

The Dyadic Relationship Maintenance in Distribution Channels: Manufacturer Credible Commitments, Retailer Perceived Relationship Benefit and Relationship Commitment

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Abstract

This research surrounding relationship-oriented channel management focuses on the dyadic relationship of manufacturer and retailer and examines these issues of relationship building, development, and maintenance. Manufacturer searches for channel partners actively and performs relationship behavior to sustain long-term cooperative relationship, especially in the case of retailer having high channel power. On key factor associated with retailer's intention to maintain long-term relationship with manufacturer is retailer perceived relationship benefits. Past research has demonstrated the impact of manufacturer relationship behavior on relationship quality, and in turn on partner relationship commitment, but left relationship benefits unexplored. Relationship benefits refer to the benefits that retailer received from the partnership-relative to other alternatives-on such dimensions as product profitability, customer satisfaction, and product performance. Manufacturer market orientation is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of intelligence across department, and organizational responsiveness. Previous research has suggested the positive influence of market orientation on market performance. Territory selectivity is the degree to which manufacturer limits the number of intermediaries operating in a specific territory and has the significant impact on inner-channel competition. Manufacturer market orientation may result in sales potential expansion, territory selectivity is then negatively related to competition. Both are credible commitments to retailer for better relationship benefits. Furthermore, market characteristics, including market turbulence and competition intensity, may mediate the effect of manufacturer commitment behaviors on retailer perceived relationship benefits.

The author proposes a rationale that demonstrates the maintenance of channel dyadic relationship and empirically tests this framework. Using market heterogeneity and competitive intensity as moderators, this study examines the impact of manufacturer credible commitments, including market orientation and distribution selectivity, on retailer perceived relationship benefit, and in turn on retailer relationship commitment. The empirical results, which are based on data from 122 common retailers, including consumer electronic goods, athletic goods and lenses cleanness products, show that relationship benefit is the key variable in maintaining dyadic relationship in distribution channels. Manufacturer market orientation has a positive impact on retailer perceived relationship benefit. This relationship is strengthened by competitive intensity, and weakened by market heterogeneity. On the contrary, the impact of territory selectivity on retailer perceived relationship benefit is weakened by competitive intensity and strengthened by market heterogeneity. In accordance with prediction, retailer perceived relationship benefit then has a positive impact on retailer relationship commitment.

1. Background

Relationship-oriented channel management deals with these issues of channel dyadic relationship building, development, and maintenance. Relationship marketing has been the main topic in the research streams. Manufacturers search for channel partners actively and perform relationship behavior to sustain retailers' long-term cooperative intention. But simply engaging in relationship behavior, such as communication openness [13][15][21], forbearance from opportunism [15][21][6], procedural and distributive fairness [12], specific asset investment [9] [22], adaptive behavior [21], and control reduction [21], manufacturer will not secure sustainable dyadic relationship. Relationship benefits, referring to the benefits that retailer received from the partnership-relative to other alternatives-on such dimensions as product profitability, customer satisfaction, and product performance, concern retailer economic consideration to be the critical variable associated with retailer's intention to maintain long-term relationship with manufacturer. Past research has demonstrated the impact of manufacturer relationship behavior on relationship quality, and in turn on relationship commitment, but left relationship benefits unexplored. This study asserts the key role of relationship benefits and demonstrates the impact of manufacturer credible commitments, including market orientation and distribution selectivity on retailer perceived relationship benefits to clarify the mechanism of relationship maintenance. Manufacturer market orientation is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of intelligence across department, and organizational responsiveness.

Territory selectivity is the degree to which manufacturer limits the number of intermediaries operating in a specific territory and has the significant impact on inner-channel competition. Manufacturer market orientation may result in sales potential expansion, territory selectivity is then negatively related to competition. Both are credible commitments to retailer for better relationship benefits. We also incorporate market characteristics, including market turbulence and competition intensity, to be moderators to examine environment effect. In sum, by treating market heterogeneity and competitive intensity as moderators, this study examines the impact of manufacturer credible commitments, including market orientation and distribution selectivity, on retailer perceived relationship benefit, and in turn on retailer relationship commitment.

The primary objective of this study is to identify and empirically examine the maintenance mechanism of channel dyadic relationship. We contribute to this literature in three ways. First, we review the related literature of relationship orientation and demonstrate the logic of adopting perceived relationship benefits to be critical variable in relationship maintenance. Second, we present a conceptual framework for incorporating perceived relationship benefit into this line of research. This framework clarifies the relationship between manufacturer credible commitments, including market orientation and distribution selectivity, and retailer perceived relationship benefit, and in turn retailer relationship commitment. Third, we treat market characteristics as moderators, including market turbulence and competition intensity, to incorporate environment variables into consideration.

In the next section of the article, the relevant literature is reviewed and the conceptual framework for the study's hypotheses is presented. The research methodology employed to study this set of issues is described. The empirical results of an experiment are then presented. The concluding discussion notes the limitations of the study, offers for suggestions for future research, and discusses the implications of the findings.

2. Theory and Hypotheses

2.1 Relationship orientation

Relationship-oriented channel management focuses on the dyadic relationship between manufacturer and retailer. The researchers define the dyadic relationship as continuous spectrum from discrete transaction to long-term cooperation [15]. The relationship-oriented perspective stresses the behavioral components in dyadic relationship and underestimates the impact of transaction marketing on retailer cooperation intention.

Relationship marketing, referring to all marketing activities directed toward establishing, developing, and maintaining successful relationship exchange [15], is the core concept in the research stream of relationship-oriented channel management. The key behavioral components in relationship marketing include cooperation, dependence, commitment, trust, opportunism behavior, power, conflict, and communication [6]. Based on different reasoning, researcher structures various conceptual frameworks to explore the nature and dimensions of relationship behavior [14][13] and relationship quality [12][2], and their influence on long-term relationship orientation [4].

Relationship behavior includes communication openness [13][15][21], forbearance from opportunism [15][21][6], procedural and distributive fairness [12], specific asset investment [9][22], adaptive behavior [21], and control reduction [21]. Relationship quality is related to commitment, trust, and relationship investment intention [12]. Long-term orientation concerns the aggregate benefits that could be realized in the future [8], not just individual transaction. Morgan and Hunt (1994) demonstrates a KMV model and suggests that trust may have a positive impact on relationship commitment, and in turn on cooperation intention.

2.2 Relationship commitment

Research on the relationship commitment has begun to accumulate. Morgan and Hunt (1994) indicate the positive impact of relationship termination costs, relationship benefits, shared values, and trust on relationship commitment. Anderson and Weitz (1992) provide a dyadic model to examine the antecedents of commitments by both manufacturers and distributors to channel relationship. In this conceptual framework, commitment in channel relationships is modeled as a function of (1) each party's perception of the other party's commitment, (2) self-reported and perceived pledges (idiosyncratic investments and contractual terms) made by each party, (3) other factors such as communication level, reputation, and relationship history. Fein and Anderson (1997) explore the impact of retailer's perception of manufacturer's territory selection and the manufacturer's perception of retailer's brand selectivity on one's own commitment in industrial distribution channel. Siguaw, Simpson, and Baker (1998) draw on the theory of market orientation and suggest that retailer's perception of manufacturer's market orientation is positively related to its trust and commitment.

Relationship commitment is defined as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it. Each channel member's commitment to the relationship is based on its perception of the other party's commitment. This loop cycle describes a positive reinforcement that

increases the level of commitment by both parties over time.

This study focuses on the theme of the maintenance mechanism of channel dyadic relationship and explores the influence of retailer's perception of manufacturer's commitment on its own commitment. Figure 1 displays the framework guiding the study. The research setting is limited to both manufacturers and retailers as independent party and excludes exclusive dealers. We reason that under such circumstance retailers are independent decision-makers and may be scarce resource so that manufacturer must engage in credible commitment behavior to sustain dyadic relationships. And for retailers, with shelf space restriction, the most important is to choose profitable partners among alternatives. Thus we treat retailer perceived relationship benefits as intervening variable to examine the influence of retailer's perception of manufacturer's credible commitment on its perceived relationship benefits, and in turn on its long-term orientation.

2.3 Manufacturer credible commitment

(1) Distribution selectivity

The distribution selectivity is related to brand availability. It concerns the tradeoff between consumer need and marketing costs. The research addressing distribution selectivity focuses on exclusive distribution [18], intrabrand competition, interchannel competition, and sales territory allocation. Manufacturer distributes selectively to diminish intrabrand competition, increase retailer's pricing flexibility, and prevent from retailer free-riding opportunistic behavior. These results may have positive influence on retailer perceived relationship benefits [5].

H1: The retailer's perception of manufacturer's distribution selectivity is positively related to its perceived relationship benefits.

(2) Market orientation

Kohli and Jaworski (1990) define market orientation as the organization-wide generation of market intelligence that pertains to current and future customer needs, dissemination of intelligence across departments, and organization-wide responsiveness. Narver and Slater (1990) suggest that market orientation should include consumer orientation, competitor orientation, and inter-functional coordination. Market orientation, combined with organizational capabilities (the ability to apply learning), enhances performance [3]. Siguaw, Simpson, and Baker (1998) apply market orientation to channel research. They indicate that market orientation involves action and responsiveness to market intelligence to better satisfy consumer needs and increase consumer values and may have a positive effect on performance [10][16][17], and thus profits.

H2: The retailer's perception of manufacturer's market orientation is positively related to its perceived relationship benefits.

2.4 Market characteristics—moderators

(1) Competition intensity

Competition intensity involves the breadth and aggressiveness of competitive actions. A hostile environment is characterized by competitors who attack each other aggressively on numerous strategic dimensions (e.g., pricing, promotion, product development, distribution) [20]. When competition intensity is high, consumer tends to use price as the key choice criteria. Under such circumstance, the margins are limited, and consumer could find many alternatives without much effort [5]. Product availability could be the most important factor in driving sales. Distribution selectivity allocating sales territory selectively may restrict product availability so that its positive influence on relationship benefits will be weakened by competition intensity.

H3: The effect of retailer's perception of manufacturer's distribution selectivity on its perceived relationship benefits is weakened by competition intensity.

On the contrary, market orientation has more powerful influence on enhancing performance when competition intensity is high [20]. In case of high competition intensity, manufacturer must engage in market-oriented behavior, that is to generate market intelligence, disseminate intelligence across departments, to respond to consumer needs and create better consumer values.

H4: The effect of retailer's perception of manufacturer's market orientation on its perceived relationship benefits is strengthened by competition intensity.

(2) Market turbulence

Market turbulence is defined as changes in the composition of customers and their preferences [11]. When market turbulence is high, for satisfying different preference segments, manufacturer must distribute products intensively to warrant product availability. But in case of low market turbulence, consumers have more homogeneous preference, and selective distribution could meet consumer needs mostly [7].

H5: The effect of retailer's perception of manufacturer's distribution selectivity on its perceived relationship benefits is weakened by market turbulence.

On the contrary, when market turbulence is low, consumer preference is more stable. There is no eager need to alter marketing strategies. The enhanced performance resulted from market orientation is limited.

H6: The effect of retailer's perception of manufacturer's market orientation on its perceived relationship benefits is strengthened by market turbulence.

2.5 Retailer perceived relationship benefits and Relationship commitment

Morgan and Hunt (1994) indicate that there is a positive relationship between relationship benefits and relationship commitment. And relationship commitment is positively related to acquiescence and cooperation, and has negative influence on propensity to leave. So we posit the following hypothesis.

H7: The retailer perceived relationship benefits is positively related to its commitment and long-term orientation.

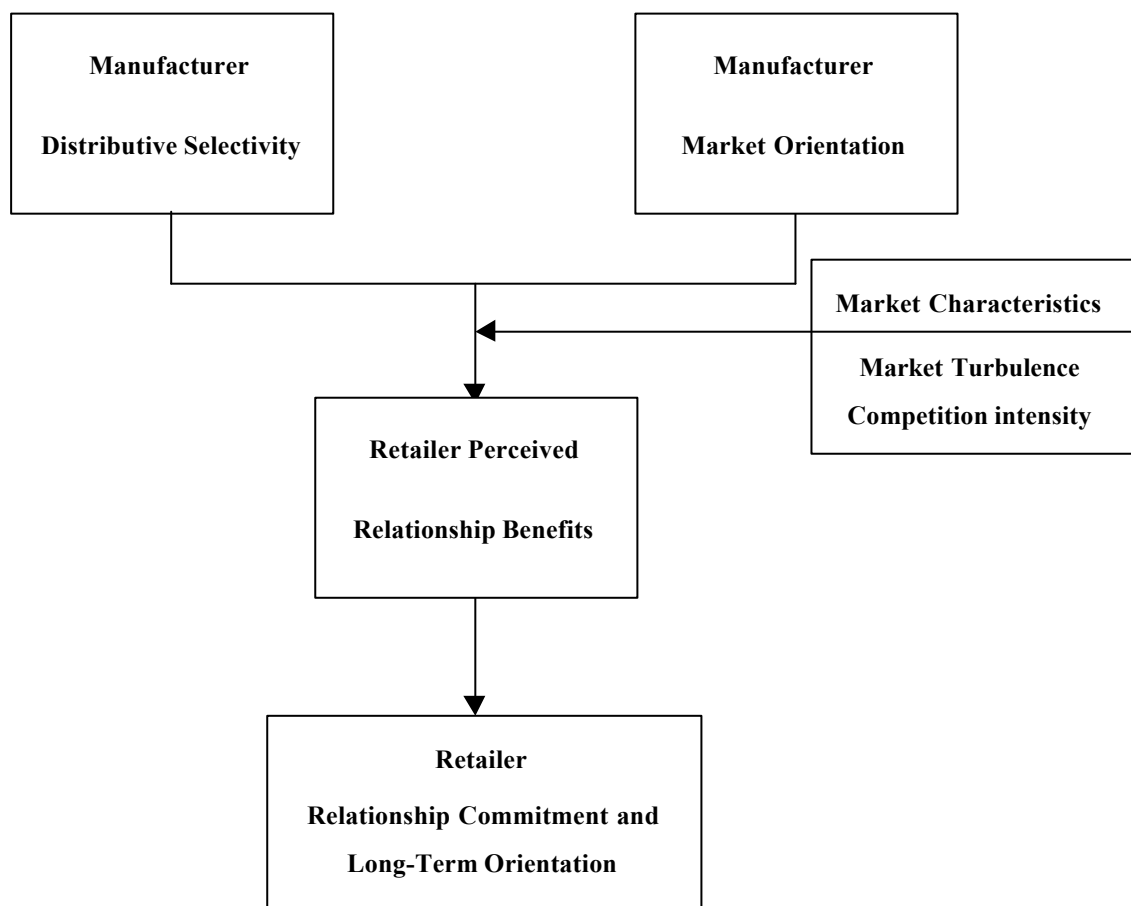


Fig.1 Conceptual Framework

3. Method

3.1 Research settings

As the research setting, we used a sample of independent consumer electronic retailers, athletic goods retailers and lenses cleanness retailers. The reasons are followed: (1) for treating market characteristics as moderators, we need to include different settings to represent various extent of market turbulence and competition intensity, (2) in these industries, vertical integration is rare, and most common retailers are independent dealers, and (3) these retailers relationships with suppliers are potentially different because of product characteristics. In consumer electronic goods, manufacturers need to support product repair and after-sale services. The interaction between manufacturers and retailers are more comprehensive. Relationship behavior has more impact on relationship quality. On the contrary, athletic goods are not the durable goods, the repair requirement is relatively low and product knowledge is not so complex. Relationship investments made by manufacturers may have no significant influence on retailer's long-term orientation. So for comparing different retailing settings, we need to use a common concerned factor. Relationship benefits, referring to the benefits that retailer received from the partnership-relative to other alternatives-on such dimensions as product profitability, customer satisfaction, and product performance, concern retailer economic benefits to be the critical variable associated with retailer's long-term orientation and are suitable for understanding dyadic relationship maintenance in different retailing settings.

3.2 Research design

The study began by exploratory fieldwork. A draft questionnaire was constructed and pre-tested. Respondents were encouraged to identify unclear items, comment on the importance of the research issues, and suggest changes. After making the required modifications, the final questionnaire includes four parts. The first part is to measure retailer's perception of manufacturer's credible commitment that includes market orientation and distribution selectivity. The second part is to measure retailer perceived relationship benefits. The third part involves retailer perceived competition intensity and market turbulence. And the fourth part measures retailer relationship commitment and long-term orientation. Respondents were required to think of one major supplier to answer all measures.

3.3 Data collection

By using convenience sampling, data were collected using a self-administrated questionnaire sent to independent consumer electronic retailers, athletic goods retailers and lenses cleanness retailers in Taipei City. In total, 300 questionnaires were sent out, returned questionnaires totaled 122, the response rate is 40.7%. The sample was made up 42 consumer electronic retailers, 41 lenses cleanness retailers, and 39 athletic goods retailers.

3.4 Measures

(1) Market orientation

Market orientation was conceptualized as the extent of consumer orientation and competitor orientation to measure retailer's perception of manufacturer's market orientation. All market orientation measures used a seven-point Likert scale. The respondents (retailers) were asked to indicate the agreement extent to which different items described their major supplier. These items include that the manufacturer (1) engages in market research to study consumer and competitor information, (2) knows consumers' evaluation of product quality by contacting directly with customers or from their retailers, (3) responds to competitors' actions efficiently, (4) collect consumer and competitor information timely, (5) pays attention to consumer complaints, and (6) modifies marketing strategies according to consumer suggestions.

(2) Distribution selectivity

Distribution selectivity was operationalized as retailer's perception that the manufacturer restricted the retailer number to prevent itself from severe competition [5]. By using a seven-point Likert scale, the respondents (retailers) were asked to indicate the agreement extent to which the item described their major supplier.

(3) Relationship benefits

Relationship benefits was operationalized by using an instrument developed by Morgan and Hunt (1994) to measure the benefits that retailer perceived to receive from the partnership-relative to other alternatives-on such dimensions as product profitability, customer satisfaction, and product performance. The respondents (retailers) were asked to indicate the agreement extent (seven-point Likert scale) to which the major supplier could provide relatively better benefits.

(4) Market turbulence and Competition intensity

Market turbulence was conceptualized as changes in the composition of customers and their preferences. The respondents were asked to indicate their perception of market turbulence in such items, including preference changes, preference homogeneous, the tendency of searching for new products, and the reaction to marketing activities. Competition intensity involves the breadth and aggressiveness of competitive actions. A hostile environment is characterized by competitors who attack each other aggressively on numerous strategic dimensions (e.g., pricing, promotion, product development, and distribution) [20]. Again, The respondents were asked to indicate their perception of competition intensity by using a seven-point Likert scale.

(5) Relationship commitment and Long-term orientation

All commitment measures (cooperation intention, propensity to leave) represent the intention extent to which retailer would like to engage in a long-term relationship with the major supplier.

4 Results

4.1 The intervening role of retailer perceived relationship benefits

The first step in the analysis of the data was to determine the intervening role of retailer perceived relationship benefits between manufacturer credible commitment and retailer relationship commitment. We tested this hypothesis by performing simple regression of (1) manufacturer credible commitment on retailer perceived relationship benefits, (2) manufacturer credible commitment on retailer relationship commitment, and (3) retailer perceived relationship benefits on retailer relationship commitment. The results of these regression analyses, reported in Table 1, showed that retailer's perception of manufacturer credible commitments, including both distribution selectivity ($b = .17$, $p < .01$) and market orientation ($b = .36$, $p < .01$), were significantly related to retailer perceived relationship benefits, but not for retailer relationship commitment. And retailer perceived relationship benefits was significantly related to its relationship commitment ($b = .27$, $p < .01$).

**Table 1 The Intervening Role of Retailer Perceived Relationship Benefits
(Simple Regression Analysis)**

Dependent Variable	Independent Variable		Retailer Perception Relationship Benefits
	Distribution Selectivity	Market Orientation	
Retailer Perceived Relationship Benefits	0.17***		
Retailer Perceived Relationship Benefits		0.36***	
Retailer Relationship Commitment	0.02		
Retailer Relationship Commitment		0.13	
Retailer Relationship Commitment			0.27***

*** $p < .01$

Furthermore, we performed multiple regression to test the relationship between retailer's perception of manufacturer credible commitment and retailer perceived relationship benefits, and the impact of retailer's perception of manufacturer credible commitment and retailer perceived relationship benefits on its relationship commitment. The results of these regression analyses, reported in Table 2, showed that retailer's perception of manufacturer credible commitments, including both distribution selectivity ($b = .12$, $p < .05$) and market orientation ($b = .34$, $p < .01$), were significantly related to retailer perceived relationship benefits. When treating retailer relationship commitment as dependent variable, retailer's perception of manufacturer credible commitments were not significantly associated with it, but retailer perceived relationship benefits was ($b = .25$, $p < .01$). Drawing from these results, we confirmed the intervening role of retailer perceived relationship benefits between manufacturer credible commitment and retailer relationship commitment.

**Table 2 The Intervening Role of Retailer Perceived Relationship Benefits
(Multiple Regression Analysis)**

Dependent Variable	Independent Variable		Retailer Perception Relationship Benefits
	Distribution Selectivity	Market Orientation	
Retailer Perceived Relationship Benefits	0.12**	0.34***	
Retailer Relationship Commitment	-0.02	0.04	0.25***

** p < .05, *** p < .01

4.2 Manufacturer credible commitments and Retailer perceived relationship benefits

For testing the moderating effects of market characteristics on the relationship between manufacturer credible commitments and retailer perceived relationship benefits, we incorporated manufacturer credible commitments and their interaction term with market characteristics as independent variables to perform multiple regression analysis. The results are reported in Table 3.

**Table 3 Manufacturer Credible Commitments and Retailer Perceived Relationship Benefits
(Including the Moderating Effects of Market Characteristics)**

Dependent Variable	Distribution Selectivity		Market Orientation		Market Orientation	
	Distribution Selectivity	Market Orientation	Competition Intensity	Market Turbulence	Competition Intensity	Market Turbulence
Retailer Perceived Relationship Benefits	-0.45	0.85**	-0.11*	0.21***	0.08*	-0.17***

* p < .1, ** p < .05, *** p < .01

(1) Distribution intensity and Retailer perceived relationship benefits

With regard to H1, we hypothesized that retailer's perception of manufacturer's distribution selectivity is positively related to its perceived relationship benefits. But when incorporating market characteristics as moderators, there was no significantly relationship between retailer's perception of manufacturer's distribution selectivity and its perceived relationship benefits. As for the moderating effects of market characteristics, first, the interaction of retailer's perception of manufacturer's distribution selectivity and competition intensity was related to retailer perceived relationship benefits negatively and significantly ($b = -.11$, $p < .1$). It meant that the effect of retailer's perception of manufacturer's distribution selectivity on its perceived relationship benefits was weakened by competition intensity. So H3 was supported. Second, contrary to prediction, the interaction of retailer's perception of manufacturer's distribution selectivity and market turbulence was related to retailer perceived relationship benefits positively and significantly ($b = .21$, $p < .01$). The phenomenon indicated that the effect of retailer's perception of manufacturer's distribution selectivity on its perceived relationship benefits is strengthened by market turbulence. H5 was not supported.

(2) Market orientation and Retailer perceived relationship benefits

With regard to H2, we hypothesized that retailer's perception of manufacturer's market orientation is positively related to its perceived relationship benefits. After incorporating market characteristics as moderators, there was still significantly relationship between retailer's perception of manufacturer's market orientation and its perceived relationship benefits. H2 was supported. As for the moderating effects of market characteristics, first, the interaction of retailer's perception of manufacturer's market orientation and competition intensity was related to retailer perceived relationship benefits positively and significantly ($b = .08$, $p < .1$). It meant that the effect of retailer's perception of manufacturer's market orientation on its perceived relationship benefits was strengthened by competition intensity. So H4 was supported. Second, contrary to prediction, the interaction of retailer's perception of manufacturer's market orientation and market turbulence was related to retailer perceived relationship benefits negatively and significantly ($b = -.17$, $p < .01$). The phenomenon indicated that the effect of retailer's perception of manufacturer's market orientation on its perceived relationship benefits is weakened by market turbulence. H6 was not supported.

4.3 Retailer perceived relationship benefits and Relationship commitment

We tested the relationship between retailer perceived relationship benefits and relationship commitment by

performing multiple regression of (1) distribution selectivity and retailer perceived relationship benefits on retailer relationship commitment, and (2) market orientation and retailer perceived relationship benefits on retailer relationship commitment. The results, reported in Table 4, showed that no matter of distribution selectivity or market orientation, retailer perceived relationship benefits was related to its relationship commitment positively and significantly. Even incorporating distribution selectivity, market orientation and retailer perceived relationship benefits as independent variables simultaneously (see Table 2), retailer perceived relationship benefits was related to its relationship commitment positively and significantly ($b = .25, p < .01$). H7 was supported.

Table 4 Retailer Perceived Relationship Benefits and Relationship Commitment

Dependent Variable	Independent Variable		Retailer Perception Relationship Benefits
	Distribution Selectivity	Market Orientation	
Retailer Relationship Commitment	-0.01		0.26***
Retailer Relationship Commitment		0.06	0.22***

*** $p < .01$

5 General Discussion

This study is to identify and empirically examine the maintenance mechanism of channel dyadic relationship. Using market heterogeneity and competitive intensity as moderators, we analysis the impact of manufacturer credible commitments, including market orientation and distribution selectivity, on retailer perceived relationship benefit, and in turn on retailer relationship commitment. In drawing conclusion from the results, we confirmed that the intervening role of retailer perceived relationship benefits between manufacturer credible commitment and retailer relationship commitment. In other words, for sustaining channel dyadic relationship, manufacturers should pay more attention to how to enhance retailers perceived relationship benefits.

5.1 Manufacturer credible commitments and Retailer perceived relationship benefits

(1) Distribution Selectivity

According to prediction, manufacturer distribution selectivity may diminish intrabrand competition, increase retailer's pricing flexibility, and prevent from retailer free-riding opportunistic behavior and has positive influence on retailer perceived relationship benefits. Simply performing simple regression of manufacturer credible commitment on retailer perceived relationship benefits, we did find their positive relationship (see Table 1, $b = .17, p < .01$). But when incorporating market characteristics into consideration, distribution selectivity was not significantly related to retailer perceived relationship benefits. The results indicate that the influence of distribution selectivity on retailer perceived relationship benefits was not stable. The possible reason is that in present channel system, wholesaler play a connecting role between manufacturer and retailer. Manufacturer distributes products through wholesalers and may not contact directly with retailers. Under such circumstance, wholesaler carries many brands simultaneously, manufacturer distribution selectivity is not so apparent for retailers. So the influence of distribution selectivity on retailer perceived relationship benefit was not significant.

(2) Market Orientation

In accord with prediction, retailer's perception of manufacturer's market orientation is positively related to its perceived relationship benefits. When manufacturer engages in market-oriented behaviors, retailer may expect that their products will better satisfy consumer needs and enhance consumer values and have superior market performance.

5.2 The moderating effects of market characteristics

(1) Competition intensity

Competition intensity involves the breadth and aggressiveness of competitive actions. A hostile environment is characterized by competitors who attack each other aggressively on numerous strategic dimensions (e.g., pricing, promotion, product development, and distribution) [20]. This study indicated that the effect of retailer's perception of manufacturer's distribution selectivity on its perceived relationship benefits was weakened by competition intensity. The phenomenon may represent that in case of high competition intensity, consumer price sensitivity is higher, and firm's margin is limited. The important way to drive sales is product availability. Under such circumstance, it may not be adequate for manufacturer to distribute products selectively.

In addition, this study showed that the effect of retailer's perception of manufacturer's market orientation on its perceived relationship benefits was strengthened by competition intensity. This result is compatible with Slater and Narver (1994) views. The higher the competition intensity, the more hostile the market is. Manufacturer should engage in market-oriented behaviors to better satisfy consumer needs and enhance consumer values.

(2) Market turbulence

Market turbulence is defined as changes in the composition of customers and their preferences. Contrary to prediction, this study found that the effect of retailer's perception of manufacturer's distribution selectivity on its perceived relationship benefits is strengthened by market turbulence, and the effect of retailer's perception of manufacturer's market orientation on its perceived relationship benefits is weakened by market turbulence. With regard to the former, we hypothesized that in case of high market turbulence, consumers have more heterogeneous preferences, and intensive distribution may need to meet consumer needs mostly. But in fact, the result suggests that when there are different segments in the market, intensive distribution may not be required. Intensive distribution is meant to warrant product availability. When consumers have heterogeneous preferences, they look for different kind of products to satisfy their needs. Under such circumstances, convenience is not an important shopping consideration, so is intensive distribution. Retailers should think about that how to manage product assortment to attract specific segments.

With regard to the latter, we hypothesized that when market turbulence is low, consumer preference is more stable. There is no eager need to alter marketing strategies. The enhanced performance resulted from market orientation is limited. But the result is contrary to our prediction. The possible reason is that low market turbulence represents more homogeneous consumer preferences, and at the same time, it means that product differentiation is low among competitors. It is more important for manufacturers to engage in competitor-oriented behaviors to respond to competitors' action efficiently. On the contrary, when market turbulence is high, each firm focuses on different segments based on their distinctive advantages, the enhanced performance resulted from market orientation is not so apparent.

5.3 Retailer perceived relationship benefits and Relationship commitment

In accord with prediction, retailer perceived relationship benefits was positively related to its relationship commitment. The result is compatible with Morgan and Hunt (1994) views of the relationship between relationship benefits and commitment. When retailers perceive that they could get more benefits from the partnership-relative to other alternatives-because of product profitability, customer satisfaction, and product performance, their cooperation intention will be higher.

In sum, this study indicates the critical role of relationship benefits in the maintenance mechanism of channel dyadic relationship. Considering different market characteristics, manufacturers should engage in valid commitment behaviors to enhance retailers perceived relationship benefits, and in turn their long-term orientation.

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