

# **Unlocking the Link between Relationship Duration and Product De-listing in Retail**

## **Channels: The Role of Market Orientation and Brand Diffusion**

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**Abstract**

The literature on retailers' range rationalization is limited and focuses primarily on the consequences thereof from a consumer perspective. Drawing on the extant research on buyer-supplier relationships, brand management, and market orientation (MO) in business-to-business (B2B) markets, our research explores the antecedents of product de-listing in retail channels. It unlocks the link between relationship duration and product de-listing by examining the role of MO and brand diffusion. Using a combination of primary data with both objective and perceptual measures and proprietary objective data from a sample of suppliers to a large British supermarket, we find that the supplier's brand diffusion is an essential means of utilizing relationship duration between suppliers and retailers to reduce product de-listing in retail stores. Additionally, we find that MO plays opposite moderating roles in the links between relationship duration, brand diffusion, and product de-listing. It strengthens the negative influence of relationship duration on product de-listing, while it weakens the positive influence of relationship duration on brand diffusion. Our study contributes to research on marketing channels and B2B marketing by highlighting the limitations of relational view theory and unveiling the role of brand diffusion and MO in explaining the outcomes of buyer-supplier relationships in retail channels.

**Keywords**

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

## **1. Introduction**

Until recently, the range of products populating supermarket shelves has grown exponentially, offering greater choice for consumers and opportunities for small food and drink producers to access mainstream distribution. In the UK, a study by Wagner, Fillis, and Johansson (2005) highlighted the growth in demand for local and regional foods and the corresponding growth in the sourcing of local and regional ranges across multiple categories in major supermarkets. In many cases, local sourcing teams were introduced to work internally with category managers to ensure local and regional foods were properly ranged and externally with small and medium-sized enterprises (SMEs) seeking to grow their businesses locally, regionally, and nationally.

A decade later, the picture has fundamentally changed. The growth of grocery e-commerce and omnichannel retailing has transformed the competitive landscape (Verhoef, Kannan, & Inman, 2015) and fueled a significant shift in supermarket strategies toward convenience and value, resulting in the rationalization of ranges, making it easier for shoppers to shop and enabling retailers to buy fewer stock keeping units (SKUs) from fewer suppliers. Tesco, the UK's largest supermarket, with a market share of 30% in 2020, led the way with their 'Project Re-set', launched in 2015 with the stated objective to reduce the number of SKUs by 20% per annum and challenging suppliers to justify their allocation of stores and shelf-space (Leyland, 2015). The other major multiples have followed suit, leaving all suppliers, including nationally distributed brands, vulnerable to the threat of range rationalization (Perkins, 2017).

This fundamental shift in retail strategy has created tension in buyer-supplier relationships and left both suppliers and retail buyers with a dilemma. 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, & Fearné, 2019). In such circumstances, the principles of customer relationship management would urge them to focus on key customers to

avoid de-listing -i.e., removal of the product from the retailer's range-, which may increase their dependency and the consequences of de-listing from a key customer, should their efforts fail. On the other hand, retailers face the dilemma of being uncompetitive if they do not de-list underperforming products and the threat of backlash from some of their customers if they do (Argouslidis et al., 2018). There is a fine balance between greater convenience and value and reduced choice resulting from a reduction in the number of SKUs ranged. Buyers have the power to make changes to ranges, to list and de-list, as they see fit. This begs the question of what is the role of suppliers in this process, and where should SMEs focus their efforts and allocate their scarce resources to ensure they are not victims of range rationalization?

The literature on range rationalization in a retail setting is limited and focuses primarily on the consequences thereof from a consumer perspective (Davies, 1994; Sloot & Verhoef, 2008). Little theoretical attention has been given to the predictors of product de-listing and, in particular, relationship-specific and supplier-related antecedents of product de-listing. This could be particularly relevant to SMEs, many of whom have grown their businesses through the acquisition of supermarket distribution and now find themselves at a 'cliff-edge'. One of the central concepts in the literature on buyer-supplier relationships (Palmatier et al., 2006) is relationship duration, which is regarded as an important indicator of the stability of buyer-supplier relationships and may function as a hedge against product de-listing by retailers (Fink, James, & Hatten, 2008). However, the influence of relationship duration on product de-listing may not be straightforward. Rather than providing suppliers with security, there is a risk that the mere existence of an established relationship creates a false sense of security, particularly in turbulent and uncertain times.

Referring to the acceptance of and loyalty to a brand by its customers, brand diffusion has been identified as a key indicator of both retailers' and suppliers' product success in the retail context (Dhar & Hoch, 1997). As such, brand diffusion may diminish the possibility of

product de-listing. Likewise, market orientation (MO) is an organization's underlying disposition to understand and respond to the expressed and latent needs of customers (Schweiger et al., 2019). Thus, despite being overlooked when examining the relationships between smaller suppliers and large buyers in retail channels, brand diffusion, and MO could play an important role in determining whether or not a supplier's product should survive the cut, regardless of the duration of the buyer-supplier relationship.

The purpose of our study is to advance the understanding of the antecedents of product de-listing in retail channels by examining the role of supplier's brand diffusion and MO in the link between buyer-supplier relationship duration and product de-listing. In so doing, we rely on primary and secondary data gathered from a sample of small-scale suppliers to a large British supermarket and use both objective and subjective measures to test our hypotheses.

Our findings suggest that relationship duration alone has no effect on product de-listing during range rationalization. Indeed, relationship duration provides no protection against product de-listing on its own, unless suppliers have invested in brand diffusion, which fully mediates the negative relationship between relationship duration and product de-listing. We also find that MO exerts contrasting moderating influences on the role of relationship duration - strengthening the negative influence of relationship duration on product de-listing and weakening the positive influence of relationship duration on brand diffusion. As such, relationship duration, by itself, offers suppliers little protection against de-listing, and supplier-related factors of brand diffusion and MO are more important predictors of survival and play an instrumental role in conveying the role of relationship duration.

Our study contributes to research on marketing channels and business-to-business (B2B) marketing by explicating the antecedents of product de-listing in retail channels. First, we establish that relationship duration by itself serves as an ineffective hedge against product de-listing in retail stores. In so doing, we highlight the limitations of relational view theory

(Dyer & Singh, 1998) and research on B2B relationships (Dagger et al., 2009; Fink et al., 2008; Squire et al., 2009) in explaining the outcomes of buyer-supplier relationships. Second, we reveal the role of brand diffusion in realizing the potential of long-term buyer-supplier relationships in preventing product de-listing situations and highlight the relevance of brand diffusion in B2B markets (cf. Bendixen, Bukasa, & Abratt, 2004; Zaichkowsky, Parlee, & Hill, 2010). As such, our study adds to the research on B2B branding by highlighting the critical role of brand diffusion in the survival of SMEs' products on supermarket shelves. Finally, we show that suppliers' MO is a pivotal boundary condition for converting relationship duration into brand diffusion and reduced product de-listing and provide a new angle to the theory of MO in B2B markets (Beverland & Lindgreen, 2007; Iyer et al., 2018; Min, Mentzer, & Ladd, 2007).

## **2. Theoretical background and hypotheses development**

### *2.1. Product de-listing 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 supermarkets to have their products delivered to their target customers (Maglaras, Bourlakis, & Fotopoulos, 2015; Malagueño et al., 2019). Most relationships between suppliers and retailers are managed over long periods and experience ups and downs over time (Autry & Golicic, 2010; Buvik & Haugland, 2005; Fink et al., 2008). At the epicenter of retailer-supplier relationships is the brand. Thus, the performance of products associates with the brand is closely intertwined with the way retailer-supplier relationships evolve over time.

Past research has paid little attention to product de-listing, not least due to the lack of accurate data, given the reluctance of managers to accurately report the incidence of product failure and concomitant de-listing (Fisher, 1993). In this study, we view *product de-listing* as an instance where a product fails to meet the (retail) buyer's expectations, resulting in the product being removed from the retailer's range. Given the strong competition for shelf space

(Waller et al., 2010), products that fail to satisfy retailer targets for key performance measures (KPIs) attract scrutiny from buyers and new suppliers seeking to displace incumbent suppliers, making them vulnerable to de-listing (Verhoef et al., 2015).

Research into the antecedents of de-listing is also limited. A 1985 review highlighted the significance that pricing and margin pressure have on the grocery trade, which can have a significant impact on the focus and impact of periodic range reviews (Davies, Gilligan, & Sutton, 1985). Likewise, Davies (1994) found that over half (57%) of all de-listings were a result of low sales volumes. Other reasons included the lack of sales growth, high and inflexible prices, and poor or variable product quality. A more recent study highlights the pressure that some retailers are inclined to place on suppliers, threatening to de-list a product in a bid to obtain a better deal or as a form of “punishment” (Florez-Acosta & Herrera-Araujo, 2017). Thus, product de-listing decisions can be driven by the personality traits of buyers and/or political motivations, rather than purely commercial ones (Tangpong, Hung, & Li, 2019).

Such findings from previous research suggest that relationship dynamics between suppliers and retailers can influence product de-listing decisions. The dynamics of category profitability are complex, and buyers are constantly juggling the mix of faster selling/lower margin lines and slower-selling/higher-margin lines, ever conscious of the need to meet (heterogenous) consumer demand and (volatile) shopper behavior. It is, therefore, problematic to make completely analytical decisions, meaning an element of subjective judgment is inevitable. Soft factors such as relationship strength and relationship duration may play an important role, at the margin, in determining whether products get de-listed (Florez-Acosta & Herrera-Araujo, 2017) and de-listing decisions may be bounded by behavioral and relationship-specific aspects (Tangpong et al., 2019). This notion, in turn, serves as a key motivation behind exploring the link between relationship duration and product de-listing.

In this study, we focus on relationship duration as a possible predictor of product de-listing. In the 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 over time. 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 better perceptions of their relationships with suppliers 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. In contrast, unsatisfactory and inflexible relationships will have been ended in the process (Anderson & Weitz, 1989). Thus, one might expect that relationship duration may help reduce the threat of product de-listing in retail channels.

On the other hand, relationship duration may not be a good proxy for relationship strength, as established relationships can 'peak' and run the risk of becoming stale, in which case the flat or even negative trajectory might reduce performance (Palmatier et al., 2013). Likewise, as transactional relationships with a lower degree of commitment or investment may



also endure (Dagger, Danaher, & Gibbs, 2009), relationship duration may be a poor proxy for relationship strength. Especially in retail channels, individual suppliers providing products over long periods may still be perceived as (relatively) unimportant by their larger channel partners (Malagueño et al., 2019). This phenomenon may be exacerbated when suppliers have limited MO and supply products with limited brand loyalty. Thus, the link between relationship duration and product de-listing may be complex and sensitive to intervening factors that strengthen or undermine the relationship. Thus, we next discuss the concepts of brand diffusion and MO as relevant supplier-related factors within the domain of buyer-supplier relationships to unlock the link between relationship duration and product de-listing.

## *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 norms, influenced by their own values, perceptions, and impressions when making and executing business decisions (Tangpong et al., 2019). The behavioral nature of buyer-supplier relationships provides the rationale for bringing 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; 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) define *market orientation* 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 MO 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 cultural and behavioral aspects of MO.

MO is a resource-intensive endeavor and may, thus, become a challenge for SMEs (Slater & Narver, 1994). Simultaneous development and maintenance of customer orientation, competitor orientation, and cross-functional coordination entail significant resource allocation to gather and utilize intelligence on customers and competitors while ensuring people with different priorities and mindsets work toward an overarching goal (Gölgeci, Karakas, & Tatoglu, 2019). Likewise, developing MO involves uncovering and transforming long-held assumptions in firms and requires the adoption of challenging change processes (Beverland & Lindgreen, 2007). Accordingly, while MO may be widely adopted by larger firms, it is often deficient in resource-constrained SMEs (Didonet, Fearne, & Simmons, 2019).

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 has 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 (Wu, Ma, & Liu, 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 strength of a supplier's brand, albeit as a niche product that meets the specific needs of a small segment of shoppers, can be a crucial complementary asset amongst the mix of commercial KPIs.

Brand management is 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, Ewing, & Napoli, 2008). As such, it is increasingly seen and deployed as a strategic tool by firms to 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. However, 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 helps 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 customers' acceptance of a brand as represented by the proportion of all households who purchase a brand at least once over a given period and customers' loyalty to that brand, represented by their purchase frequency in a given period (Thompson & Sinha, 2008). It encompasses 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 purchasing behavior. As such, brand diffusion is rooted in the customers' awareness of the supplier's brand, as well as brand reputation and brand equity in the eyes of the customer (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 own sales value. 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.

Brand diffusion and MO exhibit an interesting interplay in the inter-organizational 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 brand management and MO as drivers of new product offerings that create greater customer value. We position brand management and MO as central ingredients for increased product performance. Thus, brand diffusion and MO can be essential factors to understand better when and how relationship duration can affect the de-listing process and influence de-listing decisions. Next, we develop hypotheses regarding the impact of relationship duration on de-listing decisions in retail supermarket channels and examine the roles of brand diffusion and MO therein.

### *2.3. Hypotheses*

#### *2.3.1. Relationship duration and product de-listing*

The core premise of the relational view (Dyer & Singh, 1998) and research on B2B relationships (Dagger et al., 2009; Fink et al., 2008; Squire et al., 2009) is that buyer-supplier relationships are sources of inter-organizational competitive advantage. According to this line of research, as relationships mature over time, partners witness a reduction in the levels of relational uncertainty and an increase in confidence in future business opportunities resulting in more efficient resource utilization and greater performance outcomes.

Davies (1994) analyzed the features of retail buyers as individuals and concluded that the personal judgment of retail buyers is significant in the de-listing of products beyond financial metrics. Relationship duration is considered a soft factor in buyer-supplier relationships and positively entangled with inter-organizational knowledge transfer activities and ensuing supplier performance improvement outcomes (Kotabe, Martin, & Domoto, 2003). Thus, it may play a role in product de-listing decisions. Since retailers' product de-listing judgments may depend more on their preferences than that of customers' shopping patterns (Davies, 1994; Tangpong et al., 2019), suppliers may leverage the length of their relationships with retailers to influence their perceptions positively and mitigate the risk of product de-listing. Although relationship duration is not a universally positive factor in buyer-supplier relationships (Dagger et al., 2009), it is likely to have a positive influence, at the margin, when retail buyers are considering candidates for de-listing.

Individual suppliers are often more reliant upon the retailer for their profitability and survival than vice-versa. Approximately 10-30% of a suppliers' total sales may come from one retailer, while this would only represent a tiny proportion of the retailer's total sales (Dobson, 2005). The potentially negative effects of this asymmetric dependence may dissipate over time, as trust is built, and retailer-supplier partnerships take root (Palmatier et al., 2006; Squire, Cousins, & Brown, 2009). As such, established retailer-supplier relationships may help stabilize performance expectations and reduce the probability of product de-listing. Retailers may prefer to work with incumbents to improve the performance of failing products rather than incur switching costs and assume the risk of undermining an established relationship with an unknown quantity in the shape of a new supplier (Habib et al., 2019).

Furthermore, as suppliers gain experience in working with a retailer, they may gain an enhanced understanding of their market and customers and adapt their behaviors in line with the retailer's expectations (Squire et al., 2009). As the relationship between retailer and supplier

matures, suppliers may leverage relational learning opportunities (Cheung, Myers, & Mentzer, 2011) to improve their products and survive range rationalization decisions. Likewise, over time, the retailer and supplier acclimatize to each other's processes and become better equipped to accommodate each other's requests (Autry & Golicic, 2010), such that the supplier's products become a natural component of the retail fixture. Consequently, we expect a negative association between relationship duration and product de-listing and hypothesize that:

**H1** *Relationship duration is negatively associated with product de-listing.*

### *2.3.2. The mediating role of brand diffusion*

In the next three hypotheses, we concentrate on the expected mediating role of brand diffusion in the link between relationship duration and product delisting. In other words, we explain how a supplier's brand diffusion in a retailer's outlets translates the influence of relationship duration on the likelihood of product de-listing.

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). Especially in the case of smaller suppliers' brands with a lower degree of mass brand awareness (Berthon et al., 2008), retailers and suppliers are compelled to work together to build the brand within the retail space and diffuse it into consumer households over time. A new brand may struggle for a while in a retail setting characterized by hyper-competition. However, the supplier and retailer may gradually coordinate their efforts to build and strengthen the supplier's brand over the lifetime of their relationship (Nyadzayo, Matanda, & Ewing, 2011), enabling the supplier's brand to gain a foothold in a specific cluster of the retailer's stores.

Just like relationships, brands take time and concerted efforts to build (Berthon et al., 2008; Liu et al., 2008; Palmatier et al., 2013). Likewise, a supplier's brand diffusion in a specific retailer's network of stores may not be solely a function of the supplier's product characteristics but may also depend on the relationship between the supplier and the buyer. Thus, brand diffusion is more likely to evolve and develop in relationships that have stood the test of time (Huber, Meyer, & Schmid, 2015). 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, having reached their peak or become stale. Consequently, a flat or negative trajectory in such relationships may end up hurting suppliers' brand diffusion in retail outlets.

Nevertheless, 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. Consumers' long-term exposure to a supplier's brand, enabled by greater relationship duration between the supplier and retailer, is often a necessary condition for a brand to form its identity and secure its place in the retail outlet and diffuse into consumer households (Huber et al., 2015). This means, other things being equal, relationship duration between suppliers and retailers is likely to have a positive impact on suppliers' brand diffusion in retail stores. Thus, we hypothesize that:

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

A recent study surveying shoppers in four large supermarkets revealed that narrow product and brand ranges are a source of anger amongst shoppers, resulting in reduced patronage (Argouslidis et al., 2018). Likewise, Sloot and Verhoef (2008) found that some consumers would stop using stores that de-listed their preferred brand, concluding that an excessive or accelerated range rationalization may result in the loss of consumers' total shopping baskets.

Against the backdrop of increased competition, reduced shelf space, and contraction in brand diversity 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 de-listing. 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. The more a brand is commonly accepted and has a loyal following, the better the chances that it will survive the retailer's de-listing decisions (Thompson & Sinha, 2008). This means brand diffusion can function as a hedge against the possibility of product de-listing in retail stores.

Furthermore, even from a retailer's pure product performance point of view, 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 purchases in retail stores are less likely to be de-listed 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 are less likely to be de-listed. Consequently, drawing on the past empirical evidence on the interplay between brand rationalization and customer response and arguments on brand diffusion and product de-listing by retailers, we hypothesize that:

**H2B** *Supplier's brand diffusion is negatively associated with product de-listing.*

Drawing on the arguments leading to H2A and H2B, we also expect that brand diffusion mediates the effect of relationship duration on product de-listing. In other words, we expect suppliers' brand diffusion in retailers' outlets conveys the influence of relationship duration on reducing the likelihood of product de-listing. Relationship duration between suppliers and retailers might be expected to attenuate the risk of product de-listing in retail stores. However, 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 in buyer-supplier relationships (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 essential mechanism to channel the potential mitigating influence of relationship duration on product de-listing. Suppliers can leverage both sales growth dimensions and consumer pressure effects of brand diffusion to highlight 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 and product de-listing.*

### *2.3.3. The moderating role of market orientation*

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 when its effect on performance outcomes could be either marginal or negative (Palmatier et al., 2013). These circumstances often occur when one or both partners find themselves in a stable, comfortable yet unproductive relationship, start neglecting the needs of the other party, and overlook the signs of relationship deterioration. In such cases, relationship duration alone may not offer sufficient protection against product de-listing.

With its increasingly ubiquitous adoption, especially among larger and business-to-consumer (BTC) firms, MO is often seen as a *conditio sine qua non* in many competitive industries (Kumar et al., 2011). When MO is widely accepted and adopted in a given market, it

may make only a marginal difference in the pursuit of superior performance, while its absence may be fatal, especially amid fluctuating market forces (Frösén et al., 2016). Thus, while MO is repeatedly shown to be critical for competitive advantage and performance outcomes of larger firms (Kirca, Jayachandran, & Bearden, 2005), its widespread adoption means its potential as a differentiator diminishes over time.

The picture is different for SMEs, who are characterized by their pursuit of sales, from whoever and wherever, to provide the essential cash-flow that fuels their growth (Didonet et al., 2019). MO is often missing in the portfolio of strategic orientations of SMEs, leaving them exposed in the long-term as they struggle to focus and target their scarce resources on fewer market segments, in order to build brand loyalty (Beverland & Lindgreen, 2007). Thus, MO can be a differentiating factor for SMEs supplying supermarkets over longer periods. In particular, MO may condition how suppliers utilize their relationships with buyers against product de-listing and toward greater brand diffusion and 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). Accordingly, MO is included in our framework as a moderator between relationship duration and product de-listing and brand diffusion.

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). 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 de-listing of their products in retail stores. Suppliers' MO, in such cases, can be additional leverage for retaining products on the shelves that can complement the role of relationship duration.

Likewise, in retail channels, suppliers can also apply their MO to consumers to avoid the de-listing of long-lasting brands in retail stores (Urde et al., 2013). By better understanding

customer needs and communicating the dynamic value offerings of their brands rather than relying on past success, suppliers can prevent the de-listing 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 de-listing. Thus, we hypothesize that:

**H3A** *Suppliers' MO positively moderates the link between relationship duration and product de-listing, with higher levels of MO increasing the protection that relationship duration offers against product de-listing.*

MO's influence on firm outcomes is neither universal nor unidimensional but is situational (Wu et al., 2019). In the context of this study, 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 foster commitment and a positive predisposition toward a supplier's 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 develop effective marketing plans and execute effective marketing activities without the benefit of time to develop inter-personal relationships with the retail buyer (Reid et al., 2005; Taylor et al., 2008), which undermines the role of relationship duration in brand diffusion. As such, higher degrees of MO may expedite the supplier's brand diffusion in the retail store, making the

supplier less reliant on the duration of the relationship it has with the retailer in building its brand among consumers.

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 brands with above-average penetration and repeat purchase. 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 effects of relationship duration on brand diffusion when MO is high. Thus, we hypothesize that:

**H3B** *Suppliers' MO negatively moderates the link between relationship duration and brand diffusion, with higher levels of MO decreasing suppliers' dependence on their relationship with the retail buyer for the development of brand diffusion.*

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 and secondary data, with both objective and subjective measures. A survey of small food and drink producers supplying niche (local) products to the focal retail provider was used to generate a subjective measure of MO and an objective measure of relationship duration with the focal retailer. Brand diffusion and product de-listing were measured objectively through the use of Electronic Point of Sale (Epos) and loyalty card data provided by the focal retailer. The suppliers were all participants in an action research project exploring the use of market intelligence by small food and drink producers in supermarket distribution channels. As a result, the authors gained access to the local supply base of the focal retailer and were able to identify the individual(s) responsible for managing

the relationship with the focal supermarket. These individuals were engaged in sales and/or marketing roles but, most importantly, for the purpose of this research, they were responsible for managing the relationship with the focal retailer and are subsequently referred to as the account manager.

Survey data were collected in two waves over a period of eighteen months. The first survey was administered in November 2016, and the second in 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%) were classified as 'small', with a total turnover less than £6.5m, of which less than £1m was with the focal retailer. The questionnaire was pre-tested with academic researchers and practitioners (buyers and suppliers) and revised based on the feedback received. Following Dillman's guidelines (2011), several procedures were employed to increase the response rate. First, a preliminary email containing information about the project and partnership with the focal supermarket was sent to the account managers of each of the 337 suppliers. This was followed by an email with instructions and a link to the on-line questionnaire. Non-respondents were sent reminder emails, and respondents who did not complete the survey at the first attempt were contacted by telephone, to ensure that all respondents completed all the questions and data was collected during the period in which the range rationalization was on-going.

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-owned firms, 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. The profile of the respondent firms is reported in Table 2.

**[Insert Table 1 here]**

**[Insert Table 2 here]**

To test the hypotheses, the self-reported survey data was complemented with objective performance 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. Following previous studies (Dagger et al., 2009; Raciti, Ward, & Dagger, 2013), we draw on the assumption that longer relationship duration implies a more evolved stage of relationship development. Hence, relationship duration was measured using a single open question in the survey that asked respondents, "Approximately, for how many years have you been supplying [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). Product penetration is a measure of the breadth of brand diffusion whilst the repeat purchase rate is a measure of the depth of brand diffusion. 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 de-listed.<sup>1</sup>

### *Product de-listing*

Objective data was also used to measure *product de-listing*, which we define as the removal of a product from sale by the focal retailer, which excludes de-listing initiated by the supplier. To capture different degrees of product de-listing, we computed the ratio of the total value of de-listed 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 de-listed products during the reference period, and a value of 1 means the supplier experienced the de-listing of all its products (i.e., total product de-listing) during the reference period. The measure is preferred to a simple count of products de-listed as it captures the importance of the de-listed products in the portfolio of the brand's listing with the focal retailer. A supplier could lose several products but if their individual sales were a small share of their total, the implications for this decision, for both the supplier and the retailer, would be significantly different, and probably less important, than a single product de-listing which accounted for a large share of that brand's total sales with the focal retailer. For those suppliers experiencing de-listed products, the total value of de-listed products, and total sales to the focal retailer were obtained for 26 weeks before the de-listing of the product(s).

### *Market orientation*

*Market orientation* is measured with a perceptual (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

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<sup>1</sup> For new suppliers the information for 12 months was not available. In those occasions, we relied on fewer months of data.

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) was performed to assess the homogeneity of the three dimensions. 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, which presented standardized loadings below 0.50 (i.e., strive to create value for our customers, a good understanding of competitors).<sup>2</sup> 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. The aggregate-level Cronbach’s alpha (0.84) indicated good construct 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 the 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, prior sales to the focal retailer, 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). Accordingly, we included the *number of years trading* and the *total number of employees* as control variables.

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<sup>2</sup> The two items - ‘strive to create value for our customers’ and ‘a good understanding of competitors’ - presented the lowest standardized loadings in the CFA, 0.35 and 0.39 respectively.



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 be de-listed. *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 the 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'.<sup>3</sup> Table 3 displays descriptive statistics on all of the variables in this study.

**[Insert Table 3 here]**

## **4. Results**

### *4.1. Hypotheses Testing*

We tested direct and moderating hypotheses using fractional logit regressions. Fractional logit analysis was employed in our research, as it is appropriate for a dependent variable that is continuous and bounded between zero and one  $[0,1]$ , such as rates, proportions, and fractional data, which is the case of our mediating and dependent variables (i.e., brand diffusion and product de-listing) (Kashmiri, Nicol, & Arora, 2017). Previous research has shown that in these circumstances, the fractional logit regression provides more accurate estimates of predicted values than can be obtained from an ordinary least squares (OLS) regression analysis (Papke &

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<sup>3</sup> Product category 3 was used as a reference category and consequently it was not included on the tables.

Wooldridge, 1996). To investigate the proposed mediation effect of brand diffusion, we relied on a bootstrapping approach described by Hayes (2012).

Table 4 presents the correlation matrix. The correlation matrix shows that, as expected, relationship duration is positively correlated with brand diffusion (0.45) and negatively correlated with product de-listing (-0.23). Additionally, it shows that brand diffusion is negatively correlated with product de-listing (-0.37).

**[Insert Table 4 here]**

First, we tested the predicted negative association of relationship duration between suppliers and retailers and suppliers' product de-listing. As shown in Table 5 model 3, the effect of relationship duration on product de-listing is not significant ( $\beta=-0.001$ ,  $z\text{-stat.}=-0.02$ ,  $p>0.10$ ). Thus, H1 is not supported.

Next, we tested the predicted positive link between relationship duration and suppliers' brand diffusion (H2A) and the negative link between suppliers' brand diffusion and product de-listing (H2B). Table 5 model 1 depicts a significant positive effect of relationship duration on brand diffusion ( $\beta=0.020$ ,  $z\text{-stat.}=2.68$ ,  $p<0.01$ ). Table 5 model 3 depicts a significant negative effect of brand diffusion and product de-listing ( $\beta=-18.577$ ,  $z\text{-stat.}=-3.47$ ,  $p<0.01$ ). 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 de-listing. We report results from SPSS PROCESS macro (see Hayes, 2012) in Table 6. The direct effect of relationship duration on product de-listing 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 de-listing 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 5 model 4 displays the positive moderating effect of suppliers' MO in the link between relationship duration and product de-listing ( $\beta=0.145$ ,  $z\text{-stat.}=2.84$ ,  $p<0.01$ ). It suggests that the influence of relationship duration on product de-listing becomes stronger at higher levels of suppliers' MO, therefore supporting H3A. Table 5 model 2 displays the negative moderating effect of suppliers' MO in the link between relationship duration and brand diffusion ( $\beta=-0.014$ ,  $z\text{-stat.}=-1.86$ ,  $p<0.05$ ). It suggests that the influence of relationship duration on brand diffusion becomes weaker at higher levels of suppliers' MO, therefore supporting H3B.

**[Insert Table 5 here]**

**[Insert Table 6 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 retail 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 generally contribute little to category sales.

### *5.1. Theoretical contributions*

The survey findings, combined with the objective measures, illustrate the critical role that brand diffusion plays in conveying the role of relationship duration in protecting suppliers against the de-listing of their products by retailers. Likewise, we find that MO (Kumar et al., 2011; Narver & Slater, 1990; Taylor et al., 2008) determines 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. The results also 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 more difficult for buyers to remove suppliers' products from their shelves.

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 four reasons. First, relational view (Dyer & Singh, 1998) and similar lines of theories on buyer-supplier relationships position such relationships as sources of inter-organizational competitive advantage. This line of 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, 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 financial 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. They will be less able to take proactive measures to avoid de-listing, regardless of the duration

of their relationship, unless they have a brand that warrants its place on the shelf. Our research shows that brand diffusion and MO are important mechanisms to explain the effects of relationship duration 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 a 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, individually, 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’ -i.e., the strategy of pursuing a multitude of niche markets with a product or service- is there for all to see and has been exploited by new entrants – discounters and e-commerce. This phenomenon has resulted in the process of range rationalization devoid of sentiment and driven by commercial metrics, from which only the strong survive, and relationship duration counts for very little without brand diffusion, which is reinforced by a strong MO.

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 (perceptual) 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 product de-listing and the two critical components of success in the environment of fast-moving consumer goods (FMCG) – brand penetration and repeat purchase as proxies for brand diffusion.

The fourth aspect that adds new insights into the extant theory concerns the role of MO in the nexus of relationships we examine. Extant research examines MO mostly in the context of larger firms and as an independent variable (Gligor et al., 2019; Iyer et al., 2018; Kohli & Jaworski, 1990; Narver & Slater, 1990; Wu et al., 2019). However, we offer a novel angle to MO. We examine its moderating role in the relationships between SMEs and larger supermarkets and find that MO complements relationship duration in its influence on reducing the likelihood of product de-listing, while substituting relationship duration in its influence on improving brand diffusion. As such, our findings reveal new potentials for MO in a well-trodden research area.

### *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 building interpersonal relationships with the retail buyer. 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. Such suppliers need to communicate their brand and products directly to consumers, rather than talking solely to retail buyers, and promote their brands in the consumer market to foster derived demand and leverage it as a protective measure against the threat of their products being de-listed.

In particular, brand diffusion and MO emerge as two important factors that SMEs can work with to avoid product de-listing. 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 brand diffusion and MO 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. SMEs suffer from resource constraints concerning market intelligence gathering and use for their production and marketing activities. However, greater attention to data on shopper behavior across different periods can help them obtain unique and first-hand insights to prevent product de-listing 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 de-listing and potentially frustrating consumers. Likewise, our findings indicate that SMEs' activities targeted toward improving their brand's diffusion in retail stores can help make better use of their buyer-supplier relationship to avoid product de-listing. 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 de-listing 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 de-listing/performance, and our research can be used as a catalyst to reinvigorate the investigations of the drivers of product de-listing 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 de-listing. 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 de-listing 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 de-listing 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 about systematic and spontaneous shopper behavior in retail stores and their influence on product performance.

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 could 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

<b>Items</b>	<b>Mean</b>	<b>Std. Dev.</b>
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

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**Table 1.** Early respondents vs. late respondents

Variable	Early respondents	Late respondents
Relationship duration (years)	8.07	6.69
Product de-listing	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.** Profile of the respondent firms

Profile of the respondents	Frequency	%	Profile of the respondents	Frequency	%
Family ownership	88	73	Suppliers with de-listed products <sup>†</sup>	66	55
Firm size			Number of years trading		
10 ≤ employees	41	34	5 ≤ years	21	18
11 ≥ employees ≤ 49	56	47	5 > years ≤ 10	22	18
50 ≥ employees ≤ 249	22	18	10 > years ≤ 15	18	15
250 ≥ employees	1	1	15 > years	59	49
Product category			Relationship duration <sup>††</sup>		
Biscuits, snack and bakery	22	18	3 ≤ years	40	34
Dairy, Meat and eggs	17	14	3 > years ≤ 6	26	22
Beverage	42	35	6 > years ≤ 10	23	19
Ambiente and Prepared	25	21	10 > years	30	25
Frozen and Other	14	12			

Note. <sup>†</sup> Information obtained from focal supermarket. <sup>††</sup> One company did not inform the relationship duration.

**Table 3.** Descriptive statistics

Variable	Mean	Std. Dev.	Min.	Max.
Brand diffusion	0.04	0.82	-1.15	5.09
Product de-listing	0.27	0.36	0.00	1.00
Relationship duration	7.75	6.52	0.00	30.0
Marketing orientation <sup>†</sup>	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. <sup>†</sup> Mean value for all the items not excluded in CFA.

**Table 4.** Correlation matrix

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) Brand diffusion	1.00													
(2) Product de-listing	-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.

**Table 5.** Results of fractional logit regression analysis

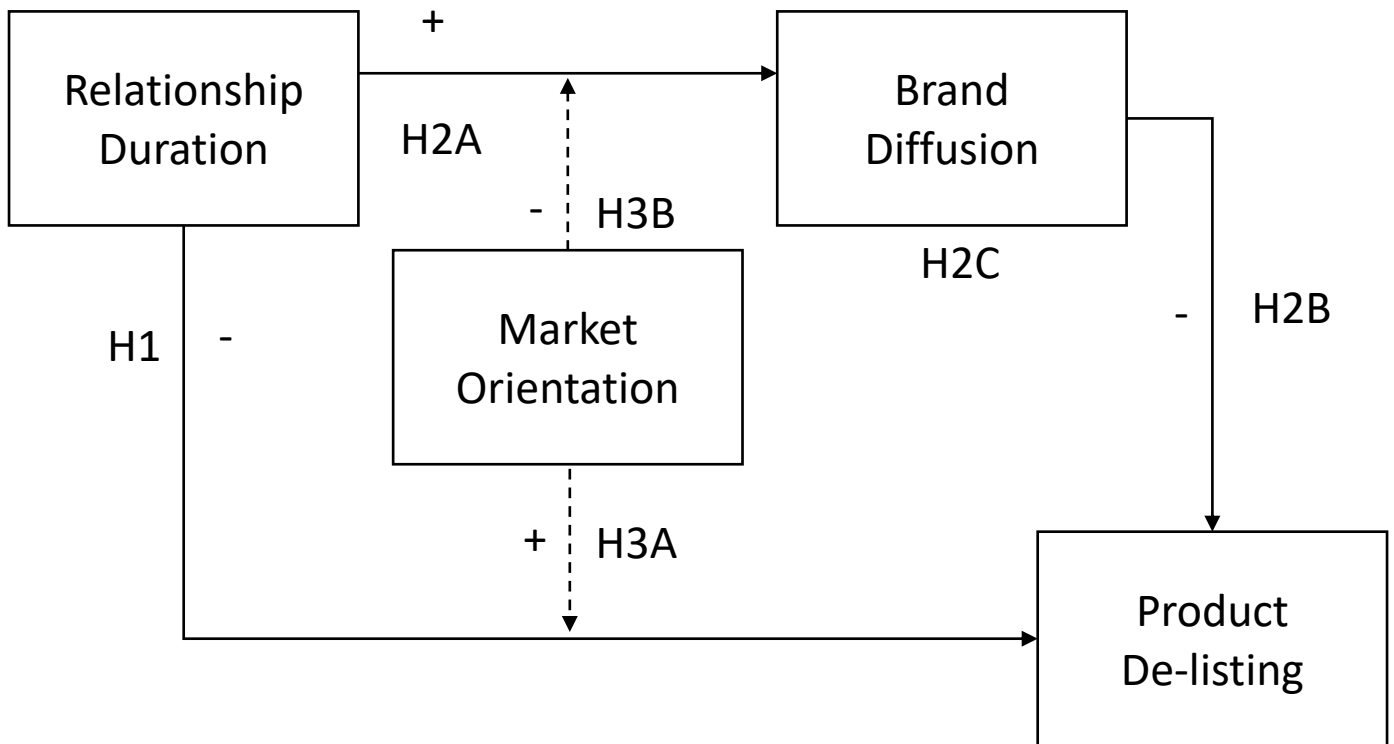
Dependent variable:	Brand diffusion		Product de-listing	
	<i>Model 1</i> Coeff. (z-stat.)	<i>Model 2</i> Coeff. (z-stat.)	<i>Model 3</i> Coeff. (z-stat.)	<i>Model 4</i> Coeff. (z-stat.)
Intercept	-2.081*** (-10.36)	-2.129*** (-11.22)	0.743 (0.64)	1.022 (0.87)
Relationship duration	0.020*** (2.68)	0.017** (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 <sup>2</sup>	0.018	0.019	0.233	0.266
Wald $\chi^2$	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 6.** Mediation analysis via bootstrapping

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