Identifying Factors Affecting to Retailer-manufacturer Relationship Continuity Special Reference to Cosmetics Market in Kandy District

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Authors' contributions

This work was carried out in collaboration between both authors. Author SMKMMS designed the study, performed the statistical analysis and wrote the first draft of the manuscript. Author SN guided and supervised the whole study. Both authors read and approved the final manuscript.

Original Research Article

ABSTRACT

Aims: A key issue in the field of relationship marketing is developing and sustaining relationship continuity. By this study retailers and manufacturers can recognize the factors that effect on their relationships and those findings can use to meet their desired relational benefits. The main purpose of this study was to examine the factors affecting to retailer-manufacturer relationship continuity among cosmetic market in Kandy district.

Study Design: The descriptive survey design and cross sectional analysis were used to analyse the data.

Place and Duration of Study: This study was based on individual retailers who retail cosmetics products in Kandy district identified as the sampling element of the research. Research was conducted from August 2017 to February 2018.

Methodology: A quantitative cross-sectional survey was conducted using a sample of 250 cosmetic product retailers. Convenience sampling method was used. The descriptive statistics,

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correlation and regression analysis were used to analyze the data.

Results: The results revealed that significant positive impact exist between Trust, Commitment & Adaptation on Retailer-manufacturer Relationship continuity. According to the findings of this study, cosmetic manufacturers should remain focused on establish their relationship continuity with their manufacturer by maintaining better trust, commitment and adaptation strategies and also it leads to gain better positive outcomes.

Conclusion: Therefore it is reasonable to conclude that Retailer-manufacturer Relationship continuity can be created, reinforced and retained by developing Trust, Commitment & Adaptation strategies between Retailer-manufacturer.

1. INTRODUCTION

1.1 Background

In the past era manufactures being able to manage the customer relationship and product delivery in a straight way. But in today's competitive world, it became difficult to manufacturer to cover whole market lonely. It's create the much demand for the retailer. As a result today's retail industry is more concentrated than ever. In many industries and market widely sales are managed by retailers. They capture the customer loyalty through effective merchandising, innovative private-label offerings, targeted pricing and rewards programs.

The success of the retailers also depends on manufacturers proper business activities such as; support for good products, delivered on time, product information, financial support and on-going support. Therefore, one can realize that retailers and manufactures need good collaboration with each other. Traditional relationships between suppliers and retailers are often described as "arm's-length" market relationships, characterized by; unfocused asset investments, minimal information exchange, and separable technological and functional systems within each firm [1]. Recent studies signify the need for changing the view of inter-organizational relationships from arm's-length to long-term, collaborative and continuous relationships [2].

Improvement in the current lifestyles of the individuals, highly affecting the cosmetics market. This growing demand of cosmetic products has in turn led to the growth of cosmetics market across the world. So retailers, particularly those who in the consumer packaged goods market, are in the process of a cultural shift that is transforming many basic ways in which the industry lives and prospers. In this circumstances improving collaboration between retailers and their manufacturers is one of the key ways in which these changes can benefit both parties.

1.2 Problem Statement

A buyer-supplier relationship is the area which is gradually getting more significance in the business field for having competitive advantage and improved market positioning companies. Thus far, too little is known about the mechanisms which can help to evolve long term, continuous and collaborative relationships, nor about the interaction and existence of buyer-supplier relationships at different levels in a business relationship [3]. This research focus on the cosmetic retailer market of Sri Lanka. Through this study, the companies can get an idea to create their sales plan with different retailers. And also it helps to focus in marketing strategies that push retailers to generate more sales on their manufacturer's brand.

According to Dyer, J. [4], continuous buyer–seller relationships have been the focus of much research during the past few years because managers and researchers believe that these relationships represent one of the greatest resources for developing sustainable competitive advantage for both buyers and sellers. Therefore, this study also focus on regarding the retailer-manufacturer relationship continuity in Kandy district cosmetics market, it may help to create competitive advantage of Sri Lankan retailers and manufacturer by enduring their relationships.

Very few studies have focused on business relationships between manufacturers and retailers in the specific context of emerging countries [5]. However, it has been noted that not much of research works on Sri Lankan retailers and manufacturers relationship supplier have been carried out in the cosmetics market.

Therefore as introduced above, this study has focused on the cosmetics market in Kandy district.

However, it is not identical whether relationship continuity between manufacturers and retailers has addressed in cosmetic industry in Sri Lankan context, particularly in kandy. Thus, there exists a clear empirical gap with respect to relationship continuity between manufacturers and retailers in cosmetic industry. This empirical gap becomes a problem to marketers in addressing Retailer-manufacturer Relationship Continuity.

1.3 Literature Review

1.3.1 Trust

Trust plays a key role in any organizational relationship [6]. Trust exists when a party believes that its partner is reliable and benevolent [7]. Trust results in greater openness between suppliers and retailers and thus greater knowledge and appreciation for each other's contribution to the relationship [8]. And also, Kumar said that trust increases the perceived truthfulness of knowledge, enhances the absorption of tacit and sticky know-how from an exchange partner, and thus improves the capability development of the supplier. Trust is positively associated with asset specific investments and negatively associated with behavioral uncertainty by Kwon and Suh [9].

1.3.2 Commitment

Studies recognize long-term orientation or commitment as predictors for successful inter-organizational relationships. Long-term orientation refers to a party's willingness to exert effort in developing relationship continuity. Commitment refers to the willingness of trading partners to exert effort on behalf of the relationship and suggests a future orientation in which firms attempt to build a relationship that can be sustained in the face of unanticipated problems [10].

1.3.3 Adaptation

Adaptation refers to the specific modification made by a firm to meet the requirement of exchange partner [11]. The mutual adaptations that bind companies together account for the substance of a business relationship, as they generate and reflect a mutual commitment that both constrains and empowers the companies [12].

1.3.4 Retailer-manufacturer relationship continuity

Relationship continuity is the willingness of parties to prolong their agreement to cooperate during a period of time, indefinite or not, in the future [13]. Heide and John [14] defined continuity as the perception of the bilateral expectation of future interaction. According to Palmatier et al. [15] expectation of relationship continuity is defined as company's readiness to retain the relationship with the customers in the future, which can be reflected as repeated purchases from the seller company.

1.3.5 Relationship between trust, commitment and adaptation on retailer-manufacturer relationship continuity

According to the findings of research study regarding the supplier-buyer relationships conducted by Wilthorn, Larsson & Henriksson [16] identified trust as highly valued when it comes to relations between retailers and suppliers. By the findings of Benton & Maloni [17] and Mugarura et al. [18] indicate that there are positive and significant impact of trust on buyer-seller relationship continuity.

Wilthorn, Larsson & Henriksson [19] did the research regarding the supplier-buyer relationships and according to findings of this research, commitment was found to be strong concerning the motivation to stay with suppliers on long-term, the commitment was rather what motivated the retailer not to terminate a supplier immediately in some circumstance.

According to the Mugarura et al. [20] the findings revealed a positive and significant impact on buyer-supplier relationship continuity by adaptation. As per the literature in order to examine the results in Sri Lankan context following research questions formulated.

1.4 Research Questions

1) What is the level of trust, commitment, adaptation and retailer-manufacturer relationship continuity among the cosmetic retailers?
2) What is the relationship between trust, commitment and adaptation on retailer-

manufacturer relationship continuity among the cosmetic retailers?

3) Whether trust, commitment and adaptation have impact on retailer-manufacturer relationship continuity among the cosmetic retailers?

2. METHODOLOGY

Descriptive research design was adopted for the study. The type of research is deductive and variables measured with quantitative analysis. Individual retailers who sell cosmetics products in Kandy district identified as the sampling element of the research. Therefore 250 questionnaires were distributed among the retailers who are dealt with the cosmetic product in the Kandy district in a convenient way without any further filtering. The sample size was considered adequate based on Cooper and Schindler [21] proposition that statistically, in order for generalization to take place, a sample of at least 30 must exist and also in their study they took 200 as sample size. Study carried out under convenient sampling technique [22]. The convenient sampling technique is used to reduce the difficulty in getting the selected retailers who selling cosmetics. Sample size consists of retailers from cosmetics industry, each retailers investigated through structured questionnaires with closed statements measured with Likert's scale, was issued which was properly filled and returned. The data analysis had done by the SPSS. As illustrated on the literature the following hypotheses formulated:

H_1: Trust has significant impact on retailer and manufacturer relationship continuity.
H_2: Commitment has significant impact on retailer and manufacturer relationship continuity.
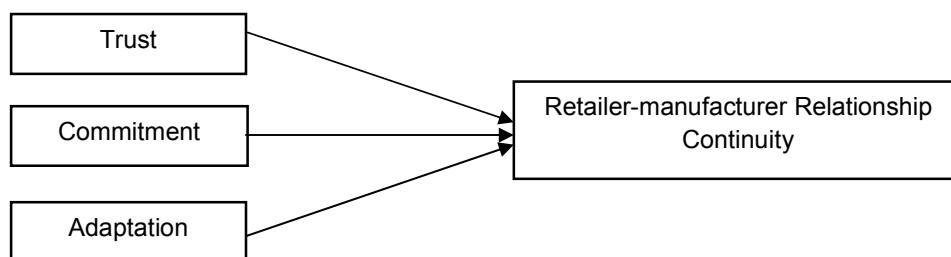H_3: Adaptation has significant impact on retailer and manufacturer relationship continuity.

2.1 Conceptual Model

Main objective of this study is to identify the factors affecting to retailer-manufacturer relationship continuity in cosmetics market. Through the literature review, knowledge and understanding following factors identified as the determinants of relationship continuity between buyer and supplier as shown in Fig. 1.

The independent variables are trust, commitment and adaptation and the dependent variable is retailer-manufacturer relationship continuity. So, the conceptualization framework indicate the relationship between independent variable and dependent variable in simple manner.

2.2 Decision Criteria

Using tables and figures, the data and results of analyses presented appropriately. The data were analysed and presented with Univariate (descriptive statistic), Bivariate (correlation) analyses and multiple regression analysis.

Table 1. Decision criteria for univariate analysis

Range	Decision attributes
1≤X≤2.5	Low level
2.5<X≤3.5	Moderate level
3.5<X≤.5.0	High level

Univariate analysis and mean estimation techniques are applied to explore the levels of study variables. In this context, the respondents were considered as unbiased with the Likert's scale of 3 for neutrality.

Bivariate (correlation) analysis carried to explore the relationship between study variable. As as shown in Table 2, since the correlation coefficient of the study variables lying in the range of -1 to +1.

Fig. 1. Conceptual frame work
(Source: Mugarura et al. 2010)

Table 2. Decision criteria for bivariate analysis

Range	Decision attributes
r=0.1 to 0.29 or r= -0.10 to-0.29	weak relation ship
r=0.3 to 0.49 or r= -0.3 to-0.49	Medium relation ship
r=0.5 to 1.0 or r= -0.5 to-1.0	Strong relation ship

*(+Sign indicate-positive relationship, -Sign indicate-negative relationship)
Source: Adopted from Cohen, J [13]

With regard to the main objective of this study, multiple regression analysis carried to explore the impact of trust, commitment and adaption on Retailer-manufacturer Relationship Continuity.

Table 3. Decision rule for impact

Decision rule for the results of regression	
P ≥ 0.05	There is no impact on dependent variable.
p≤ 0.05	There is impact on dependent variable

3. RESULTS AND DISCUSSION

3.1 Sample Profile

Descriptive statistical analysis was run on respondents' demographic variables. The results shown in Table 4.

3.2 Descriptive Statistics of Study Variables

The descriptive data including, reliability, mean, and standard deviation of the study variables was obtained and shown in following Table 5.

The overall Cronbach's Alpha Coefficient values for selected variables indicated a strong internal consistency among the attributes. Therefore, the variables used were concluded as reliable.

As per the Table 6, the mean value of Trust, commitment, adaption and relationship quality in the order of 3.983, 3.8520, 3.8015 and 3.8870 with the standard deviation of .89508, .75848, .80194 and .74672. All the dimensions found to be high level. Relationship continuity is the dependent variable and its mean value is 3.887 and standard deviation is .747. It is also indicates high level attribute toward Relationship continuity among the retailers in Kandy district.

3.2 Relationship between the variables

Correlation analysis was used to measure the relationship among variable as shown in Table 7.

As shown in Table 7, according to decision attributes, it shows that moderate positive relationship exist between trust and relationship continuity, strong positive relationship exist between commitment and relationship continuity. At the same time, it shows strong positive

Table 4. Summary of demographic information

Demographic profile		Frequencies	Percentages (%)
Gender	Male	132	52.8
	Female	118	47.2
Age of the business	5 years or below	50	20.0
	6-10 years	61	24.4
	11-15 years	74	29.6
	Above 15 Years	65	26
Retail type	Super Market	42	16.8
	Pharmacy	58	23.2
	Wholesaler	49	19.6
	Beauty Parlor	52	20.8
	Boutique	49	19.6
Category of cosmetics	Makeup	33	13.2
	Perfumes	39	15.6
	Hair care	61	24.4
	Manicuring Cosmetics	39	15.6
	Skin Care	54	21.6
	Oral Care	24	9.6

relationship between adaptation and relationship continuity.

It is align with the findings of Mugarura et al [23]. His study findings also shows that correlation coefficient value was at the significance level. It shows that moderate positive relationship between trust and relationship continuity. This denote that increase customer trust occur due to increase in relationship continuity of cosmetic retailers with their manufacturers.

3.3 Regression Analysis

The third research objective is identify the impact of independent variables of trust, commitment and adaptation on the dependent variable of retailer manufacturer relationship continuity.

As per the Table 8, the adjusted R square value, 70.6% indicate the total variation in the (dependent variable) Relationship continuity can be explained by the changes inthe (independent variables) trust, commitment and adaptation.

This tells us that all these independent variables of trust, commitment and adaptation are responsible for affecting the retailer manufacturer relationship continuity by 70.6%.

According to above coefficients values, equation for the Relationship continuity is as follow,

Relationship Continuity = .775+.172 Trust + .289 Commitment + .345 Adaptation

As per the results, formulated hypothesis and it's results:

H$_1$: Trust has significant impact on retailer and manufacturer relationship continuity.

The result shown in Table 9 indicates that trust has significant positive impact on retailer and manufacturer relationship continuity. P value .017 is less than .05 and β value is .172. Therefore studies accept H$_1$, and concluded as trust has impact on retailer and manufacturer relationship continuity.

Table 5. Reliability

Variable	No. of statements	Cronbach's alpha coefficient
Trust	4	.885
Commitment	6	.879
Adaptation	8	.928
Relationship continuity	8	.919

Table 6. Level of variables

Dimension	Mean	S.D	Decision attribute
Trust	3.9830	.89508	High Level
Commitment	3.8520	.75848	High Level
Adaptation	3.8015	.80194	High Level
Relationship continuity	3.8870	.74672	High Level

Table 7. Coefficient of correlation between variables

Variable	Trust	Commitment	Adaption
Relationship continuity		.811	.828
Pearson correlation	.799	.000	.000
Sig.(2-tailed)	.000		

Table 8. Model summary

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.843[a]	.710	.706	.40454

a. Predictors: (Constant), Trust, Commitment and Adaptation

Table 9. Coefficient table

Model		Un standardized coefficients		Standardized coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.775	.133		5.835	.000
	Trust	.172	.071	.206	2.414	.017
	Commitment	.289	.085	.294	3.399	.001
	Adaptation	.345	.099	.371	3.474	.001

a. Dependent variable: Relationship continuity

H₂: Commitment has significant impact on retailer and manufacturer relationship continuity.

The result shown in Table 9 indicates that commitment has significant positive impact on retailer and manufacturer relationship continuity. P value .001 is less than 0.05 and β value is .289. Therefore studies accept H₂, and concluded as commitment has impact on retailer and manufacturer relationship continuity.

H₃: Adaptation has significant impact on retailer and manufacturer relationship continuity.

The result shown in Table 9 indicates that adaptation has significant positive impact on retailer and manufacturer relationship continuity. P value .001 is less than .05 and β value is .345. Therefore studies accept H3, and concluded as adaptation has impact on retailer and manufacturer relationship continuity.

After successively collected and analyzed the data the research concluded that all the hypotheses were valid and shown significant relationship between relationship continuity. And also relationship continuity of the retailers and manufacturers significantly and positively affected by the trust, commitment and adaptation.

Based on this study, it is clear evidence that trust has a significant positive relationship with retailer-manufacturer relationship continuity. According to above statements cosmetics manufacturers have to focus on trust related strategies in order to increase relationship continuity with their retailers in the following ways; being obliging with retailers, build confident about manufacturer in mind of retailers, being cooperative with them, always keep promises with retailers, act in a favorable manner in unexpected situations, and being reliable in collaborative arrangement with retailers.

Same as, commitment plays a significant impact on relationship continuity. Thus, cosmetics manufacturers have to maintain commitment in order to increase relationship continuity with their retailers in the following ways; establishing objectives as important to retailers, interacting with retailers as they don't leave the relationship, even if they want, creating willingness in mind of retailers to invest with manufacturers and act like retailers feel that they are important customer to manufacturers.

Adaptation also significantly has an impact on relationship continuity. According to above statements cosmetics manufacturers have to maintain adaptation in order to increase relationship continuity with their retailers. It can be implemented in the following manner; customizing product features as suitable for retailers, adjusting packaging styles for retailers, changing discount policies for retailers and providing sales credits for retailers.

4. CONCLUSION

As per the formulated research questions, the study concluded that; the level of trust, commitment, adaptation and retailer-manufacturer relationship continuity among the cosmetic retailers found to be high level. Same as, the relationship between trust, commitment and adaptation on retailer-manufacturer relationship continuity among the cosmetic retailers shows strong positive relationship. And finally, trust, commitment and adaptation have significant impact on retailer-manufacturer relationship continuity among the cosmetic retailers.

The results of this study provide important insights into the role of trust, adaptation and commitment for the manufacturer relationship continuity and this outcome is significance to the manufacturers dealing in the cosmetic industry. This research only focuses on the cosmetic manufacturer in Kandy district. Additional studies

need to be undertaken to examine retailer-manufacturer relationship continuity in other regions and with larger samples. However, this can be further expanded into fields such as Food beverages manufacturing, production and other companies.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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APPENDIX

Correlations 1

Correlations		Trust	Relationship_continuity
Trust	Pearson Correlation	1	.799[**]
	Sig. (2-tailed)		.000
	N	250	250
Relationship_Continuity	Pearson Correlation	.799[**]	1
	Sig. (2-tailed)	.000	
	N	250	250

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

Correlations 2

Correlations		Commitment	Relationship_continuity
Commitment	Pearson Correlation	1	.811[**]
	Sig. (2-tailed)		.000
	N	250	250
Relationship_Continuity	Pearson Correlation	.811[**]	1
	Sig. (2-tailed)	.000	
	N	250	250

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

Correlations 3

Correlations		Adaptation	Relationship_continuity
Adaptation	Pearson Correlation	1	.828[**]
	Sig. (2-tailed)		.000
	N	250	250
Relationship_Continuity	Pearson Correlation	.828[**]	1
	Sig. (2-tailed)	.000	
	N	250	250

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

Multiple regression analysis

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	.843[a]	.710	.706	.40454

a. Predictors: (Constant), Adaptation, Trust, Commitment

ANOVA[b]						
Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	98.580	3	32.860	200.791	.000[a]
	Residual	40.259	246	.164		
	Total	138.839	249			

a. Predictors: (Constant), Adaptation, Trust, Commitment
b. Dependent Variable: Relationship_Continuity

Coefficients[a]						
Model		**Unstandardized coefficients**		**Standardized coefficients**	**t**	**Sig.**
		B	**Std. error**	**Beta**		
1	(Constant)	.775	.133		5.835	.000
	Trust	.172	.071	.206	2.414	.017
	Commitment	.289	.085	.294	3.399	.001
	Adaptation	.345	.099	.371	3.474	.001

a. Dependent Variable: Relationship_Continuity