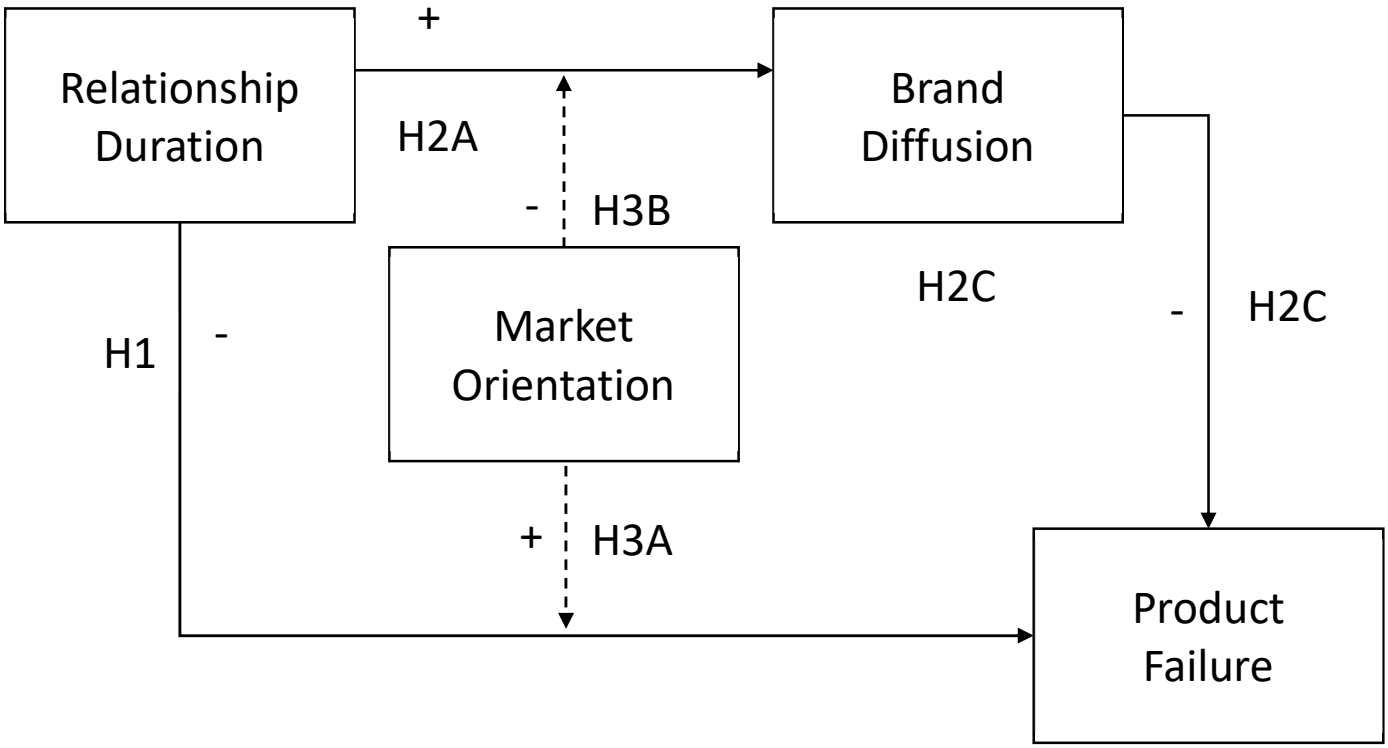

Fig. 1. Conceptual framework