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Studying Effects of Buyer–Supplier Relationship and Non-Relationship Factors to Accept or Reject the New Product by Retailers of Agricultural Organic Products in Shahrekord

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Abstract

The present study investigates the important role of buyer-supplier relationship and non-relationship factors to accept or reject the new product by retailers in agricultural organic products Shahrekord. In the present study, considering the research model, one main hypothesis (accept or reject the new product by retailers) and four sub-hypotheses (Relationship Intensity-Channel Motivation-Product Advantage-Market Competitiveness). This research is an applied one in terms of its purpose, and is a survey study with a correlation approach. The population includes 132 retailers of agricultural organic products Shahrekord. Due to the limited size of population, the entire population was considered as the sample and no sampling was done. Data collection tool is a researcher-made questionnaire containing 12 items, the validity of which was confirmed through advising- and consulting professors and the experts comments and its reliability by Cronbach's alpha ($\alpha=75\%$). The items include personal data, as well as main, specialized questions items on the research hypotheses. 124 out of 132 questionnaires were returned (return rate = 93%). SPSS and AMOS software has been used For data analysis and hypotheses testing. The findings supported all research hypotheses. Thus, buyer-supplier relationship and non-relationship factors have a significant effect on accept or reject the new product by retailers.

Keywords: Accept the New Product, Relationship Intensity, Channel Motivation, Product Advantage

Introduction

Regarding to the variability in the competitive worldwide business rules, introducing process of a new product to the market has always been very important. The product improvement process for all of producing organizations is already assumed as a competitive advantage. The organization must pay more concentration on integration of a product improvement process as well as establishment an appropriate affection between the improvements of new product process & other routine process'. Introducing a new product is very vital for the long term success of any companies. The community acceptance for a new product is the most

important challenge for any producer, as if the product will not meet to the target customer interests, there will not only the new product improvement program fails to increase the commercial benefits, but also fails to place them on a better competitive position, hence enforce them to lose lot of expenses on product designation.

Firms believe that the continual introduction of new products is demand and maintain a competitive position in a market (Cooper and Kleinschmidt, 1987; Lundvall and Christensen, 2004). In order to create new markets and to alter the value dynamics in a competitive market, firms need to develop more “really new” products rather than radical or incremental products. Really new products are new products that result in a market discontinuity or a technological discontinuity but do not require customers to undergo significant training in order to use them and extract their value. Really new products provide an increased opportunity for a stronger competitive position relative to more incremental innovations. The new product success is an important icon for dealers & company owners, too. The most important challenge for the organic agriculture products is the customer acceptance. To solve this problem, increasing the long term economic affairs of a vendor & purchaser, instigating the distributing net works & creating the competition within the production which have been fulfilled the customer requirements would have been cope with these challenges.

This research, introduce a new conceptional frame work to understand & survey the results of communication & non-communicational dimensions of buyer–supplier relationship factor to accept or reject a new product which submitted by retailer in the market. Also, the research would find an answer to the question whether communication & non-communicational buyer-supplier are affective to accept or reject a new product that submitted to the customer by retailers.

Research Background

Retailers’ acceptance of *new* products: The success of a new product often depends on retailers’ acceptance and support. However, retail shelf space is a scarce resource and its effective deployment could determine the success of a retailer (Kaufman, 2002).

Dimensions of buyer–supplier Relationship Factor

Relationship intensity: The elements necessary to establish of relationship intensity:

A. Commitment refers to the extent to which an exchange partner considers a relationship important and thus is willing to develop and sustain the relationship (Mohr and Spekman, 1994).

B. Dependence refers to the extent to which a firm needs another firm to achieve its goals. A firm with greater dependence on its partner has more incentive to sustain the relationship and thus will be more amenable to the partner’s demands and requests (Ghosh *et al.*, 2004).

C. Effective communication, the effective formal and informal sharing of meaningful and timely information between firms is essential for new product introductions (Kaufman *et al.*, 2006).

H1: relationship intensity has significant impact on accept or reject the new product by retailers in agricultural organic products shahrekord.

Channel motivation: Channel motivation refers to the supplier’s actions and policies to foster channel member support in implementing the supplier’s distribution objectives (Gilliland, 2003). Channel motivation usually includes three facets such as financial support,

promotional support, managerial support (Haines, 2007). With this in mind, the following hypothesis is proposed:

H2: Channel motivation has significant impact on accept or reject the new product by retailers in agricultural organic products shahrekord.

Product advantage: Product advantage refers to the benefits that customers get from the new product (Calantone and di Benedetto, 1988). Past studies indicated that product advantages include several distinct attributes, especially uniqueness, the ability to meet market needs, variety, and the manufacturer's reputation. Therefore, the following hypothesis is proposed:

H3: Product advantage has significant impact on accept or reject the new product by retailers in agricultural organic products shahrekord.

Market competitiveness: Market competitiveness also includes the expected size and growth of the market (Geyskens *et al.*, 2002). Although a growing market for new products often attracts more competitors (Ghosh *et al.*, 2004), growth also indicates the potential for increased sales and profit potential, offering a greater probability of obtaining shelf space for a new product. According to this, H4 addresses the relationship between market competitiveness and retailers acceptance of new products:

H4: Market competitiveness has significant impact on accept or reject the new product by retailers in agricultural organic products shahrekord.

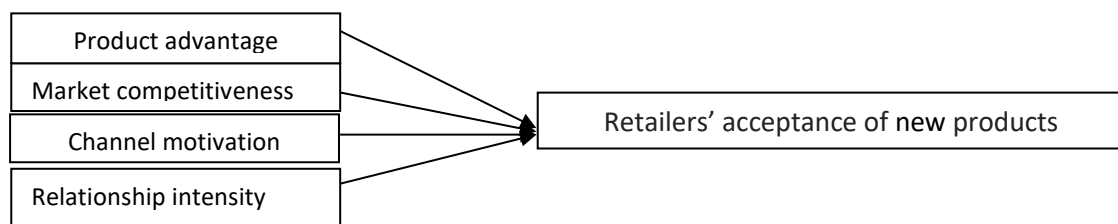


Figure 1. Conceptual research model (Sheng Chris- Lin Chi Chang, 2011)

Methodology of Research

Data Collection

Information was obtained from the Retailers of organic products Shahrekord city, through survey questionnaires during June-July 2013. The questionnaire was standard and confirmed the validity of it and reliability of it was calculated and confirmed by Cranach's Alpha.

The questionnaire was standard and confirmed the validity of it and reliability of it was calculated and confirmed by Cranach's Alpha. The results obtained in Table 1, shows that due to the significant fixed value greater than 5percent, the fixed value has no significant difference with zero and for this reason it doesn't insert into the regression coefficients. Also, due to the significant smaller (sig) of the dependent variables of Product advantage, Market competitiveness, Channel motivation,

Relationship intensity of 5percent, these variables with beta relations 0/558, 0/520, 0/413, 0/376 are put in the regression equation respectively. Because the beta coefficients are positive. This means that the increase in the value of this variable is associated with an increase in the dependent variable. Considering the standardized coefficients (beta) the impact of the Product advantage variable of the price range (0/558: beta coefficient) is more than other dependent variables. According to the results table can be say that hypothesis first to forth be confirmed. Results of hypothesis first to forth be shown in table 1.

Table 1

Regression coefficients, hypothesis testing first to forth

Significant	T-statistics	Coefficients Standardized	Coefficients Not the standard		Model
		Beta	standard error	B	
0/241	-1/179		0/185	-/218	fixed amount
0/000	5/0222	0/520	/1110	0/558	Product advantage
0/000	0/160	0/482	0/101	0/513	Market competitiveness
0/000	4/424	0/359	0/096	0/413	Channel motivation
0/000	5/964	0/614	/063	/376	Relationship intensity

Dependent variable: Retailers acceptance of new products

Discussion and Conclusion

The present study investigates the important role of buyer-supplier relationship and non-relationship factors to accept or reject the new product in retailers in agricultural organic products shahrekord by analyzing the output resulting from testing hypotheses it can be concluded that channel motivation, product advantage, relationship intensity market competitiveness have positive influences on retailers acceptance of new products.

According to the first hypothesis, it is suggested: creating strong relationships with customer in order to maintain, preservation and increases the number of customers and the long-term profitability. Second, recruitment of professional selling due to having elements such as the technical knowledge and ability presenting services to customer.

According to the second hypothesis, it is suggested: first, helping to customers for having and building a family life and Coordinate this life with professional life In order to increase motivation. Second, identification sales personnel by sales managers in order to identification and rewarding for everyone.

According to the forth hypothesis, it is suggested: first, Reducing production costs and use of tools and techniques for cost reduction. Second, improving the quality of goods and services with the the implementation programs and tools of quality management , Increase the use of creativity and innovation in providing various products and different from competitors, participation in national and international value chain in order reach to new markets.

According to the third hypothesis, it is suggested: first, presenting affordable and reliable solutions, second, repairs and replacement of parts in the least possible time, finally, offering support services by owners.

This study has some limitations. First, provide real information when completing the questionnaire by respondents and attention to personal and organizational consideration by people in answer to questionnaire questions. Second, influence unwanted variables that may be involved in internal and external validity research inability to generalize results to other statistical societies, also this research is not.

Exempt from this rule.

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