Financial Outcomes of Manufacturer Brands:
A Scale Development

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Attestation of Authorship

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a university or other institution of higher learning, except where the due acknowledgement is made in the acknowledgements.

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Acknowledgements

Abstract

In today's competing marketplace, it is becoming increasingly important for both managers and external researchers to understand just what adds value? How is it measured? The accountability of marketing performance as well other intangible assets in the company have stimulated researchers to continue to search for the Holy Grail of accountability (Thomas, 2000). Understanding the accountability and return of marketing expenditure is one of the top priorities of research for the year 2008-2010 in the Marketing Science Institute (Research priorities, 2008). Furthermore, the accountability in B2B industries needs to receive special emphasis and the assessing of return being obtained from marketing investments (Research priorities, 2008). This paper reflects the author's concern with the gap in understanding financial accountability of manufacturer brands and the offering of some key managerial issues to address financial performance and marketing strategy in the retailing sector.

The importance of this dissertation is highlighted with the sources of brand benefits in manufacturer-reseller B2B relationships offered by Glynn Motion and Brodie, (2007). This dissertation extends the findings presented in Glynn et al. (2007) providing qualitative insight explaining retailer's perception of the financial outcomes provided by manufacturer brands and the development of a scale.

Eight in-depth interviews were carried out in the liquor retailing sector to answer the research questions. The results indicate that when evaluating financial outcomes associated with manufacturer brands retailers employ the following measurements: gross margin, retail margin, gross profit, level of discounts, sales volume potential, and rate of customer return. Furthermore, these financial measurements of manufacturer brands vary between different types of liquor retailers due to the size of the retailers and the retailer's profit orientation. On key finding suggests that retailer's reliance on computer assistance prevents the retailer's own understanding of the financial outcomes associated with manufacturer brands. The development of a scale based on the results of this dissertation allows for further research on the topic of marketing accountability.

Chapter One. Introduction

1.1 Background to the research

This chapter begins with the background to the proposed research, followed by the identification of key research problems, justification for the research and a brief description of the research methodology. The outline of this dissertation is summarized in section 1.5. Then, the discussion of some key delimitations of the study and conclusion of Chapter One is presented.

For retailers, manufacturing brands offer many evident benefits including established consumer demand, positive consumer attitudes towards the brand, commitment from the manufacturer to promote the brand, the image and credibility of the brand itself builds the retailer's image and credibility (Webster, 2000, p.18), in addition to financial benefits (Glynn, Motion and Brodie, 2007). Prior research has pointed out that with respect to channel relationships, retailers' decision of different price levels and promotional strategies affect retailers as well as manufacturer profits (Mulhern and Leone 1991). Other research has focused on empirically proving the effect of information innovation on channel relationships, which affects a firm's market performance (Kim, Cavusgil, and Calantone, 2006). Glynn et al. (2007) addressed the financial, customer and managerial benefits manufacturer brands provide to the retailers but like previous studies mentioned above, the study by Glynn et al. (2007) is limited in the scope of financial outcomes associated with manufacturer brands. Therefore, this research attempts to fill this gap and contribute to the body of knowledge on financial outcomes associated with manufacturer brands.

This research is to investigate the financial outcomes of manufacturer brands and develop a scale that measures relevant financial outcomes provided by manufacturer brands to liquor retailers. It is important for retailers and manufacturers to understand the manufacturer brand benefits especially in the financial context that ultimately enhances the business-to-business relationship. The importance of understanding financial outcomes associated with manufacturer brands lies in the facilitation of the future development and management of

B2B relationships in the liquor retailing sector; manufacturers can better understand the retailer's financial expectations of the brands and retailers are able to make better managerial decisions based on the financial criteria found in this dissertation.

1.2 Research problem

Just what constitutes "added financial value"? How is it measured? There is a gap in understanding the financial accountability of manufacturer brands in the retailing sector, thus the financial outcomes of manufacturer brands have never been identified or investigated. The following section discusses in detail the justification for this research followed by chapter two addressing the gap in the current literature by examining past studies that have placed an emphasis on financial outcomes. From this, relevant financial measurements are identified from the literature and open-ended questions were formed which are summarized and bullet pointed below as the source of investigation for this dissertation. The key research objective for this dissertation is to investigate the financial outcomes of manufacturer brands.

Three research questions:

- What do retailers use to measure the financial outcomes of manufacturer brands?
- What short and long term financial benefits do manufacturer brands provide?
- How are the identified measurements of financial outcomes carried out in the retail store?

1.3 Justification for the research

The underlining issue of investigation is the missing in measuring financial accountability of some prime drivers of corporate success such as investments in intangible assets, for example, brands and customer loyalty (Thomas, 2000; Shaw and White, 1999; Strum Jr., 2007; and Moorman and Rust, 1998). In today's competing marketplace, it is becoming increasingly important for both managers and external researchers to understand just what

adds value? How is it measured? The accountability of marketing performance as well other intangible assets in the company have stimulated researchers to continue to search for the Holy Grail of accountability (Thomas, 2000). Understanding the accountability and return of marketing expenditure is one of the top priorities of research for the year 2008-2010 in the Marketing Science Institute (Research priorities, 2008). Furthermore, the accountability in B2B industries needs to receive special emphasis and the assessing of return being obtained from marketing investments (Research priorities, 2008). This paper reflects the author's concern with the gap in understanding financial accountability of manufacturer brands and the offering of some key managerial issues to address financial performance and marketing strategy in the retailing sector.

The second justification is that financial outcomes of manufacturer brands in retailing have not been properly explored. There are a limited number of literatures exist covering in finance terms, minor issues that do not allow for financial accountability of some prime drivers of retailer success. For example, Wrigley (1997) analyzed interest capitalization and Mulhern and Leones' (1991) profit management and maximization. More core financial issues constituting the adding of financial value have been investigated in an analysis of capital structure (Chevalier, 1995) and Guy's (1995) survey into investment techniques. This provides the justification for this research highlighting the gap in the literature, the proposed research bridges this knowledge gap by investigating the financial outcomes of manufacturer brands and the development of a scale.

The third justification is that from a retailer's perspective strong manufacturer brands can lead to higher sales of store brands and the building of store traffic (Webster, 2000). Past research has provided the many forms of financial measurements used by companies when evaluating aspects of consumer behaviour, marketing, structural change, and strategic management (Burt and Sparks, 1994). Little is understood, however, about the specific financial outcomes of manufacturer brands for retailers. Financial outcomes associated with manufacturer brands for retailers might be different because of the past assumption that brands are only relevant to consumers not resellers (Webster, 2000). This research proposes a deeper understanding of the financial outcomes and the scales in which the retailers use; this understanding is beneficial to me the researcher, future research as well as

the participants. As an understanding of financial constructs in the retailing sector is fundamental to the financial control and management for existing retailers as well as future retailers. Having better knowledge of what is financially accountable helps managers' decision making in improving the accountability of manufacturer brands. For the existing retailers, there can be the development of financial control of existing retail operations and the development of financial strategies to facilitate future growth and structural change (McCaffery, Hutchinson and Jackson, 1997).

The importance of this dissertation is highlighted with the sources of brand benefits in manufacturer-reseller B2B relationships offered by Glynn et al. (2007). The scale developed by Glynn et al. (2007) highlighted some key financial performance measures during the qualitative research. However, the financial performance measures have been found to be insignificant for retailers when evaluating financial outcomes of manufacturer brands. Therefore this dissertation seeks to identify a range of financial outcomes associated manufacturer brands from retailers' perspective and further develop a new scale that can be quantitatively researched for the direction of future research. Moreover, the completion of this dissertation will extend the findings presented in Glynn et al. (2007) providing qualitative insight explaining retailer's perception of the financial outcomes provided by manufacturer brands.

This study offers invaluable insight on the specific financial outcomes of manufacturer brands that facilitate with the management of retail outlets and assortment of manufacturer brands which maximizes return for future retailers that has been much needed (McCaffery et al, 1997). This research addresses the need for linkage between financial performance measurements used by retailers when evaluating manufacturer brands. This study will gain an insight into the financial outcomes associated with manufacturer brands that has yet to be explored by conducting qualitative in-depth interviews with managers working in the liquor retailing sector. This gap in the current literature is highlighted in Chapter two; this study addresses this unfamiliarity in financial outcomes associated with manufacturer brands for the interests of researchers, academics as well as proposes directions for future research.

1.4 Methodology

In-depth interviews will be carried out to find out the financial benefits of manufacturers from retailers' points of view. Interview questions listed above under "Research Questions" will be asked. A semi-structured interview will be used, with open-ended questions allowing for respondents to elaborate and discuss the financial outcomes of manufacturing brands from resellers' points of view in the wine industry. This is a qualitative study; good quality and in-depth information is required for this dissertation therefore a total of eight participants was selected. The justification for the selection of this particular number of respondents was based on the study done by Glynn et al. (2007) where the same semi structured interview protocol was used. Glynn et al. (2007) used the same method to study the impact of manufacturer's brands in terms of the retailer's channel experience.

The data will be collected by note taking and recording before it is transcribed and analyzed using QSR NVivo 7 software. QSR NVivo 7 software facilitates the process of thematic analysis of qualitative data. The principle reason for using this method is to bring the light of the meaning, richness and magnitude of the subjective experiences of social life (Attride-Stirling, 2001). The coding of the transcripts adopted the analytic tool provided by Attride-Stirling (2001). The coding of the transcripts follow the 6 thematic analysis procedures proposed by Attride-Stirling's (2001): Step One: Coding the material, step Two: identify themes, step Three: constructing the networks, step Four: describe and explore the thematic networks, step Five: summarize the thematic network and step Six: interpret patterns. The key themes identified in the transcripts that are consistent with the literature will be documented in Chapter four by returning to the research questions and the theoretical interests supporting them, which leads to the drawing of conclusions and implications in Chapter five.

1.5 Outline of the report

This dissertation is divided into five chapters. This chapter introduces the research topic, provide some background of the research on the area of inquiry, additionally, benefits offered by manufacturer brands were also highlighted. Moreover, Chapter One draws out

the need for a research that better understand the financial measurements retailers use when it comes to measuring financial benefits of manufacturer brands. Justification of the research problem and research methodology was also provided in this chapter. The following chapter examines current literature, from this, various questions and themes were identified to be further investigated. In particular, studies that have investigated financial outcomes or performances are explored and those measurements are identified to be investigated in the liquor retailing sector.

Chapter three establishes the research methodology and its implementation to address the research questions derived from the literature and achieves the objective of this research. The justification for the paradigm and methodology and ethical considerations are outlined. The discussion of methodology emphasize on questionnaire design, participant selection, data collection process, coding and analyzing procedures

Chapter four analyzes the data gathered from the interviews using QSR NVivo7 software and report major findings that reflect the literature. A brief description of the respondents is outlined in a table format. It is important to note that the name of the participants will not be disclosed in this part of the report, anonymity is ensured when the dialogue used were coded and the identity of the respondents is protected.

Chapter five draws conclusions based on the analysis and any implications faced during the research, furthermore, points out directions for any future research for practitioners and researchers wanting to better understand the area of inquiry. Interview protocol used appears in Appendix A.

1.6 Delimitation of Study

This study investigated the financial outcomes of manufacturer brands from retailers' points of view that is conducted in the liquor retailing industry in the New Zealand market; the findings may not be generalisable to other industries where industrial purchasing takes place and the brands are the focus of the relationship. For example, fashion or durable goods. This research focus on investigating the financial outcomes associated with

manufacturer brands and extending this key brand benefit that manufacturer brands offer retailers as identified by Glynn et al. (2007).

1.7 Conclusion

This chapter provides the foundation supporting this dissertation. It provided justification for the research. The research questions addressed in this dissertation were outlined. The main purpose of this study is to investigate the financial outcomes associated with manufacturer brands from the retailer's point of view in the liquor retailing sector. A brief description and justification of the methodology underlying the purpose of the study is provided. Some delimitations and the outlined of the study are also presented. On the basis of this foundation, the proceeding Chapter Two reviews current literature and provides a detailed description of the dissertation.

Chapter Two. Literature Review

2.1 Introduction

Chapter one introduced this dissertation by providing a background to the proposed research, key research problems, justification for the research, research methodology and an outline of this report. This chapter follows the introduction of this dissertation by reviewing the current literature in the area of interest allowing the deriving of key financial measurements for further exploration in the liquor-retailing sector. The following literature review highlights the call for this dissertation on establishing the outcomes of financial benefits for retailers associated with manufacturer brands by examining aspects of consumer behaviour, marketing, structural change, and strategic management in relation to financial performance. The review of literature allows the identification of themes and specific financial measurements used that can later be investigated to show consistency with information derived from the data collected.

Customer satisfaction, marketing, strategic management and corporate social performance has been identified by McCaffery et al. (1997) as functions in business that have received substantial attention in being linked to financial performance. There are no direct literature linking manufacturer brands and financial performance other than the study done by Glynn et al. (2007). In order to better understand financial outcomes in the retailing sector, the following literature review follows this discovery in past literatures (McCaffery et al., 1997; Glynn et al., 2007). These topics are important because the relationship between the financial performance and customer satisfaction, marketing, strategic management and corporate social performance are well understood. From the review of these topics, a general understanding is gained about the financial measurements employed by corporations when identifying the accountability of the identified functions in businesses. This allows for the identification of the codes for thematic analysis in chapter three. This Chapter is divided into ten sections; section 1 introduces the literature review, section 2 through section 8 reviews relevant literatures. Section 9 presents a summary of key financial outcomes from prior literature, section 10 identifies the overall summary of gap in

the literature underpinning the formation of research questions outlined in the following section. Section 12 provides a conclusion for the literature review carried out in this chapter. The main purpose for this chapter is to review the financial outcomes that other studies have identified when carrying out performance measures. A strong link has been established between financial performance with the following functions within the business: customer satisfaction, marketing, strategic management, corporate social performance and the management of private label brands. However, the financial measurements identified are not specific to the retailing industry in a B2B relationship, thus the identification of specific measurements from these literatures facilitates the establishment of key research questions for this study.

2.2 Customer satisfaction and financial performance

A steam of literature examined the links between customer satisfaction and financial performance. Findings suggest that higher customer satisfaction leads to lower marketing costs, less price elasticity, and higher customer loyalty which in term leads to improvements in financial performance (Reichheld and Sasser 1990; Fornell, 1992). Several studies focus on understanding financial outcomes of customer satisfaction (Rust and Zahorik, 1993; Zeithaml, Berry, and Parasuraman 1996) and found that customer satisfaction has an impact on sales revenue, market share and customer's intention to purchase behaviour. Gupta and Zeithaml (2006) concluded in their study the importance of the management of customer metrics (customer satisfaction, service quality, customer retention and lifetime value) and their impact on financial performance. Al-Hawari (2005) proposed a mediating model that links service quality to bank financial performance thought customer retention to empirically test the potential influence of automated eservice quality on customer retention and financial performance. The result confirms the role of customer retention as a mediator in the effect of automated service quality on financial performance (Al-Hawari, 2005). The financial performance measurements used by the firms evaluated were based on stakeholders' expectations and absolute measures on financial ratios (Al-Hawari, 2005). Ittner and Larcker (1998) concluded in their study that customer satisfaction measures are leading indicators of customer purchase behaviour, an

increase in the number of customers and accounting performance. Banker and Mashruwala (2007) also attempted to link the relationship between nonfinancial measure and financial performance. The study used data from more than 800 stores of a retail chain to examine whether or not the relationships between nonfinancial measures and financial performances is influenced by the competitive characteristics of retail store locations. The nonfinancial measures used were employee satisfaction, and customer satisfaction, the financial performance measure used was earnings per square foot of the store. The results indicated that in competition intensive areas, both customer satisfaction and employee satisfaction have significant increasing information content in predicting future store profitability (Banker and Mashruwala, 2007). Schuler and Cording (2006) examined a firm's corporate social performance with consumers' purchase behaviour by linking the role of information intensity and moral values. The outcome of customer's purchase behaviour is on a firm's profitability, market value, and growth (Schuler and Cording, 2006). The study highlighted the complexity of a consumer's decision process that leads to either a positive or negative reaction towards the purchasing of a firm's products as the result of corporate social responsibility performance information intensity (Schuler and Cording, 2006).

2.2.1 Summary of customer satisfaction and financial performance

The management of customer satisfaction, service quality, customer retention and customer's life time value impacts on the financial performance of a firm. Current literatures suggest that the increase in customer satisfaction leads to lower marketing costs, less price elasticity, and higher customer loyalty which improves financial performance (Reichheld and Sasser 1990; Fornell, 1992). Specific financial measurements identified were sales revenue (Rust and Zahorik, 1993), market share (Zeithaml et al., 1996), earnings (Banker and Mashruwala, 2007), profitability, and market value (Schuler and Cording, 2006).

2.3 Marketing and financial performance

In the past research, the focus on the topic of firms' marketing and financial accountability calls for measurable accounting practices, and this is evident in the following literature review. Moreover, the link between marketing activities enhancing financial performance of firms is also established (Samiee and Roth, 1992, Capon, Farley and Hoenig, 1990, and Srivastava, Shervani and Fahey, 1999). According to Samiee and Roth (1992) companies that emphasize on globalization standardization of marketing activities does not perform better than other companies that use less standardization. Companies that chose to standardize marketing across markets are driven by the factor or cost savings which leads to increased profitability. However, the Samiee and Roth (1992) stress that lower costs resulting in higher profit is only under the assumption that there is a fixed global price, disregarding the environmental, political, societal, technological and many internal implementation issues which make the conclusion of this study informative. The return of the mail questionnaire sent out to CEO of companies operating in global markets indicate that when averages of three year performance levels are considered, firms that concentrated on the global standardization shows a higher sales growth rate. However, companies that do not focus on global standardization have a higher return of asset (Samiee and Roth, 1992). Capon et al. (1990) took a different approach in establishing the link between marketing activities and financial performance. Two forms of meta-analysis are used by Capon et al. (1990) to review the empirical literature on industry, firm and business level financial performance. Capon et al. (1990) found that certain marketing activity such as advertising intensity is positively related to industry as well as business performance. Basuki and Henderson (2003) re-examined the Centre for Advanced Research in Marketing (CARM), the original study that was done in the 1990s used sales growth as a key financial indicator of marketing effectives. Marketing has been found to improve sales growth but without commensurate improvements in the profit. Basuki and Henderson (2003) attempted to address the relationship between return on capital employed (ROCE) and excellent marketing, a very weak association has been found between excellent marketing and financial success.

Most recently, Stewart (2008) asserted that the only way to make marketing accountable is by adopting a generally accepted standard for the measurements of marketing outcomes. The article identifies three key types of marketing outcomes (long-term marketing effects, long term effects and creation of real options) and suggests that two of these (long-term

marketing effects and long term effects) are suitable for the development of standardized measures. The emphasis on this article that was different from the past studies is that little attention is paid to the financial outcomes with the mentioning of return on investment (ROI) but to the standardization of marketing measurements of marketing outcomes.

The financial accountability of relationship marketing has received much attention. Relationship marketing (also called one-to-one marketing or customer relationship management) means modifying the manager's behaviour to better suit the needs and wants of an individual customer. This increases cross-selling, which increases measurable financial benefits and reduce customer attrition (Peppers, Rogers, and Dorf, 1999). More specifically, the establishment and maintenance of an organization's network of relationships (not only individual customer relationship) provides long-term net financial outcome thus have an effect on revenue, cost and capital employed (Gummesson, 2004). The focus on relationship marketing in organization needs to be justifiable and strategically incorporated, relationship marketing is said to be more cost-efficient for business with 2% of their clients generating 50% of profit (Pepper et al. 1999). When a company's stock is traded on an exchange, buyers pay for what is called the intangible asset: goodwill, brand equity, loyal customer base and perceived future earning. However, Gummesson (2004) states that it is a general concern that current accounting system do not capture the true value of customer relationships, they are not geared to assess return on relationships. This study will adopt the financial outcomes as stated by Gummesson (2004) and explore them in a B2B environment.

2.3.1 Summary of marketing and financial performance

This literature review highlights the need for financial accountability when evaluating the connection between marketing and financial performance. Capon et al. (1990) found that certain marketing activity such as advertising intensity is positively related to industry as well as business performance. However, specific measurements were not provided in the study. The following are more recent financial measurements employed by researchers when measuring financial outcomes associated with various marketing activities: rate of sale growth and return on asset (Samiee and Roth, 1992); return on capital employed and

sales growth (Basuki and Henderson, 2003); revenue, cost, and capital employed (Gummesson, 2004).

2.4 Strategic management and financial performance

The effective management of a company's strategic goals can achieve organizational growth. Organizations are able to remain competitive or achieve competitive edge by identifying opportunities in the inefficiencies within a company and addressing those inefficiencies by strategically managing the company's internal processes, human resources and external suppliers. The financial value of strategic management is outlined in the following review of literatures. The emphasis being placed on structural change and strategic management is clear in a study done by Hindle and Cutting (2002) which examined pharmacists implementing entrepreneurial skills in order to enhance financial performance and job satisfaction in Australia as new competition arisen in the market. The scale that was utilized in Hindle and Cutting (2002) to measure financial performance were profits, which was measured in terms of both gross profit and net profit, and sales, which were measured by total sales. Watson and Polito (2003) propositioned and tested the "Theory of Constraints" logic to improve system financial performance beyond traditional supply chain methods in a multi product, multi echelon physical distribution environment. The financial measures evaluated during the running of the simulations were return on investment, cash flow, net profit, operating expenses and sales price minus the invoice price of finished goods sold to the consumer (Watson and Polito, 2003). The results indicate that the structural change in supply chain management such as the one Watson and Polito (2003) proposed exhibits seasonality and partial lost sales. Higgins and Toms (1997) examined the relationship between organization structure and competitive advantage of Lanchire textiles in Britain. After a long-term comparison of accounting based financial performance indicators, the results suggest that vertical specialization was a superior form of business organization. The financial measures used were rate of return and profitability. Companies that have made the appropriate investment in structural change and strategic management show a much greater financial return. For example, necessary investments in enterprise business applications to support organization operations in relation to product, customer, and supply chain enjoy a higher margin than those that did not make the

investment (Hanson, 2003). Hanson (2003) noted that the companies that were particularly adept at those operations enjoyed 73% higher profit margin than other companies surveyed by Deloitte.

Brown and Buttross (2008) aimed to measure the financial and operating impact for US retailers that adopted quick response (QR). QR has been defined as the formation of new business strategies, new processes of information flow, new business relationships and merchandise between manufacturers and retailers, in the textile and apparel industry (Ko, Kincade, and Brown, 2000). The adoption and strategic management of QR by firms and its financial impact is examined in the study. Specifically, the impact of QR on profitability, cost efficiency, and inventory management were examined. The research analyzed data from the Compustats data base of US corporations to compare adopters of QR with non-adopters before and after operation. A total of 27 firms were studied. The results indicate that adopter of QR did not benefit as expected, the adoption of this specific type of strategic management did not result in favourable financial outcomes. Adopters did not improve performance to a statistically significant degree in terms of profitability, cost efficiency, or inventory levels (Brown and Buttross, 2008). The research only considered the manufacturer's perceptions, the opinions about the management of these brands from a retailer's perspective were not considered.

Team members form Accenture, INSEAD and Stanford University researchers analyzed financial data from more than 600 global companies and applied statistical models to assess supply chain performance and its effect to market-capitalization growth (D'Avanzo, Von Lewinski, and Van Wassenhove, 2003). The results indicate that there is a strong connection between superior supply chain performance and financial success. One of the key findings include that at the core of winning business strategies, having supply chain strategies that provide a competitive advantage is vital. Moreover, these competitive advantages play a key role in enhancing financial performance drivers. The survey revealed that, from a financial perspective, reducing cost, enhancing revenue and reducing working capital are the most important drivers of supply chain improvement initiatives (D'Avanzo et al., 2003).

Fitzpatrick and Burke (2000) sought to describe various forms of the virtual organization and discuss the implications that this structure has for enhancing the strategic flexibility, competitiveness and cost efficiency of organizations. Findings suggest that the specific type of outsourcing or subcontractor methodology selected by hub organizations, and the effectiveness of the hub's management of these relationships are key determinants of a virtual organization's cost efficiency and strategic flexibility (Fitzpatrick and Burke, 2000).

2.4.1 Summary of strategic management and financial performance

The key financial performance measurements in relation to strategic management found from this literature review are outlined below: gross profit, net profit and total sales (Hindle and Cutting, 2002); return on investment, cash flow, net profit, operating expenses and sales price minus the invoice price of finished goods sold to the consumer (Watson and Polito, 2003); rate of return and profitability (Higgins and Toms, 1997); profitability, cost efficiency, and inventory management (Brown and Buttross, 2008); cost reduction, enhanced revenue and reducing working capital (D'Avanzo et al. 2003); and cost efficiency (Fitzpatrick and Burke, 2000).

2.5 Corporate social performance and financial performance

Past studies suggest a positive relationship between corporate social performance (CSP) and corporate financial performance (CFP) (Mitchell, Agle, and Wood, 1997 and Clarkson, 1995). The effective management of CSP can help management build better processes, and information system which can help an organization overcome external changes, and in crisis. Externally, CSP may help build a positive or favourable brand image with possible stakeholders. Firms with high CSP reputation rating may improve relations with investors and banks thus provide greater access to capital (Spicer, 1978). They might increase current employees' goodwill, which in term can help improve financial outcomes (Waddock and Graves, 1997). CFP are usually measured using accounting returns such as: return on equity (ROE), return on asset (ROA) (Russo and Fouts, 1997), and return on sales (ROS) (Waddock and Graves, 1997).

The interest in CSP lies in the financial benefits that are associated when managers have to perform business activities that have positive or negative social consequences (Schuler and Cording, 2006). CSP may be used as an organizational resource that provides both internal and external benefits. CSP are actions of internally, investments in CSP may play a mediating role in helping firms develop new competencies, resources, and capabilities which are intertwined with a firm's culture, technological capabilities, structure, and human resources (Russo and Fouts, 1997). Orlitzky, Schmidt, and Rynes (2003) conducted a extensive meta-analysis of 52 studies, with a total sample size of 33,878 observations, the results indicate that CSP is highly correlated with accounting based measures (accounting returns) of CFP than with market based indicators (investor returns). First, accounting returns are firms' return on asset (ROA), return on equity (ROE) and earnings per share (EPS). Alternatively, market based indicators are referring to price per share or share price appreciation (Orlitzky et al., 2003)

More recent studies linking the relationship between corporate social performances (CSP) and corporate financial performance (CFP) (Chatterji and Levine, 2006; Schuler and Cording, 2006) have found similar results. In the study done by Schuler and Cording (2006), the relationship between CSP and CFP is being examined by looking at the roles of information intensity and moral values play in influencing stakeholder (customer) action which ultimately enhances financial performance. Schuler and Cording (2006) measured CFP in terms of a firm's profitability, market value, or growth.

2.5.1 Summary of corporate social performance and financial performance

Past literature suggests a positive relationship between corporate social performance and corporate financial performance. For the purpose of this dissertation, the measurements employed to evaluate corporate social performance are summarized below for further investigation: Return on equity (ROE), return on asset (ROA) (Russo and Fouts, 1997); return on sales (ROS) (Waddock and Graves, 1997); ROA, ROE, earnings per share (EPS), and price per share (Orlitzky et al. 2003); and profitability, market value, or growth (Schuler and Cording, 2006)

2.6 Retailer's measurements of financial outcomes

Burt and Sparks (1997) noted the range of financial performance measurements used by the retailers in the food retailing industry as being inconsistent over the decades of literature reviewed. However, some key measures were identified: gross margin, operating margin, and return on assets or capital employed. The financial outcomes identified were not specific to manufacturer brands, the financial performance were evaluated on a store level. The identification of financial outcomes in the retailing sector allows for further exploration which leads to the purpose of this dissertation. The purpose of this literature review is to discover whether or not these previously identified financial measurements are being carried out by retailers when evaluating manufacturer brands as Griffin and Page (1993) established the measures used by researchers and companies as having some slight variation when measuring product development success and failure, such as companies use margin levels and researchers use more percentage of sales for new products when carrying out financial measures for the success and failure rate of new products' life in the market.

In a more recent literature, Glynn et al. (2007) noted similar measurements used by the retailers when evaluating the financial benefits of manufacturer brands and they were: retail margin, sales volume potential, retail selling price and level of discounts. This research extends the work done by Glynn et al. (2007) and Ailawadi & Harlam (2004) by further investigating the financial outcomes of manufacturer brands to retailers and the development of a scale.

2.6.1 Summary of retailer's measurements of financial outcomes

Retail margin, sales volume potential, retail selling price and level of discounts are the few key themes identified from Glynn et al. (2007). The specific financial outcomes associated with manufacturer brands are unclear in Glynn et al. (2007). This dissertation seeks to extend empirical findings based on Glynn et al. (2007) by further investigating financial outcomes as a manufacturer brand benefit to retailers. Burt and Sparks (1997) identified the following financial measurements when measuring financial outcomes of the retail store

that was not manufacturer brands specific: gross margin, operating margin, and return on assets or capital employed.

2.7 Private label brand and financial performance

During the past decade, retail profit margins in the packaged goods industry have been extensively researched and discussed. It has been established by Alpert, Kamins, and Graham (1992) and Harrison (1999) that there is an increasing power of retailers and their tendency to negotiate lower wholesale prices and higher trade allowances from manufacturers. In contrast, Messinger and Narasimhan (1995) have provided evidence that aggregated retail profit margins do not support what seems to be a shift in power from the manufacturers to the retailers; retail margins were found to be either declining or remaining stationary. A major issue in the center of the discussion and research is the growth of private label brands and their growth in relation to retail power and profitability. According to Mendez, Oubina, and Rubio (2008), in 1995, store brands (also known as private label brands or retailer brands) represented 54% and 41% of sales of Sansbury and Tesco in Europe, and 15% of supermarket sales in the USA. When looking at these results, consideration needs to be paid to the high concentration of retail and limited number of varieties of manufacturer brands in the European markets than the US market. The emphasis on store brands retail margins can be seen in many studies, for example, Ailawadi and Harlam (2004), Corstjens and Lal (2000), and Mendez et al. (2008). Ailawadi and Harlam (2004) developed and tested a model of key determinants of retail margins that retailers earn on national brands and store brands in two retail chains. The results indicate that on the one hand, the percentage retail margins on store percentage are higher than on national brands and what is more, high store-brand share allows retailers to earn higher percentage margins on national brands. On the other hand, the dollar margin per unit may be less than store brands (Ailawadi and Harlam, 2004) because of the lower retail price due to the fact that retailers are charging closer to the cost of production (Mendez et al. 2007). Retailers may find it worthwhile to offer store brands despite lower dollar margins. Thus, store brands can act as leverage over manufacturer and provide a lower price alternative to price conscious consumers whose whole patronage retailer may otherwise lose (Ailawadi and Harlam, 2004). It is also not feasible to push store brands at the expense of

manufacturer brands, store brands and national brands play a complementary role (Corstjens and Lal, 2000); is important for retailers to maintain a balance between store brands and manufacturer brands to attract and retain profitable customers who buy some store brand items but not too many. This support the view that manufacturer brands continue to build store traffic and that reducing manufacturer brand choices may make a store less attractive to profitable shoppers (for example, Johnson, 1994). Despite all the interest in retail margin for store brands, little is known about the financial outcome of manufacturer brands. The purpose o this article is to fill the gap in the literature by conducting a qualitative interview examining the specific measures used by the retailer when evaluating the financial outcomes of manufacturer brands.

2.7.1 Summary of private label brand and financial performance

The concentration of literature on private label brands surrounds the subject of financial return. Current literature states that retail profit margin is the key financial performance measures employed when evaluating private label brands' financial performance. (Messinger and Narasimhan, 1995; Ailawadi and Harlam (2004); Corstjens and Lal (2000), and Mendez et al. (2008). Private label brands allow retailers to earn a higher percentage margin on private label brands but it is not feasible to push store brands at the expense of sales of manufacturer brands. Additionally, private label brands and national brands play a complementary role (Corstjens and Lal, 2000), thus, this dissertation answers the call for a study that better understand the financial outcomes of manufacturer brands.

2.8 Short-term and long-term financial outcomes

2.8.1 Short term financial outcomes

There is also the issue of long term and short-term financial outcomes associated with manufacturer brands that required further identification and research. Short term profitability can be enhanced by effectively manage markdown (Katz, 2003). Significant financial benefits can be realized in the short term if effective markdowns are practiced.

Markdown optimization enhances short term risk mitigation by improving the return on inventory investment and providing strategies for future merchandise. Katz (2003) stated that an effective markdown optimization will release more money for new purchases, enhance the use of inventory by increasing gross margin dollars, to be able to identify the sales performance of each product and its response to sales drivers such as seasonality, markdowns and promotional events, have an impact on current as well as future store operations and customer facings.

Schlemmer and Webb (2006) examined the impact of resource and capabilities on financial performance and internet performance. Resource based view proposed that firms control a list of strategic assets that includes both resources and capabilities, which can lead to competitive advantage and enhanced financial performance (Schlemmer and Webb, 2006 and Srivastava, Shervani and Fahey, 1998). Brands are identified as a key market based asset. Business profitability, cost reduction, inventory efficiency, sales per employee (Schlemmer and Webb, 2006), acceleration of cash flows, enhancement of cash flow, enhanced residual value of cash flows, reduction of volatility and vulnerability of cash flows (Srivastava et al., 1998) were some key financial measurements identified to have been affected by the management of market and resource based assets. The management of working capital from a retailing sector's perspective is elucidated in the study done by McCaffery et al. (1997). McCaffery et al. (1997) emphasized the importance of investment appraisal technique used by managers as a key contributor to long term profitability and survival in the UK retailing sector. Moreover, working capital management is used to manage short-term assets and liabilities, which mature within a year. More specifically, working capital refers to the day to the cash in-flows and out-flows, with the short-term management of cash surplus and trade credit. In the food retailing industry, retailers were found to disguise different margins across product ranges and between manufacturer and retailer brands reflecting the difference in the management of working capital. In the study done by Burt and Sparks (1997), in the UK, retailer brands, particularly those positioned on a similar quality and price basis as leading manufacturer brands, provide better margin often double the manufacturer brand margin for the retailer. The study further suggests the possibility that UK food retailers have been price managing leading manufacturer brands and their own brand, by raising prices of both but increasing the differential, so price is

more emphasized on own brand resulting in increased sales because of consumers switching brands. The scope of this marginal control is to provide overall better returns (Wrigley, 1994).

2.8.1.1 A Summary of short-term financial outcomes

Some key financial measurements employed by businesses to measure short term financial gain that have been identified are: working capital management (Kaz, 2003; and Srivastava et al., 1998); and gross margin (Wrigley, 1994; Burt and Sparks, 1997). Although Burt and Sparks (1997) investigated the scope of marginal control to provide overall better return by effectively managing the margin of manufacturer brands as well as their own brands in the retailing sector, no other sources of financial comes were identified, thus this dissertation seeks to find.

2.8.2 Long term financial outcomes

Long term financial success can be gained through the utilization of Strategic Information System (SIS) (Brown, Gatian, and Hicks,1995). The financial performance measurements employed by Brown et al. (1995) were year to year percentage change in sales, sales per employee, income per employee, accounts receivable turnover, inventory turnover, asset turnover, return on assets and return on sales. Thirty-five sample firms have been identified in this research; upon the employment of SIS these firms have become more productive and more profitable based on the financial measurements employed identified above than other firms in their respective industries (Brown et al., 1995).

Corporations' involvement in corporate social responsibility is often related to the long-term profit making interest of the firm. Peloza (2006) noted that corporate support for charity is often expected to deliver financial returns as well as social returns, which also defines the social agenda of the corporation. The study Peloza (2006) attempted to quantify the relationship between corporate social responsibility and corporate financial

performance by measuring a financial performance index such as share price, other before and after some negative events concerning the corporation's socially responsible behaviour. Chatterji and Levine (2006) stated that the measure of non-financial performance such as corporate social responsibility can help shareholders as well as stakeholders to understand if operational managers are building valuable long term relationships and assets which lead to long term financial success. Some stakeholders may take a personal interest in socially responsible businesses and show support by reward it financially; this maximizes the long term profit of the business as well as the social performance (Peloza, 2006). Griffin and Mahon (1997) outlined profitability, asset utilization, growth, liquidity, risk and market measures as financial performance measures. Similarly, Orlitzky et al. (2003) classified the three main types of financial performance measures as investment return, accounting return, and perceptual measures but none of these measures specifically captures the retailer's measures of long term financial performance. Past studies (Peloza, 2006, Chatterji and Levine, 2006, Griffin and Mahon, 1997, and Orlitzky et al., 2003) have confirmed the positive relationship between corporate social responsibility and corporate financial performance. Corporate social responsibility is considered to be a wise long term investment, even if it maintains the current financial status quo.

Partnership relationships between industrial distributors and suppliers entail significant risks and commitments with the prospect of significant long-term rewards. To help the suppliers select distributor partners, Ghosh, Joseph, Gardner and Thach (2004) explored industrial distributors' expectations of benefits. Ghosh et al. (2004) identified industrial distributors' expectations of long-term financial benefits from building relationships with suppliers. The study addressed the need of understanding partnership relationships between industrial distributors and suppliers due to the high level of risk and commitment with the prospect of significant long-term awards involved. Electronic surveys were sent out to the industrial distributors listed on the US Industrial Distribution Association (IDA). Out of the 1000 electronic surveys sent out, 221 were returned, the results indicate that distributors expect financial and competitive differentiation benefits (Ghosh et al. 2004). More specifically, distributors expect financial benefits that lowers operation costs, and increase profits, additionally, some of non-monetary benefits include improved product/service benefits for their customers which improves long term profits this finding matches past

studies that had found similar expectations (Schellhase, Hardock, and Ohlwein, 2000 and Tse and Wilton, 1998). Financial benefits for the resellers in industrial reseller markets are strong cost focused. This focus on cost is to be expected in an industry characterized by low margins. The study further indicates that some distributors believe that suppliers provide differentiation benefits at the expense of financial benefits (Ghosh et al., 2004). A similar pattern was identified by Bolton and Myers (2003) in the industrial service market, where they reported that firms' trade-off price elasticity (financial) versus service quality (differentiation) benefits. From the study, several distributor characteristics are outlined for the suppliers to evaluate during the preliminary assessments of distributor expectations and therefore prepare for a successful future relationship Ghosh et al. (2004). Moreover, Ghosh et al. (2004) provided some important insight into the long term financial outcomes that are measured by the distributors from building a relationship with the suppliers which can be adopted for the purpose of this study to explore the retailer's perspective.

2.8.2.1 A Summary of long-term financial outcomes

Long term financial success is measured against the following measurements: year to year percentage change in sales, sales per employee, income per employee, accounts receivable turnover, inventory turnover, asset turnover, return on assets and return on sales (Brown, Gatian, and Hicks,1995); share price (Peloza, 2006), profitability, asset utilization, growth, liquidity, risk and market measures (Griffin and Mahon, 1997); investment return, and accounting return (Orlitzky et al., 2003); lowers operation costs, and increase profits (Ghosh et al. 2004); trade-off price elasticity (Bolton and Myers, 2003).

2.9 A summary of key financial outcomes from prior literatures

Literature focus	Key findings and financial outcomes	Sources
Customer satisfaction and financial performance	• Increase in customer satisfaction leads to lower marketing costs, less price elasticity and higher customer loyalty which improves financial performance. • Sales revenue, market share, earning, profitability and market value	Reichheld and Sasser (1990) Fornell (1992) Rust and Zahorik (1993) Berry and Parasuraman (1996) Al-Hawari (2005) Banker and Mashruwala (2007) Schuler and Cording (2006)
Marketing and financial performance	• Past studies highlight the need for financial accountability when evaluating the connection between marketing and financial performance. • Sale growth and return on asset • Return on capital employed • Revenue and cost	Capon et al. (1990) Samiee and Roth (1992) Srivastava et al. (1999) Peppers et al. (1999) Basuki and Henderson (2003) Gummesson (2004)
Strategic management and financial performance	• Financial performance is enhanced by the successful implementation of structural change and strategic management systems. • Gross profit, total sales • Return on investment, cash flow and operating expenses. • Rate of return, cost efficiency	Hindle and Cutting (2002) Watson and Polito (2003) Higgins and Toms (1997) Brown and Buttross (2008) D'Avanzo et al. (2003) Fitzapatrick and Burke (2000) Hanson (2003)
Corporate social performance and financial performance	• There is a positive relationship between CSP and CFP. • Return on equity, return on asset, and return on sales. • Price per share and profitability • Market value or growth	Mitchell et al. (1997) Clarkson (1995) Russo and Fouts (1997) Waddock and Graves (1997) Orlitzky et al. (2003) Schuler and Cording (2006)
Retailer's measurement of financial outcomes	• Financial outcomes associated with manufacturer brands are to be further identified and investigated • Retail margin, sales volume potential, retail selling price and level of discounts • Gross margin, operating margin, return on assets or capital employed.	Glynn et al. (2007) Burt and Sparks (1997)
Short term financial outcomes	• Short term financial gain can be enhanced by effectively managing markdown. • Working capital management • Gross margin	Kaz (2003) Srivastava et al. (1998) Wrigley (1994) Burt and Sparks (1997)
Long term financial outcomes	• Effective management of partnership relationships and corporate social responsibility enhance long term financial outcomes. • % change in sales, sales and income per employee, accounts receivable and inventory turnover, asset utilization • Share price, profitability, investment return, operation costs and trade-off price elasticity.	Peloza (2006) Chatterji and Levine (2006) Griffin and Mahon (1997) Orlitzky et al. (2003) Ghosh et al. (2004) Schellhase et al. (2000) Tse and Wilton (1998) Bolton and Myers (2003)

2.10 Overall summary of gap in the literature

Past studies placed an immense amount of emphasis on functions within the business that contributes to the business's financial performance. Such functions within the business include: Customer satisfaction, marketing, strategic management and corporate social performance. The financial outcomes identified from these literatures show consistency, however, these measurements of financial outcomes were not manufacturer brands specific. There are no current literatures that address the issue of financial outcomes associated with manufacturer brands. The understanding in the specific measurements employed when evaluating manufacturer brands facilitate manufacturers in understanding the retailer's financial expectations of the manufacturer brands as well as bridge the gap between the literatures. This dissertation seeks to extend the study carried out by Glynn et al. (2007), by further investigating financial outcomes of manufacturer brands which is already identified as an antecedent of one of the key sources of brand benefits in manufacturer-reseller B2B relationships.

2.11 Research Questions

Specific financial measurements have been identified from past studies (Glynn et al., 2007; Burt and Sparks (1997) to facilitate the formation of research questions listed below to address manufacturer brands' financial outcomes. The three following questions highlights some key financial measurements for retailers' to comment on when evaluating financial outcome of manufacturer brands whilst finding out how these key financial measurements are carried out in the retail store.

• What financial measurements do retailers use when measuring financial outcomes (i.e. gross margin, operating margin, retail margin, sales volume potential, level of discounts, retail selling price, and return on assets or capital employed) associated with manufacturer brands that have been identified by the past literature?

• If the retailers do, how is each particular measurement being carried out in the retail store?

•   If the retailers do not use the measurements that have been identified, why not, and what is the alternative measurement of financial outcomes associated with manufacturer brands? How is it being carried out in the retail store?

The next two questions proposed for enquiry are based on the identification of short term and long term financial outcomes from past literatures (Kaz, 2003; Srivastava et al. 1998; McCaffery et al., 1997 and Burt and Sparks, 1997). The identification of short term and long term financial outcomes from manufacturer brands propose the next question followed by the need to understand how short term and long term financial benefits are measured.

•   What short and long term financial benefits do manufacturer brands provide?

•   What methods do you use to measure the short-term and the long-term financial benefits manufacturer brands provide? And against what measurements?

It is evident from Srivastava et al. (1998) that brands, as a key market based asset, has an effect on the management of working capital (cash flow), which is proposed in the next question for further exploration in the liquor retailing sector. Moreover, past literatures (Burt and Sparks, 1997; Ailawadi and Harlam, 2004; and Corstjens and Lal, 2000) suggest the effective management of price points for manufacturer brands and private label brands enhances retailers' financial performance elicit the formation of the last opened ended question.

•   What effects do manufacturer brands have on the management of working capital? How do you manage manufacturer brands and other competing brands in order to provide better return?

2.12 Conclusion

This chapter provided an in-depth review of literatures surrounding the issue of financial performance and highlighted the need for retailer's measurements of financial outcomes from manufacturer brands. The relationship between financial performance and the list of topics reviewed in this chapter has been well established, thus providing this dissertation the literature background needed for the formation of the key research questions.

As shown in this literature review, the management of the following functions in businesses can have an either positive or negative effect on corporate financial performance: customer satisfaction, marketing, strategic management, and corporate social performance.

More importantly, the financial performance measures identified from past literatures are not within the retailing industries or manufacturer brands focused. Findings on financial performance measurements (e.g. gross margin, operating margin, retail margin, sales volume potential, level of discounts, retail selling price and return on assets or capital employed) are incorporated into key research questions for further exploration for the purpose of this dissertation. Past research also identified short term and long term financial performance by further indicating the difference in measurements. Moreover, this literature review emphasized the need to understand working capital management and brand assortment in the manufacturer-retailer B2B relationships when investigating the financial outcomes of manufacturer brands.

In particular, this dissertation seeks to extend the study done by Glynn et al. (2007) by investigating financial outcomes of manufacturer brands, which is already identified as an antecedent of one of the key sources of brand benefits in manufacturer-reseller B2B relationships. This literature review highlighted the gap and an attempt in bridging it in the current literature that addresses the important issue of financial outcomes associated with manufacturer brands. The research questions underline the findings from the literature as well as the methodology employed to examine them are discussed in the following chapter.

Chapter 3. Research Methodology

3.1 Introduction

This chapter is dedicated to establishing a methodology for data collection and analysis based on the literature review and discusses in detail the research procedure, as well as the analysis procedure while highlighting any ethical consideration. As the Chapter Two pointed out that there are a number of financial performance measures found in the past studies that will be under further investigation. This dissertation seeks to investigate the financial outcomes associated with manufacturer brand before the development of a scale. Thus, this chapter will discuss in detail the research methodology adopted addressing the research questions based on the literature review.

The layout of this chapter is divided into 8 sections. Section 1 introduces the methodology of data collection. The second sections provides justification for the paradigm and methodology while the third section highlights key ethical consideration, the fourth section provides an in-depth discussion on the research procedure highlighting the sampling procedures and the process data collection in addition to any ethical considerations. The fifth section explains the trustworthiness of the research methodology and the steps taken to ensure a high level of reliability and validity. The sixth section outlines key features in the data analysis procedure employed when analyzing the transcriptions of the interviews collected. Section 7 provides a summary of the methodology used in this research. The last section, section 8, provides an overview of this chapter before the analysis of the data collected.

3.2 Justification for the paradigm and methodology

The term paradigm in general means a basic orientation to theory and research (Neuman, 2006). There are two key research paradigms, namely qualitative and quantitative. Qualitative approach is often referred to as phenomenological (Patton, 2002), with characteristics of fusing data and theory, few cases or respondents, thematic analysis,

involvement of the researcher, construction of social reality, focuses on interactive processes and events and subjective analysis (Neuman, 2006). Quantitative approach is referred to as positivistic (Patton, 2002), with characteristics of emphasis on reliability, separation of data and theory, many cases or respondents, and quantitative, objective, scientific and statistic data analysis (Neuman, 2006). The world is very complex and in order to capture and understand the phenomena that are happening, researchers are on either side of the spectrum with social research methods. Some researchers have adopted highly controlled quantitative researches or subjective qualitative researches while others mix methods.

This research will be a qualitative research. Qualitative form of inquiry is especially useful and powerful as a source of grounded theory (Corbin and Strauss, 2008), which is most suitable with the given time frame of three weeks for data collection to understand the relevant financial outcomes provided by manufacturer brands to wine retailers. The emergence of grounded theory is from researchers' observations and interviews out in the real world rather than in the scientific laboratory or the academy. It is common in qualitative analysis for a large amount of field notes reduced to a number of key themes. It is the quality of insights that is important, not the number of insights (Corbin and Strauss, 2008).

This research will use qualitative interviews as the method of inquiry. Qualitative interviews may be conducted as the sole method of study to answer a set of pre-determined open-ended questions allow the interview to explore social behaviour and interaction (Warren and Karner, 2005). The interview data collected allow the researcher to get a clear understanding of events to determine why they occurred, and to gather data from participants about their thoughts and beliefs (Richey and Klein, 2007). This research develops an interview protocol based on the literature review carried out in the last chapter. The interview protocol is especially critical with long interviews, as it establishes control on the interview process, covering key contents and ensures the same is promoted with all the participants (Richey and Klein, 2007). This will be explained in more detail under section 4.

3.3 Ethical consideration

Prior to conducting the research, a semi structured interview (Please refer to Appendix A), a low ethical risk application form, information sheets for the participants (Please refer to Appendix B), consent forms (Please refer to Appendix C) and confidentiality agreement form (Please refer to Appendix D) were designed and submitted to the Auckland University of Technology Ethics Committee (AUTEC) for approval. The reason for this is to ensure all process involved in the research comply with the ethics principles at Auckland University of Technology (AUT). All the participant consent forms and research data will be stored separately in a locked cabinet on AUT premises for a period of six years. Full ethical approval was granted and approved by AUTEC on 20/10/2008 (Please refer to Appendix E).

3.4 Research procedures

Qualitative research has long been subject to a great deal of criticism, such as lack in statistical proof, reliability, and meaningfulness (Neuman, 2006). In order to achieve a high standard of research that is valid, realisable, meaningful and gains credibility much care is taken. This research involve in-depth interview as a qualitative research method, I, as an interviewer will ensure that my end dissertation is unbiased, valid, reliable and based on high standards of ethical background. During the interview process, leading questions will not be asked to influence responses (Seidman, 2006). Participants will be encouraged to elaborate their responses without interruption. Talk less and listen more will be the key interviewing technique adopted. The research process; design, collect, interpret, analyse and storage have all met the AUTEC requirements. Additionally, the supervisor of this dissertation regularly oversees the research process to ensure adherence during the research process. Thus, the research was designed and carried out with strong ethical foundation.

3.4.1 Sampling

This research involves a qualitative investigation where liquor-retailing sector were selected to be interviewed about the financial outcomes associated with manufacturer brands for their business. As the financial outcomes associated with manufacturer brands have not yet been discovered, this is a discovery orientated research project. Interview is chosen as the research method for discovery orientated project as it is more suitable than more structured approaches to inquiry (Thompson, Locander and Pollio, 1989). In-depth interview enable the interviewer to ask open-ended questions and allows respondents the opportunity to respond in their own words and express their own personal perspective on the situation or event (Patton, 2002). The researcher can from the responses given by the respondents gain an insight into the situation, accordingly build a picture of the situation. Liquor retailers can be found in the Yellow Pages, each of the possible participants will be initially personally contacted via phone to identify the appropriate personnel to whom the interview will be carried out with. The approach taken during the recruitment process is of a serious but friendliness of tone and purposefulness but flexibility in approach which was recommended by Seidman (2006).   Store managers and/or retail buyers will be recruited because of their knowledge and experience in managing brands in retail channels. The reason for this is because they provide a rich perspective from different organisation levels which ensures different variation of participants were obtained. A total number of eight participants will be recruited for this research. The purpose of this research and interview questions will be disclosed to the possible candidates of this research, in the hope of promoting a positive response.

3.4.2 Data collection

In-depth interviews will be carried out to find out the financial benefits of manufacturers from retailers' points of view, interview questions listed above under "The aim and background" will be asked. A semi-structured interview will be used, with open-ended questions allowing for respondents to elaborate and discuss the financial outcomes of manufacturing brands from resellers' points of view in the wine industry. The reason for this is that for the limited timeframe that is available to conduct the interview, which is about thirty minutes to one hour; relevant questions will need to be asked. This ensures consistency across different interviews (Patton, 2002).   Additionally, being an

inexperienced evaluator, semi-structured interviews reduce variation and bias created across different interviews. The interview protocol serves as a guide to remind the interviewer to stay focused on the purpose of the interview, which insures the quality of the data collected (Patton, 2002).

For the purpose of this study I chose Seidman's (2006) interviewing technique when asking open ended questions. Throughout the interview, it is important for the researcher to follow up on what the participant says or to ask questions when what is being said is unclear but be careful not to interrupt so respondents can express themselves freely. It is though further exploration on the responses from the respondents contextual elements can be more easily identified which were identified previously in the literature. This is important as the right amount of exploration helps with the gathering of quality data, insufficient exploration can leave the researcher unsure of respondents meaning in the material, moreover, too much exploration can make the respondent defensive. Additionally, the researcher needs to be careful not to ask leading questions. It is important for the researcher to develop an appropriate rapport with the participants.

This is a qualitative study; good quality and in-depth information is required for this dissertation therefore a total of eight participants was selected. During October 2008, eight reseller informants were interviewed. The number of participants selected was enough to reach theoretical saturation (Seidman, 2006). The research approach taken is supported in literature; the use of semi structured interview protocol and the total number of reseller informants interviewed. For example, Glynn et al. (2007) used the same method to study the impact of manufacturer's brands in terms of the retailer's channel experience.

Prior to the interview, respondents were asked to sign and consent form and were also presented with the information sheet. During the interview, the data was collected using a voice recorder, and some notes taking when necessary. After the interview, a transcriber was hired to transcribe the data as it is a demanding task, an inexperienced researcher trying to transcribe can get tired easily and lose enthusiasm for interviewing as a research process (Seidman, 2006). After the transcription of the interviews, a thematic approach was used to code the data using QSR NVivo 7 software to understand its meanings. This use of

preliminary open coding approach allows the researcher to identify themes and assigns codes to condense the large amount of data into categories. The researcher will slowly read over the transcribed data using the QSR NVivo 7 software looking for key themes. After identifying the key themes, initial labels or titles will be given to these key themes, similar themes will be given the same label, this allows the data to be treating in a flexible and easy to understand manner. From this information, a series of questions and items can be derived which are consistent with the literature. After the initial stage of open coding, the next stage was going through the dialectic analysis process. For example, from the literature on financial gains from retail margins for retailers (Glynn et al., 2007), key aspects of this financial value for the retailer from manufacturer brands were identified. The data is then reexamined and what took place next is the identification of financial outcomes of manufacturer brand for the retailers.

3.5 Research trustworthiness

The trustworthiness of the research will be assessed using sets of interpretive and grounded theory research criteria proposed by Flint, Woodruff, and Gardial (2002). The criteria were: creditability, generality, transferability, dependability, confirmability, integrity, understanding and fit (Flint et al., 2002). The procedures followed during the research process ensure that each of the criteria was met and this is outlined in the following: Credibility and generality is ensured when the interviews were audio-taped over a one month period. Participants of this research hold managerial positions and interacts with manufactures frequently within the liquor retailing business, thus comments provided to address the research questions were thematically analyzed and coded using QSR NVivo 7 highlighting differences and similarities relevant to this research. Transferability was achieved with the employment of theoretical sampling referring to the selection of a random sample of liquor retailers including participants chosen from different levels within the organizations and both low pricing and high-end boutique liquor retailers were sampled to ensure that the findings are non-bias. In addressing dependability and consistency, consistent responses were given from participants from different levels within the retailing sector additionally; interviews were conducted by the same interviewer to ensure consistency. Confirmability was verified by ensuring the transcript printouts match what is

being said in the original audio-tape. Throughout the interview process, a high level of integrity is maintained by ensuring that during the recruitment process, information sheets were given explaining the purpose of the study. Consent forms were signed prior to the conducting of the interview. During all the interviews, the interviewer maintained a friendly and non-threatening manner; respondents were also given the opportunity to ask any questions. Contact information of the interviewer, the supervisor of the dissertation as well as the executive secretary of AUTEC were provided on the information sheet to facilitate the answering of any queries or grievances which were never used by any participants to the researcher's knowledge. To address the concern of the fit of the study: the steps taken to ensure creditability, dependability and confirmability reflect that the findings matched the area of interest, which is the purpose of this report.

3.6 Analysis Procedure

Attride-Stirling's (2001) thematic analysis will be used to interpret the transcriptions. Thematic analysis allows the researcher to identify themes within individual participants' responses, thus retaining participant's individual perspective, in addition to identifying common themes in all or most interviews (Zorn and Ruccio, 1998). Themes are formed from careful reading and re-reading of the transcripts, it is a form of recognizing patterns within the data, where emerging themes become the categories of analysis (Fereday and Muir-Cochrane, 2006). It is important to note that only themes that are relevant to the research questions will be coded using the QSR NVivo 7. The coding of the transcripts follows the six thematic analysis steps proposed by Attride-Stirling's (2001):

- Step One: Coding the material,
- Step Two: Identify themes,
- Step Three: Constructing the networks,
- Step Four: Describe and explore the thematic networks,
- Step Five: Summarize the thematic network
- Step Six: Interpret patterns.

The first step in thematic analysis is to reduce the volume of data; the transcripts are

divided into manageable and meaningful sections of text. This is done in this dissertation by arranging text files into manageable quotes based on the coding frame work. The generation of codes is from the literature, key words that measure financial performance are highlighted for the coding of the transcribed data. The codes are reviewed and rewritten for applicability to the raw data and reliability is determined by having the supervisor of this dissertation apply the same set of codes to a randomly chosen transcription and showing a desirable level of consistency in coding and themes. Validity is also ensured by using the same set of codes derived from the literature to code all eight transcriptions. The primary researcher visually compared the differentiation on each of the samples in relation or the themes in the reliable code. Those themes show differentiation constitute to the researcher's validated code (Boyatzis, 1998).

Step three involves the arrangement of themes. As outlined above, the salient theme is identified which underlines the pattern in both sections of text. This step begins by taking themes derived from the text and assembles them into similar groupings, for example, themes about prices and marginal gain pre-determined by the Head Office. There are three criteria for a theme (Zorn and Ruccio, 1998) in addition to the relevance to the research questions:

(i) Recurrence of the same meaning in different words;
(ii) Repetition of words or sentences;
(iii) Forcefulness of vocal inflection or dramatic pauses

After the identification of themes, step four describes and explores the thematic networks by providing an elaborated interpretation of the quotation by looking at the quotation alongside the themes identified. Step five summarizes the thematic networks identified from the quotations and step six carries out interpretation of significant themes relevant to the research question, which is discussed in detail in Chapter Four.

3.7 Summary of research methodology

Operations	Description
Sampling	• *Sample Frame* - Liquor retailers listed on the Yellow Pages, all liquor retailers will be contacted including different types of retailers: independent liquor retailers, large chain liquor retailers and boutique wine retailers. Only Store managers/directors and or retail buyers will be recruited for the purpose of this research due to their frequent interaction with manufacturer brands. • *Sample* – A total number of eight participants are recruited representing the three types of liquor retailers which are supported by Glynn et al. (2007).
Data collection	• A total number of eight in-depth interviews were carried out on site during October 2008. Each interview lasted between 20 to 70 minutes. Based on Glynn et al. (2007) and the finding in this research, eight interviews were proven sufficient for data collection as new data revealed primary redundant information. • *Interview structure* - Informants were told on the telephone the purpose of the research and that is to find out financial outcomes associated with manufacturer brands, as well as some of the open ended questions to hopefully encourage participation. Permission to tape-record the interviews was also obtained during the first contact. Participants were assured of anonymity of their responses and consent forms were signed. • The interview questions are open ended and encourages the respondents to elaborate on the responses and provide a rich insight on the area of interest.
Data analysis	• Codes used to reduce the volume of raw data are literature based and are reliable and valid. • A total number of 60 pages of single-spaced data were available for coding after transcription. Attride-Stirling's (2001) 6 steps in analyzing data using thematic analysis were adopted for this dissertation. Re-occurring words or same meaning in different words, repetition of words and forcefulness of vocal inflection or dramatic pauses were coding criteria, thus the emergence of key themes. Those themes are compared across different interviews, grouping those of the same theme before the discussion on the key themes identified in Chapter Four.

3.8 Conclusion

This chapter provided a detailed discussion on the methodology of data collection employed in the current dissertation. The qualitative approach of this research was justified. Five key research questions were established based on the literature review presented in Chapter Two. The research procedure includes sampling and data collection, in addition to addressing the trustworthiness of the research and the data analysis

procedures. Interviews are obtained based on these methods for this dissertation to investigate the proposed research questions. After the interviewing process, transcription and data analysis were also outlined in this chapter. The employment of QSR NVivo 7 to facilitate with the coding of the transcripts was justified. The next chapter presents the analysis of the collected data.

Chapter 4. Data Analysis

4.1 Introduction

This chapter presents a detailed analysis of the data collected using the proposed methodology described in the previous chapter. The primary purpose of this dissertation is to investigate the financial outcomes of manufacturer brands, which leads to the development of a scale. This dissertation investigate the financial outcomes as one of the key sources of brand benefit and this chapter addresses the key research questions from key themes identified from the data. As outlined in Chapter 3, the coding of the data was proven to be reliable and valid. The following analysis addresses the research questions this dissertation set out to explore.

This chapter is organized in six sections. Section one introduces the analysis of the collected data followed by descriptions of respondents presented in table one. Section three presents the coding used as well as the key themes derived from the data followed by the coding procedures using QSR NVivo 7. Section four presents pattern of data for each research question before the analysis from the data in which address the research question is presented. As noted in the previous chapter, the coding used in the thematic analysis came from the literature and section five presents a summary of responses gathered, highlighting any insufficient responses gathered from the respondents. Section six concludes this chapter of the analysis of collected data which leads to the final conclusions of this dissertation in Chapter Five.

4.2 Descriptions of respondents

A total number of eight in-depth interviews were carried out in October, 2008. This chapter presents the findings for the research questions set out at the beginning of this dissertation. The financial outcomes that had been identified in the literature were presented to the respondents from the retailing sector to comment on and following is a brief description of the respondents before the analysis of the data collected.

Out of the eight respondents in the liquor retailing sector three were from large chain stores, three were from independent, family owned stored, and two were from independent, high end boutique liquor stores. Large chain liquor stores are franchised stores in New Zealand. Independent, family owned store are small in size employing on an average of 3 employees including the owner of the store, moreover, not independent liquor stores do not belong to a chain and have the freedom in the management of the marketing mix. Independent boutique liquor stores are not part of a franchise; the stores retail high end boutique wines that are imported from Europe. Out of the eight respondents recruited, three were store owners and five were store managers which have provided perspectives from different levels within the industry. The respondents have had experiences working in the liquor-retailing sector ranging from 18 months to 23 years. All the respondents responded to the open-ended questions without much difficulty and have provided much insight on the area that is being researched. For the questions that were proven difficult for all of the eight respondents to answer (return on assets or capital employed) were due to the non-involvement the respondents have had with those particular financial outcomes which will be highlighted in Chapter 5 under limitations. Please refer to Table 1 for summarized information on the respondents and the codes used.

Table 1. A Summary of details of the participants

Reseller	Retail Type	No. of Stores	Trading area	Job title	Reseller Code
Dave's Liquor	Independent liquor Store	1	Auckland	Store Manager	**DM**
Liquorland	Liquor	76	Nation wide	Store Manager	**LM**
Liquorland	Liquor	76	Nation wide	Store owner	**LO**
Carol's Wine	Boutique wine	1	North Island	Store Manager	**CM**
La Barrique	Boutique wine	2	Auckland	Store Manager	**LB**
Boutique Grafton Wines	Liquor	1	Auckland	Owner and manager of the store	**GD**
Royal Oak Liquor Centre	Liquor	1	Auckland	Owner and manager of the store	**RO**
Glengarry Parnell	Specialty liquor	16	Auckland/ Wellington	Store Manager	**GM**

The following presents a summary of responses gathered from the eight participants of this research. The five questions asked each address one of the three key research questions as listed below. Instances of limited responses or in-sufficient information gathered will be highlighted below.

4.3 A summary of the codes used and themes derived from the data

Research Questions	Codes	Key themes from the data
What do retailers use to measure the financial outcomes of manufacturer brands?	Gross margin	Different margin is placed on brands depending on the type of liquor retailer
	Retail margin	Brand protection and adherence of RRP to maintain relationship between retailer and manufacturer
	Gross profit	Gross margin can be sacrificed if the overall gross profit is enhanced.
	Level of discounts	Different discounts are offered by the manufacturer depending on the type of the liquor retailer.
	Sale volume potential	Provide retailer with consistent cash flow.
What short term and long term financial benefits do manufacturer brands provide?	Short term financial benefit	Marginal gain
		Management of assortments of brands increase short term financial gain
	Long term financial benefit	Loyalty customer base
		Relationship with the manufacturer
		Better marginal gain
		Management of assortments of brands increase long term financial gain
How are the identified measurements of financial outcomes carried out in the retail store?	Computer assisted	Complete reliance on computer assistance to measure financial outcomes of manufacturer brands.

4.3.1 The use of QSR NVivo 7

The following presents the steps taken in using QSR NVivo 7 for the analysis of this research. QSR NVivo 7 is a useful software for analyzing interviews, and any other types of qualitative or text based data (Welsh, 2002). QSR NVivo 7 aids researchers in the qualitative analysis process by coding text and breaking data down into more manageable chunks before the making sense of the themes (Welsh, 2002). A sample of data coding is presented in Appendix F. The analysis of the qualitative data collected for the purpose of this research follows the steps proposed by Welsh (2002) which are outlined below:

- Transcribe data so the audio taped interviews are in text format
- Creating a project on Nvivo 7
- Import text documents
- Create nodes
  - ➢ Based on the list of financial outcomes identified from the literature review, nodes are established to code the data
- Filtering and coding data
  - ➢ Go through each of the interviews and code all of the responses that are related to the node
- Create sets
  - ➢ Grouping project items of different types, for example, the responses gathered from one type of retailer belongs to the same set
- Make thematic connection across data
  - ➢ Once the coding process has completed, it is important to understand the thematic connection across different datasets
- Make sense of themes
  - ➢ This is the last step of the coding process which the use of QSR NVivo 7 ceases; the researcher makes sense of the themes identified in the data based on the literature. The results of the coding and the themes discovered are discussed in detail in the next section.

4.4 Pattern of data for each research question

As described in detail in the previous chapter, the coding for the data collected are based on the theory that were proven to be reliable and valid and the following presents the coding used as well as the themes that came out of the data collected that addresses each of the three key research questions. The research question will be presented before a detailed interpretation of significant themes relevant to the research question is discussed. The following presents a table of data trustworthiness before the analysis of the data.

Component	Description	Action Taken
Creditability (Internal validity)	The respondents' responses match researcher's descriptions.	The codes were derived from past literature. The researcher and the supervisor coded the same interview and found similar themes.
Transferability (External validity)	The result of the research can be applied to other contexts.	Data were collected from various individuals in different managerial positions (store manager to store owner) from different types of liquor retailers. The scope and limitations of generalization are discussed in Chapter Five.
Dependability (Reliability)	The data is stable over time.	The interview procedure followed written protocol. The research questions were explained to the participants prior to the interviews as well as during the interview process to avoid confusion. All participants received identical information sheet and interview questions. The supervisor of this research reviewed all the data interpretations.
Confirmability (Objectivity)	The results represent the results of inquiry not the researcher's own biases.	The methodology process was documented for the researcher to follow. Written protocols were used The supervisor of the research coded one random interview out of the eight and similar themes were identified when

		compared to the researcher's own coding.

4.4.1 Research question one

- What do retailers use to measure the financial outcomes of manufacturer brands?

Prior to coding of the data, the literature highlighted a number of key financial measurements used to code the data that are relevant in the retailing sector and they were gross margin, retail margin, gross profit, sales volume potential, and level of discounts (Glynn et al., 2007). Burt and Sparks (1997) discovered similar financial measurements used in the retailing sector, however not associated with manufacturer brands and they were gross margin, operating margin, return on asset and capital employed. The following presents a list of financial measurements liquor retailers use when measuring financial outcomes of manufacturer brands: Gross margin, retail margin, gross profit, level of discounts and sales volume potential reinforcing findings from Glynn et al (2007). Prior to the analysis of the data, the identification of gross margin, retail margin, and gross profit were thought to be similar financial outcomes, however, the following analysis highlight the difference in the retailers' understanding of these financial outcomes. Additionally, this analysis extends on the already established financial measurement by offering different perspectives from different types of retailers in addition to newly discovered short term and long-term financial measurements as a key source measurement of financial outcomes of manufacturer brands. Gross margin is one of the most important financial outcome associated with manufacturer brands and what previous studies have not to identify and this analysis addresses is the amount of margin gained from manufacturer brands at different types of liquor retailers in New Zealand.

4.4.1.1 Gross Margin

After the enquiry into the financial outcomes associated with manufacturer brands, the first theme reflects the use of gross margin as a key measurement when evaluating financial outcomes.

Independent liquor retailer

Participants considered that marginal benefits are the most important financial benefit manufacturer brands provide which reaffirms findings from Glynn et al. (2007), moreover, this research further highlight the difference of the use of gross margin to measure the outcome of marginal benefits manufacturer brands provide between different types of retailers (i.e. independent liquor retailer, boutique wine retailers and large chain liquor retailers). The following comment represents the calculation of gross margin from an independent liquor retailer's perspective.

> *I monitor it, because I am one on one, so basically every single product that I have in my shop I put in my shop and I fluctuate it with basically I know the price it cost and then I have a return on each thing and then I can fluctuate from 50% down to 5%.* Source: (GD).

This quotation identifies the importance of gross margin and the fluctuation of consumer demand and preference that allows the retailer to adjust price brands accordingly. Additionally, different manufacturer brands are perceived of different value to the customer and the independent retailers' gross margin and retail prices matches this difference. The retailer take advantage of the independence of being able to price manufacturer brands at the value perceived by the consumers and gain a substantial gross margin of up to 50%.

Boutique wine retailers

The use of gross margin to measure financial outcomes of manufacturer brands is evident for boutique wine retailers but contrasts the manipulation of gross margin by independent liquor retailers. This type of liquor retailer's gain in gross margin does not vary between different manufacturer brands which is evident in the following comment:

> *Yes, it's a set figure, so it's easy to get to, because it's a set figure, all wine is set a one margin, beer is set another, and spirits is set at another so unless, the only way we lose margin is if we bulk order or discounts for good customers.* Source: (LB).

This comment highlighted what the retailer from an independent store did not and that is

the pre-determined gross margin for all brands within each category of liquor (i.e. wine, beer and spirits). This comment is also an indication of the discounts offered by manufacturer brands and whether or not this affects marginal gain for the retailers, which will be discussed later in this Chapter.

Large chain liquor retailers

The following reseller's comment from chain of liquor stores signaled that the marginal gains and retail selling prices set within the stores are determined and negotiated by the Head Office.

> *No because most of the pricing that we get is set by our Head Office, so they've already negotiated the price for us. So we expect this price to come in. So we don't have to worry about what sort of discount and prices going up… But there is scope at a local level to set prices as well, so usually below the retail price that has been set. So you might have a competitive market that you need to come down in price.* Source: (LO).

Gross margin is used when measuring financial outcomes of manufacturer brands and it is also maximized by lowering cost and maximizing quantity. The reseller is benefited by being part of a franchise that allows for larger bulk orders and greater margins to be gained but at the same time adapting to competitive prices locally.

4.4.1.2 Retail margin

The identification of this theme reflects the resellers' comments on the use of retail margin and the attempt of adherence to the recommended retail price set by the manufacturers, in fact, the ultimate retail price is set by market demand and the overall store level profit expectations as the following comment show.

> *We use that (retail margin) a little bit and that is measured in store again by we have an in house system on the computer for printing reports which is designed for*

us and we use that and obviously we also get recommendations from our manufacturers and suppliers. She (Retail buyer) determines the final price but the manufacturer will give us the recommended retail price…so you need to adhere to their demand and how much they think the recommended retail price should be.
Source: (GM).

The use of regular reporting to facilitate the management and measuring of retail margins is again highlighted. The retail buyer negotiates the terms and agreements with the manufacturers and the recommended retail prices are also supplied. However, the final price is determined by the conditions within the market, the role retailers play as a brand stewards both for the retail store and the manufacturer brand whilst achieving the overall profit expectations.

I look at like retail margin expectations quite regularly to find out whether or not products are being sold at the wrong price, but also making not only that, but also ensuring that margins are actually being protected in –store as well. Because obviously the owner has expectations about how much the margin should be, as a standard sort of margin of course, during specials, that margin could obviously get squeezed a bit, but he (the owner) likes to make sure that he has some protection in that regard. Source: (LM).

This comment stresses the importance of retailers adhering to the recommended retail price set by the manufacturers when determining retail prices and the level of retail margin the store wants to gain. Although retailers are able to make small adjustment to the retail price, there is little autonomy in determining the final retail price.

4.4.1.3 Gross profit

Gross profit is different than gross margin as gross margin is the difference between what is sold to the retailer and what the retailer on sell it for whereas gross profit takes the cost of operation and human resources into consideration. This theme was identified by the retailers as an important measurement of financial outcomes of manufacturer brands that have not been identified in the current literature as the next statement shows:

Gross profit and margin can change in theory due to the fact that consumers will

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want something more than the other thing, and marketing can be a big think for that so you can lose your margin but gain gross profit due to the fact that consumers would want things cheaper or other competitive businesses will offer a lower price. For example, like I mentioned Woodstock, there is a certain gain but you may lose on that product you may take it on something else which would be there. Source: (GD).

This reseller commented on the management of brand assortment to achieve greater gross profit sometimes can be at the expense of gross margin %. Furthermore, emphasis is placed on the fluctuation of retail prices and management of brand assortments to satisfy customer demand while staying competitive to generate the greatest gross profit extends Glynn et al. (2007) on what customers gain from manufacturer brands and financial benefits of manufacturer brands.

4.4.1.4 Level of discounts

The levels of discounts offered by manufacturer to different types of retailers are highlighted below. Different types of retailers use this discounts differently depending on the overall profit expectations which relates to the management of gross margin and retail margin.

Independent liquor retailers/ Boutique wine retailers

Independent liquor retailers and boutique wine retailers tend to put brands on special, hence working with manufacturer brands in promoting the brand when discounts are offered by the manufacturer. Different levels of discounts are offered by different manufacturers, this following comment summarizes this:

Yes, we do pass that on, we buy a certain amount like 10 plus 1, and we have a promotion, run a promotion for a month. We lower the price. We promote the brand. See the board (advertising) outside. Source: (GD).

Similar comments has been found across independent liquor retailers and boutique wine retailers stating the levels of discounts offered by manufacturers and how this is passed on to the consumers which ultimately promotes the brand.

<u>Large chain liquor retailers</u>

Large chain liquor retailers tend to be able to negotiate better rates with the manufacturers, however, this does not mean consumers enjoy the benefits as the following comment show that greater margin can be gained from discounts offered by manufacturers.

So, I've got products that I've bought for $8 on special and I put it on the shelf for $20, so I make fantastic margin on it because I look at the product and I think this is what it is, I can take that much. Typically a product like that would be about $15 or $14, but I sort of look at it, I know I picked it up on a deal. I just choose not to pass that deal onto the customers because I know I don't have to. It's going to sell anyway at $20. In saying that, that's not actually the norm. Source: (LM).

This comment showed how large chain liquor retailers match the retail price of manufacturer brands to the customer's perceived quality and value of the manufacturer brands by not passing the discounts offered by manufacturers onto the customers achieving greater margin. The retailer is maximizing gross margin and overall profit gain by the increase in buying power which has reduced stock cost.

4.4.1.5 Sales volume potential

The sales volume potential of manufacturer brands are important consideration of financial outcomes associated with manufacturer brands as the higher the sales volume potential accelerates the cash flow (Srivastava et al., 1998) which is crucial for the viability of the running of the retaining operations which is consistent across the different types of retailers. This following statement illustrates this:

Its selling power, like Heineken for example, people know the brand and all you have to do is buy it from the suppliers and keep it in the shop, people know the brand, we won't have to push for it, you can just buy it and it will sell, no doubt about it, it's just the new product, sometimes you will have to think twice, whether or not you can sell it. Source: (RO).

This statement gave the example of a strong, well known and established manufacturer brand in the liquor industry and what the brand can achieve financially for the retailer. The retailer takes advantage of the brand's well established presence and customer base which in term provides a steady financial gain for the retailer in the short term as well as the long term.

4.4.2 Research question two

- What short and long term financial benefits do manufacturer brands provide?

The following discovery on the short term and long term financial benefits manufacturer brands provide liquor retailers in a B2B context has not been explored before. The only theme identified from short term financial benefit is the gain in gross margin manufacturer brands provide liquor retailers. Previous literatures addressing loyalty customer base as long term financial benefits manufacturer brands provide retailers has been missing. The identification of the theme loyalty customer base contributes to the long term financial gain of liquor retailers from manufacturer brands reflects similar findings from across several different business sectors (Reichheld and Sasser, 1990; Banker and Mashruwala, 2007 and Schuler and Cording (2006) will be addressed in the following section in the retailing sector. The link between customer retention and financial performance is reinforced below between manufacturers and retailers. The management of customer metrics (customer satisfaction, service quality, customer retention and lifetime value) affects a firm's financial performance (Reichheld and Sasser, 1990; Fornell, 1992; Al-Hawari, 2005; Gupta and Zeithaml, 2006).

4.4.2.1 Short term financial benefit

As past literature noted, short term financial gain can be enhanced by effectively managing markdown (Katz, 2003) and increases the cash flow (Srivastava, et al., 1998). Manufacturer brands that are well-known and established in the consumer market, when sold at a cost lower than what is expected by the consumer can enhance a retailer's financial gain in the short term as well as the long term, this will be further evaluated and discussed in the following.

<u>Marginal gain</u>

Short term financial benefit is the next financial theme discovered. Pricing affects margin

and sales volume (Glynn et al., 2007), manufacturer brands provide retailers short term positive financial benefits that is based on a brand's elasticity of demand which is demonstrated in the following comment made by a retailer supplying for another retailer in the liquor retailing business:

For example, I'm just discussing with this guy at the moment for our Moet, they are a shelf price of $79. Just been talking to the supplier because he is after some volume and I'm going to do $62.50 for him and one of the reason why I'm doing this is because it is a very pricey sort of a product and coming up to Christmas time, I believe it is actually going to go down to $55, so it is quite price sensitive but I am getting in early. If I just gave a 10% discount, I would not get the sale. But when you've got a big sales, there is still good margin. So I am getting good GP out of it, at the price I am going to sell him at. I think at the end of the day, its $500 worth of margin from one sale, just because I've done that and that is easy money. Source: (GM).

The comment emphasized the importance of managing a brand's elasticity of demand in order to achieve the best gross profit gain for the retailer. Kaz (2003) suggested that effectively managing mark-downs, can increase short-term financial gain which is evident in the above comment made by the retailer. By selling a brand that normally demands a higher retail price at a lower retail price allowed the retailer to gain what is considered s substantial short term financial gain prior to other retailers offering the same, if not better discounts during holiday season.

Gain is gross margin was also identified as a key long-term financial outcomes associated with manufacturer brands. It is evident that retailers are able to achieve a better gross margin as a result of long-term relationships with the manufacturer. For manufacturer brands that are not providing sufficient financial gain to contribute to the retailer's overall store profit gain, the retailer has deleted the brand. The following quote illustrates the importance of the retailer building a rapport with the manufacturer in order to achieve better gross margin:

Having good relationships with the suppliers of those manufacturer goods, so it's all about doing that together, instead of getting something and killing it, dropping the price and getting rid of it and ruining it. We try to do it together. So the smart suppliers they have a good price on their products, it's true, there's brands that we've got rid of because the

relationship has turned sour and it doesn't affect our sales. Source: (LM).

The maintenance of long term relationships between the retailer and the manufacturer also ensures that the retailer have the manufacturer's best interest at heart by pricing to demonstrate brand stewardship and adhering to the recommended retail prices at most time as previously identified under "Retail margin". Moreover, manufacturers are able to offer retailers lower cost prices; this allows the retailer to improve financial returns.

4.4.2.2 Long term financial benefit

Loyalty customer base

Retailers that achieve higher customer satisfaction are able to achieve higher customer loyalty and improvements in the long term financial gain will be highlighted below as a key theme identified from the data. Effective management of partnership relationships enhances long term financial outcomes (Peloza, 2006). The relationship retailers develop and maintain with the manufacturer enhances the retailers' long term financial performance and allows for retailers to achieve a higher marginal gain. Additionally, retailers manage assortment of brands to enhance short term as well as long term financial performance, the discovery of this theme reinforces similar findings from Glynn et al. (2007) which will be discussed in detail below after the list of short term financial benefits.

Different types of retailers all commented on loyalty customer base as the most important long term financial benefit. Having a loyalty customer base ultimately reduces volatility and vulnerability of cash flows (Srivastava et al., 1998). Consistent, quality supply of manufacturer brands allows the retailers to retain an important loyal customer base. It is through the establishment and management of a loyalty program that retailers are able to enjoy long term financial benefits. The following statement illustrates this:
In our industry it is sort of based on quality of products so the more they (manufacturer brands) can supply quality products, obviously that is a good financial gain for us because for us customers will continue to buy those products and the brand will be perceived as a lot more reliable. That is a big part of our business, we have got a reward sort of system where a customer can get on our database. Our database is managed quite well in terms of

what people are buying and having spot prizes or we have noticed things about their purchasing habits so that obviously in the long term helps our financial situation. Source: (GM).

The retention of customers is evident to be an important aspect of a retailing business in this comment. The management of a customer database allows the retailer to better understand the customer in terms of what is being purchased and by whom. Having a consistent and quality supply of manufacturer brands can achieve customer loyalty, which in term leads to long-term financial gain.

Assortments of brands

The assortment of brands is the theme identified next. Having the right assortments of brands is important for customer retention which provides long term financial gain as well as the generation of short term profit. Some brands have proven to be complementary as commented below by a retailer and by having a particular brand facilitates the overall generation of cash for the retail store even when this brand is not fast moving. The offering of quality private label brands can increase the overall profitability of retailers only when a significant portion of customers buys the national brands. The complementary role of national brands and store brands was established by (Corstjens and Lal, 2000). The following is a quote establishing the complementary role of brands.

There are products that are obviously complementary, he (the boss) tends to run a report where he looks at this is what's not selling, the boss wants to delete it and then we say to him that there's people who are still buying it. Have a look at the rest of the shopping trolley. You can't delete it. That's the first item that you (the customers) look for. If you can't get that, then you won't buy anything else, you (the customer) go somewhere else. Whenever you're ringing up and placing orders with suppliers, it's always the hardest one first-this is the one that I need, we think about the overall sort of mix. Source: (LM).

It is very important for the retailer to satisfy customer demand by ensuring that the right assortments of brands are being stocked in the store, by not having a particular brand in store, sometimes the retailer risk losing the entire sale for other products altogether which is loss in profit. Some brands have been identified in the comment above as being complementary and the retailers assess the availability and assortments of these key brands

regularly to maximize return for the business (Johnson, 1994).

4.4.3 Research question three

•   How are the identified measurements of financial outcomes carried out in the retail store?

This section extends Glynn et al. (2007) by providing the actual method of measurement carried out in the retail store. Previous literature identified the implementation of Information Technology and or other forms of computer assistance as a strategic management tool (Hindle and Cutting, 2002; Watson and Polito, 2003) that ultimately enhances firms financial performance. The following identification of the theme highlights the retailer's dependence on computer assistance for all financial measurements in the retail store. This contributes to lack of in-depth information gathered when retailers comment on the actual method measurement of financial outcomes associated with manufacturer brands. This will be highlighted below and the conclusion drawn will be discussed in detail in Chapter Five.

4.4.3.1 Computer assisted

The method of measuring gross margin has been found to be consistent across different types of retailers. The dependence on computer assistance is found in the measurement of all the financial outcomes associated with manufacturer brands. The next comment reflects the technological requirements in-store to facilitate the management and measuring of gross margin.

> *Everything is in the computer data. How much margin is each product having...when we enter stock, we get to know how much margin we are getting for a particular item.* Source: (DM).

The regular running of reports keeps the retailers up to date when managing the levels of gross margin. The identification of this method of measuring financial benefits highlights the importance of having a financial software in-store that is compatible with the financial requirements and size of the store. The adopting of Information Technology systems

facilitates the management of the stock levels as well as financial outcomes of manufacturer brands (Hanson, 2003). The following comment illustrates not only the dependence on regular running of report in order for the retailer to keep track of sales but the use of this information to manage customer loyalty club as well as brand assortment.

Running reports regularly and obviously running reports to see what people are buying and just making sure that we have got a continuous supply of products in that price range or in that quality that people are looking for so that it's getting them coming back and back on a daily, weekly basis. Source: (GM).

This retailer use the running of reports that is computer assisted to facilitate the management of financial outcomes associated with manufacturer brands. The retailer needed to ensure product availability in the price range meeting the local expectations and remain competitive and profitable to sure the long term success of the store. The key themes identified here is the complete reliance on using computer facilitated software to measure financial outcomes to manage financial outcomes associated with manufacturer brands, price points, brand assortments and customer loyalty club.

4.5 A summary of responses gathered

Key research questions addressed	Questions asked	A summary of responses gathered
• What do retailers use to measure the financial outcomes of manufacturer brands?	• What financial measurements do retailers use when measuring financial outcomes (i.e. gross margin, operating margin, retail margin, sales volume potential, level of discounts, retail selling price, and return on assets or capital employed) associated with manufacturer brands that have been identified by the past literature?	In-depth responses gathered reflect the retailers' use of: gross margin, retail margin, sales volume potential, level of discounts, gross profit when measuring financial. Insufficient comments on other measures including operating margin and return on assets or capital employed.
• How are the identified measurements of financial outcomes carried out in the retail store?	• If the retailers do, how is each particular measurement being carried out in the retail store?	Little insight gathered. Retailers short comments on the reliance on Information Technology to monitor and manage financial measurements identified.
• What short and long term financial benefits do manufacturer brands provide?	• What short and long term financial benefits do manufacturer brands provide?	Retailers found it difficult to outline short-term and long term financial measurements. Key themes identified below are extracted from comments based on the other questions relevant.
• How are the identified measurements of financial outcomes carried out in the retail store?	• What methods do you use to measure the short-term and the long-term financial benefits manufacturer brands provide? And against what measurements?	Little insight gathered. Retailers short comments on the reliance on Information Technology to monitor and manage financial measurements identified.
• What do retailers use to measure the financial outcomes of manufacturer brands?	• What effects do manufacturer brands have on the management of working capital? How do you manage manufacturer brands and other competing brands in order to provide better return?	Little insight gathered. Retailers provided insufficient information in regards to the management of working capital, and commented on brand assortments when commenting on the management of different brands.

4.6 Conclusion

These sources of financial outcomes associated with manufacturer brands are echoed in the wider literature. For example, Srivastava et al. (1998) linked market-based assets (e.g. brands) to shareholder value (e.g. accelerate cash flows) and the gain in gross margin when selling manufacturer brands (Glynn et al., 2007). To summarize: the key themes identified from the interviews with the retailers were gross margin (Glynn et al., 2007; Burt and Sparks, 1997), retail margin (Ailawadi and Harlam, 2004), gross profit, level of discounts (Glynn et al., 2007), sales volume potential (Glynn et al., 2007), loyalty customer base (Reichheld and Sasser, 1990; Fornell, 1992), relational benefits (Ghosh et al., 2004) and brands assortments (Glynn et al., 2007).

Retailers assess how manufacturer brands contributes to the overall financial gain for the business by employing the following measurements: gross margin, retail margin, gross profit, level of discounts offered by manufacturer, sales volume potential, customer retention potential, establishment of long term relationships and brand assortments. Gross margin, retail margin, gross profit, level of discounts offered by manufacturer are tangible financial outcomes of manufacturer brands, however, customer retention potential, establishment of long term relationships and the management of brand assortments are intangible outcomes of manufacturer brands that can be measurable. For example, retailers manage loyal customer database tracking the customers' purchasing behaviour and demographic, and by understanding the customers, retailers are able to recommend and stock the right brands to ensure future business and the generation of overall gross profit that is measureable. The method of measurement of financial outcomes associated with manufacturer brands is the dependence on computer assistance; the justification of this choice of method is the convenience and the increase in financial management efficiency.

Chapter Five: Conclusions and Implications

5.1 Introduction

The main purpose of this current research was to investigate the financial outcomes associated with manufacturer brand, from retailer's perspective and the development of a scale. It attempted to provide financial measurements employed by retailers when evaluating financial benefits offered by manufacturer brands to fulfill the gap in the current literature, as well as for managers in the retailing sector (manufacturers and retailers) to better understand the financial expectations of retailers for manufacturer brands. The research extends the study done by Glynn et al. (2007) to further identify financial outcomes associated with manufacturer brands from retailer's perspective. The financial measures identified by Glynn et al. (2007) after seeking further quantitative validation were proven to be insignificant sources of brand benefits in manufacturer-reseller B2B relationships. Thus, this research further investigates this knowledge gap in managerial practices as well as current literature by carrying out chapter one though four which leads to the final conclusion of this dissertation presented below.

This chapter presents the discussion of findings first, providing conclusive discussion for each of the research questions this dissertation sought to address in Chapter One based on qualitative data gathered in Chapter Four. The justification of significant financial outcomes is presented in section three followed by the scale of retailer's measurement of manufacturer brands' financial performance. Then, implications for researchers and practitioners are discussed in section four. The fifth section presents the limitation of this research and directions for future research. The sixth section is dedicated to outlining the overall conclusion of the dissertation.

5.2 Discussion of findings

This dissertation offers invaluable insight on the specific financial outcomes of manufacturer brands which facilitates with the management of retail outlets and assortment

of manufacturer brands which maximizes return for future retailers that has been much needed (McCaffery et al, 1997) and not yet available to the knowledge of the researcher. The key financial outcomes associated with manufacturer brands from the retailers' points of view are: gross margin, retail margin, gross profit, level of discounts, sales volume potentials and customer retention. Findings presented in the following offers an extension to the research done by Glynn et al. (2007) by offering additional financial measures associated with manufacturer brands as a key source of brand benefit in manufacturer-reseller B2B relationships. The following presents a detailed discussion on the findings addressing each research question which leads to the development of a scale that is presented in section 3 for further investigation.

5.2.1 Findings addressing research question one

- What do retailers use to measure the financial outcomes of manufacturer brands?

After the data analysis process described in detail in the previous chapter, the following key financial performance measures have been identified by retailers when evaluating manufacturer brands: gross margin, retail margin, gross profit, level of discounts, sales volume potentials and customer retention. Glynn et al. (2007) also found similar financial outcomes associated with manufacturer brands for retailers: retail margin, sales volume potential and level of discounts. This dissertation provides an extension of those findings by linking customer retention as a key financial performance measure used by retailers; this will be discussed in detail under the long term financial benefit manufacturer brands provide retailers. This research also highlights the employment of gross profit, which is evaluated on store level, not on individual brands as a key financial outcome associated with manufacturer brands. Manufacturer brands often offer more than one products under the same brand name at different quality price points, by managing assortments of the right products that complements each other maximizes retailers' store profit, sometimes at the expense of losing gross margin for one manufacturer brand, but the overall gain is greater for the retailer.

Another key finding is the different level of gross margin and levels of discounts apply to different types of liquor retailers. This finding is industry specific, thus provides an explanation as to why Glynn et al. (2007) up on further research did not find gross margin, level of discounts and retail margin as financial outcomes that are significant sources of brand benefits. From the last chapter, gross margin is set at different levels for different types of liquor retailers, for independent retailers: retail margin at set at the level tailored to the area's customer base which is different for each manufacturer brand. For boutique wine retailers: the gross margin is a set figure, thus the retailers do not make a greater gain by selling one brand to the other brand. For large chain retailers: the retail selling price is determined and negotiated by the head office, thus there is little autonomy in terms of determining price margin for these retailers. However, it has been noted from this research investigation that because the head office negotiates a rate that is for all of the chain stores, the volume is greater than other retailing store that are not part of a chain, thus increases the retailers' buying power (Burt and Sparks, 1997) and gross margin. Depending on the size and buying power of the retailers, the level of discounts offered from the manufacturers are different for different types of retailers. Form this research investigation, independent liquor retailers and boutique wine retailers often use any specials offered from the manufacturers to increase store traffic by passing the specials on to the end user, the customers. However, large chain liquor retailers' shows evidence of maintaining manufacturer brands are the price points matching the customer's perception of the brand rather than heavy price promotion to increase gain in gross margin. This finding suggests that different types of retailers use discounts offered by manufacturer brands differently, depending on the overall profit margin expectation.

5.2.2 Findings addressing research question two

• What short and long term financial benefits do manufacturer brands provide?

The discovery of short term financial performance for retailers places an emphasis on the increase in marginal gain. This discovery reflects the model proposed by Srivastava et al. (1998) linking market based assets to shareholder value. Retailers can enhance and accelerate cash flows by effectively managing price points of manufacturer brands. One

key long term financial benefit manufacturer brands provide is customer retention. Long term product quality consistency contributes to customer loyalty and long term financial benefit for retailers. Past literatures (Reichheld and Sasser, 1990; Banker and Mashruwala, 2007; and Schuler and Cording, 2006) have established the link between enhanced financial performance and customer retention but never in the retailing sector. The increase in customer satisfaction leads to lower marketing costs, less price elasticity and higher customer loyalty which improves a firm's financial performance. This finding has been established for the retailing sector between retailers and manufacturer brands. Customer loyalty is intangible, however, the size of the customer base, and the rate of customer return can be managed and measured. Retailers from this research investigation all highlighted the importance of customer retention as a key measurement of financial outcome of manufacturer brands. Manufacturer brands can contribute to enhancing the financial performance of retailers by supplying consistent, quality products that resonates with the brand name. This has been established in the customer's relationship with brands but not reseller relationships (Webster, 2000). The management of the loyalty customer base, by evaluating the purchasing behaviour and understanding the demographics of the customers enable retailers to recommend products matching the needs of the customers thus, increase customer satisfaction and the rate of customer return. Therefore, the rate of customer return is a key financial measurement associated with manufacture brands this research discovered.

5.2.3 Findings addressing research question three

• How are the identified measurements of financial outcomes carried out in the retail store?

The key finding to be highlighted here is the retailers dependence on computer assistance in keeping track and up-to-date with the financial performance of manufacturer brands. All of the retailers have adopted computer programs in facilitating the measuring and management of financial functions within the retail store. The reports are printed on a daily, weekly and annually basis, but whether or not these reports are looked at is another matter as one key respondent suggests. The reliance on computer assistance has allowed

the retailers to often ignore the financial outcomes of manufacturer brands is another possible justification for retailers not viewing the identified financial performance by Glynn et al. (2007) as key brand benefits. This leads to the propose of future investigation emphasizing on exploring measurement of financial outcomes that is listed in the computer system to evaluate their importance.

5.3 Justification of significant financial outcomes

The following table presents the evaluation of each financial outcome before the presentation of the final scale of retailer's measurement of manufacturer brands' financial performance.

Financial outcomes	Justification of significance
Gross margin	• Based on the literature review of the financial outcomes identified by Glynn et al. (2007) and Burt and Sparks (1997) in the retailing sector, as well as the findings from this research, gross margin is a key measurement of financial outcomes associated with manufacturer brands for retailers. This research highlights the different levels of gross margin employed by different types of retailers. The employment of gross margin was identified in short term as well as long term measurement of financial outcomes associated with manufacturer brands.
Retail margin	• Based on the literature review of the financial outcomes identified by Glynn et al. (2007) and Burt and Sparks (1994) in the retailing sector, as well as the findings from this research, retail margin is a key measurement of financial outcomes associated with manufacturer brands for retailers. Retailers view retail margin as a different financial measurement. When retailers discussing retail margin, the RRP is commented on.
Gross profit	• Gross profit is a key outcome of financial performance associated with manufacturer brands. Retailers adjust the levels of gross margin for the maximization of overall store profit. Based on the literature review of the financial outcomes identified by Glynn et al. (2007) as well as the findings from this research, gross margin is a key measurement of financial outcomes associated with manufacturer brands for retailers. This is a significant finding in all three types of retailers interviewed.
Level of discounts	• Based on the literature review of the financial outcomes identified by Glynn et al. (2007) as well as the findings from this research, level of discounts is a key measurement of financial outcomes associated with manufacturer brands for retailers. This researched identified this financial outcome as a measure that retailers use when evaluating the financial gain manufacturer brands can provide against the level of

	discounts the manufacturers can provide the retailer.
Sales volume potential	• Based on the literature review of the financial outcomes identified by Glynn et al. (2007) as well as the findings from this research, sales volume potential is a key measurement of financial outcomes associated with manufacturer brands for retailers. In the retailing sector, sales volume potential presents retailer with financial stability and maximization of profit opportunities have been identified in this research.
Rate of customer return	• Based on the literature review (Reichheld and Sasser, 1990, Schuler and Cording, 2006) as well as the findings from this research, the rate of customer return is a key measurement of long term financial outcome associated with manufacturer brands. This is a significant finding as the relationship between rate of customer return and financial performance is well established in consumer markets, this relationship has never been identified in the retailing sector.
market shares, market value, stock prices, operational costs	• Based on the literature review, these financial outcomes are employed by companies when evaluating marketing accountability and the short term and long term financial gain of a corporation, however, based on this research, market shares, market value, stock prices and operational costs were not mentioned by the retailers as measures of financial outcomes of manufacturer brands. Therefore, these financial measures will not be included in the scale of retailer's measurement of manufacturer brands' financial performance.

5.3.1 A Scale of retailer's measurement of manufacturer brands' financial performance

Based on the justifications provided in the table above, the following presents a scale of retailers' measurement of manufacturer brands' financial performance. For the purpose of future research, retailers will be asked to circle the level of importance of the financial outcomes identified in the research. A scale of 1 to 7 is employed; 1 signifies that the identified financial outcome is the least important and 7 signifies that the identified financial outcome is the most important form of measuring the financial performance of manufacturer brands in the retail store. For financial measures highlighted here that present somewhat importance to the retailers, the retailers will be able to choose the number that best presents the level of importance.

Financial outcomes	Level of importance							
	Least important						*Most important*	
Gross margin	*1*	*2*	*3*	*4*	*5*	*6*	*7*	
Retail margin	*1*	*2*	*3*	*4*	*5*	*6*	*7*	
Gross profit	*1*	*2*	*3*	*4*	*5*	*6*	*7*	
Levels of discounts	*1*	*2*	*3*	*4*	*5*	*6*	*7*	
Sales Volume potential	*1*	*2*	*3*	*4*	*5*	*6*	*7*	
Rate of customer return	*1*	*2*	*3*	*4*	*5*	*6*	*7*	

After the literature review and the results gathered from this research, a scale of retailers' measurement of manufacturer brands' financial performance is presented above. The development of this scale allows for future researcher to investigate quantitatively the significance of each financial outcome associated with manufacturer brands.

5.4 Managerial and researcher implications

The discovery of financial outcomes associated with manufacturer brands have not been properly explored to the knowledge of the researcher. The primary contribution of this paper is the identification of specific financial outcomes associated with manufacturer brands from the retailers' perspective. Glynn et al. (2007) highlighted financial benefit as a key manufacturer brand benefit offered to the retailers. Retailers are able to maximize this financial benefit by evaluating and managing a brand's gross margin, retail margin, gross profits level of discounts, sales volume potential and the rate of customer return.

The identification of financial outcomes of manufacturer brands allows managers to further determine what is a good return rate? Could there be other, equally important measures to report? As an example, by focusing on new customer activity, managers can track the influence that marketing has on steering new business to the retailer. By having the sales representatives ask new customers at the counter what influenced them to walk through the doors of the retailer, managers are able to access the importance and impact of marketing by the retailers or manufacturer brands to the consumers, as well as word of mouth, and other channels of communication to consumers. This analysis would allow the managers

and his team to assess current activities to create more effective programs and help communicate success to individual brands.

Glynn et al. (2007) noted that financial benefit is a key source of brand benefit which can enhance a reseller's satisfaction, trust and commitment to the brand. Thus creating an interdependent relationship, cooperation between the retailer and the manufacturers can enhance the financial performance of both. Manufactures can enhance buyer-seller relationship by matching expectations and understanding the financial outcomes the brands provide to obtain a competitive advantage.

The understanding of financial constructs in the retailing sector is fundamental to the financial control and management for existing retailers as well as future retailers. For the existing retailers, there can be the development of financial control of existing retail operations and the development of financial strategies to facilitate future growth and structural change (McCaffery et al., 1997).

This study demonstrates that retailers' dependence on computer assistance helps as well as hinders the management and evaluation of financial outcomes of manufacturer brands for researchers as well as managers. Retailers are unable to keep a record of what is being measured contributes to somewhat limited response gathered for some financial measurements in store can be because of report data negligence. There is substantial amount of knowledge exchange between manufacturers and retailers on market information and category expertise (Glynn et al., 2007, p22), this research calls for retailers to better understand the financial measures of manufacturer brands in the retail store to enhance overall store financial performance.

5.5 Limitation of research and suggestions of future research

There are a number of limitations to this research. Firstly, the context of liquor retailing sector may limit the transferability of the results. For example, the difference in setting different levels of margin for different types of liquor retailer might not apply in other manufacturer-reseller B2B relationships. Future research in other retail contexts is therefore needed to further validate the results uncovered in this research. Additionally, it

would be interesting to conduct the research at an international level to increase the generalisability of this study for the purpose of discovering regional similarities and/or differences in financial outcomes associated with manufacturer brands.

In the research, the retailers' market shares, market value, stock prices, operational costs and many other measures of financial performance identified from past literatures (Schuler and Cording, 2006; Capon et. al., 1990; Mitchell et al., 1997 and Bolton and Myers, 2003) were not measurers of financial outcomes of manufacturer brands. The retail buyers of the franchise were unable to be contacted for the purpose of this research. The franchise owner referred to measurements of share prices as something the top management looked at, but not on a store level. Additionally, the independent retailers have very limited power in purchasing volume over the manufacturers. Therefore, to increase the validity and scope of the results for this research, future research should focus on interviewing top level management in exploring a representation of the gap between misaligned corporation goal and vision.

There is an increasing emphasis placed on corporate social performance that is not law abided and corporate financial performance, however, this is an area that has not been explored in the retailing sector. No relationship has been found between manufacturer brands' corporate social performance and retailers' financial performance. It would be interesting for future researchers to investigate the relationships between not just retailers' corporate social performance and corporate financial performance but the manufacturers' corporate social performance's impact on the retailers' financial performance.

The methodology chosen for this research also presents some limitations. The data were coded and themes identified in the data by the primary research and the reliability of the codes was confirmed by having the supervisor of this dissertation code one interview and similar coding results were found. Due to timeframe limitability to complete this dissertation, this method of research and analysis were chosen. This process ensures for consistency in the method but failed to present multiple perspectives from a variety of people with different expertise. Thus, future research using this method of research should involve several individuals coding the data and a discussion of themes with several

researchers, Fereday and Muir-Cochrane (2006) suggested the discussion of themes with a panel of experts, and/or the participants themselves.

This research was qualitative which facilitated with the discovery of key financial outcomes associated with manufacturer brands from the retailer's perspective. Limitation lies in the subjective nature of qualitative data analysis procedure. Reliability of the financial outcomes identified in this research can be further validated by the commencing of a quantitative research based on the scale developed in this research. For example, questionnaires can be distributed to retailers to evaluate the significance of the identified financial outcomes associated with manufacturer brands.

5.6 Conclusion

Having better accountability measures and data helps the markers master the discussion of marketing performance and marketing strategy. In today's marketplace, accountability measurements is expected to be more transparent, thus the completion of this paper offers marketers the key to mastering this expected competency. The completion of this research and further exploration on the topic of marketing investment including intangible asset accountability addresses the research priority proposed by Marketing Science Institute (Research priorities, 2008).

The result of this study contributes to the growing body of literature on manufacturer brands and reseller relationships, especially the financial associations and shows directions for future research in this area. The results from this research supports all the research conducted prior proclaiming the importance in managing manufacturer-reseller B2B relationships. However, the limitation arise from previous studies in the financial outcomes associated with manufacturer brands, the handful of studies found on financial outcomes presents only the management of margin levels for private label brands and national brands (Messinger and Narasimhan, 1995; Ailawadi and Harlam, 2004); Corstjens and Lal, 2000, and Mendez et al., 2008). The result of this research provides a list of financial measurements employed by retailers when evaluating manufacturer brands, which is presented in a scale format, for the exploration and testing of future researchers. The key

financial measurements identified in the retailing B2B sector are: gross margin, retail margin, gross profit, levels of discounts, sales volume potential and rate of the customer return. Most importantly, this investigation highlighted retailers' complete dependence on technological support in managing financial activities in the retail stores. Most importantly, the long term success of the retailers is dependent on the evaluation and management of the financial outcomes identified in this study.

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Appendices

Appendix A – Interview protocol

Interview Protocol

1. Which product category are you responsible for? Tell me about your experiences working with manufacturer brands.

2. I am going to read out a list of financial measurements others have used when measuring financial outcomes of manufacturer brands (i.e. gross margin, operating margin, retail margin, sales volume potential, level of discounts, retail selling price, and return on assets or capital employed).

    a. Could you tell me whether or not you use these measurements and whether or not you find them useful?

    b. If you do not find the measurements that have been identified useful or do not use them, why not, and what is the alternative measurement of financial outcomes associated with manufacturer brands? How is it being carried out in the retail store?

3. From your experiences, can you tell me what financial benefits do manufacturer brands provide?
    a. What are some short-term financial benefits?
    b. What are some long-term financial benefits?

4. What methods do you use to measure financial benefits manufacturer brands provide? And against what measurements?
    a. What method do you use to measure short-term financial benefits manufacturer brands provide?
    b. What method do you use to measure long-term financial benefits manufacturer brands provide?

5. What effects do manufacturer brands have on the management of working capital? How do you manage assortments of manufacturer brands and other competing brands in order to provide better return?

Interview Protocol Justification
(This section is for the researcher's own reference, which will not be presented to the participants of this research).

Burt and Sparks (1997) noted the range of financial performance measurements used by the retailers in the food retailing industry as being inconsistent over the decades of literature reviewed, however, some key measures were identified: gross margin, operating margin, and return on assets or capital employed. In a more recent literature, Glynn, Motion and Brodie (2007) noted similar measurements used by the retailers when evaluating the

financial benefits of manufacturer brands and they were: retail margin, sales volume potential, retail selling price and level of discounts. This research extends the work done by Glynn et al. (2007) by further evaluating the financial outcomes of manufacturer brands to retailers and the development of a scale. From the range of financial performance measures identified, a number of key questions arise.

There is also the issue of long term and short term financial outcomes associated with manufacturer brands that required further identification and research. McCaffery et al (1997) emphasised the importance of investment appraisal technique used by managers as a key contributor to long term profitability and survival in the UK retailing sector. Moreover, working capital management is used to manage short term assets and liabilities which mature within a year. More specifically, working capital refers to the day to the cash inflows and out flows, with the short term management of cash surplus ad with trade credit.

Participant Information Sheet

Date Information Sheet Produced:
20, August, 2008

Project Title
Financial outcomes associated with manufacturer brands: A scale development

An Invitation
I am a student at the Auckland University of Technology currently undertaking a dissertation as part of my Master of Business qualification. I would like to you to participate in my research to further the understanding of financial outcomes associated with manufacturers. Your participation is greatly appreciated and valued. Please understand that your participation is voluntary and that you may withdraw at anytime without any adverse consequences.

What is the purpose of this research?
The purpose of this research is to complete a dissertation for which the final result is a qualification of Master of Business majoring in Marketing. This research will also contribute to the current understanding of financial outcomes associated with manufacturer brands from the resellers' point of view. This research also attempts to address the gap there is in the current literature in financial outcomes associated with manufacturer brands to retailers.

How was I chosen for this invitation?
This research selected liquor-retailing sector to be interviewed, therefore a cross-section of participants from the liquor-retailing sector are chosen from the yellow pages. Both retail buyers and store managers are sampled because of your frequent interaction with manufacturers.

What will happen in this research?
In-depth interview will be carried out to find out financial benefits of manufacturer brands from retailers' points of view. Open ended questions will be asked. The data will be recorded by a voice recorder while the interview takes place. As the retailer, you will be asked to provide your perspective on the financial benefits of manufacturer brands. A semi-structured interview will be used, with open-ended question allowing for you to elaborate and discuss on the financial outcomes of manufacturer brands from your perspective in wine industry.

What are the benefits?

By being the participants of this research you will contribute to the body knowledge on financial outcomes associated with manufacturer brands for retailers. With the information gathered, both the researcher and retailers can gain a better understanding about the financial outcomes associated with manufacturer brands.

How will my privacy be protected?

The Privacy Act (1993) will be complied with; you have the right to access all personal information held by me and the information gathered from you will only be used for the purpose of this research. As the sole interviewer of this research, I will be voice recording the interview. The recorded data will be kept private and confidential. I am responsible for keeping information, including your identity confidential and secure from interception by unauthorised persons, or for purposes other than the approved research. The data will be coded by an AUT staff following their signing of the confidentiality agreement. The process of coding the data ensures the removal of identifying material from documentation. Your privacy and confidentiality are respected. Your identify is protected at all stages of this project, unless prior consent has been obtained from you. Your identify will be kept confidential at all times, you will not be able to be identified from the findings in my research paper as I will not be disclosing your identity and your comments used will be coded. Both myself and the supervisor of this research are responsible for the safekeeping and confidentiality of signed consent forms. The consent forms will be stored in a secured cabinet separately from the data in AUT (in the WU building for 6 years).

What are the costs of participating in this research?

The research should take about twenty to thirty minutes of your time. No monetary cost will be involved in this research.

What opportunity do I have to consider this invitation?

I will first establish contact via the phone to give you a brief introduction of the research I am carrying out. I can also provide you with an Information Sheet either in person or via email. You will have a time frame of seven days to consider your participation in this research. I will be contacting you via the phone after the seven days to confirm your participation. If at anytime you have any questions about my research or wish to participate, please contact me on the email address I have provided below. Prior to your participation, I will ask you to sign a Consent Form. You are not obligated to participate and complete in this research should you choose not to for any reason at any point.

How do I agree to participate in this research?

Should you choose to participate in this research, you will need to complete and sign a consent form before the interview starts.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, *Dr. Mark Glynn, mark.gylnn@aut.ac.nz, 921 9999 ext 5813.*

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEC, Madeline Banda, *madeline.banda@aut.ac.nz* , 921 9999 ext 8044.

Whom do I contact for further information about this research?
Researcher Contact Details:

Cida Wen

MBus student

Faculty of Business

Tks8415@aut.ac.nz

Project Supervisor Contact Details:

Dr. Mark Glynn MCom (Hons) Ph.D

Senior Lecturer

Faculty of Business

Mark.glynn@aut.ac.nz

921 9999 ext 5813

Approved by the Auckland University of Technology Ethics Committee on *20/10/2008*, AUTEC Reference number *08/210*.

Consent Form

Project title: **Financial outcomes associated with manufacturer brands: A scale development**

Project Supervisor: **Mark Glynn**

Researcher: **Cida Wen**

○ I have read and understood the information provided about this research project in the Information Sheet dated 07, August, 2008.

○ I have had an opportunity to ask questions and to have them answered.

○ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.

○ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.

○ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.

○ I agree to take part in this research.

Participant's signature:

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Participant's name:

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Participant's Contact Details (if appropriate):

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 Date:

***Approved by the Auckland University of Technology Ethics Committee on** 20/10/2008*
***AUTEC Reference number** 08/210*
Note: The Participant should retain a copy of this form.

Appendix D- Confidentiality Agreement Form

Confidentiality Agreement

Project title: **Financial outcomes associated with manufacturer brands: A scale development**

Project Supervisor: **Mark Glynn**

Researcher: **Cida Wen**

○ I understand that all the material I will be asked to transcribe is confidential.
○ I understand that the contents of the tapes or recordings can only be discussed with the researchers.
○ I will not keep any copies of the transcripts nor allow third parties access to them.

Transcriber's signature:

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Transcriber's name:

....……………………………………………………
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Transcriber's Contact Details (if appropriate):

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Date:

Project Supervisor's Contact Details (if appropriate):

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Approved by the Auckland University of Technology Ethics Committee on 20/10/2008
AUTEC Reference number 08/210
Note: The Transcriber should retain a copy of this form. this form.

Appendix E- Ethics Approval Letter

MEMORANDUM
Auckland University of Technology Ethics Committee (AUTEC)

To: Mark Glynn
From: **Madeline Banda** Executive Secretary, AUTEC
Date: 20 October 2008
Subject: Ethics Application Number 08/210 **Financial outcomes associated with manufacturer brands: a scale development.**

Dear Mark

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by a subcommittee of the Auckland University of Technology Ethics Committee (AUTEC) at their meeting on 23 September 2008 and that the Chair of AUTEC has approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTEC's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTEC's meeting on 10 November 2008.

Your ethics application is approved for a period of three years until 20 October 2011.

I advise that as part of the ethics approval process, you are required to submit the following to AUTEC:

- A brief annual progress report using form EA2, which is available online through *http://www.aut.ac.nz/about/ethics*. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 20 October 2011;

- A brief report on the status of the project using form EA3, which is available online through *http://www.aut.ac.nz/about/ethics*. This report is to be submitted either when the approval expires on 20 October 2011 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTEC is notified of any adverse events or if the research does not commence. AUTEC approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTEC grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

When communicating with us about this application, we ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at charles.grinter@aut.ac.nz or by telephone on 921 9999 at extension 8860.

On behalf of the AUTEC and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

Madeline Banda
Executive Secretary
Auckland University of Technology Ethics Committee

Cc: Cida Wen tks8415@aut.ac.nz, AUTEC Faculty Representative, Business

Appendix F- Sample of Data Coding

Name: Gross Profit

<Documents/GD> 1 Reference coded (7.83% Coverage)

Reference 1-7.83% Coverage

Gross profit and margin can change in theory due to the fact that consumers will want something more than the other thing, and marketing can be a big thing for that so then you lose your margin but gain gross profit (what you want to gain) due to the fact that consumers would want things cheaper or other competitive businesses will offer a lower price so you will have to work in order to basically market your product and get a return.

<Documents/GM> 1 Reference coded (7.5% Coverage)

Reference 1-7.50% Coverage

We have a sister company which I have mentioned so we have a system where sort of preferred brands, must brands and discretionary brands so that is managed quite well where reports are printed on a weekly basis and we score a % out of 100 on it, our biggest one being preferred brands and with us because of our sister company our preferred brands generate a larger GP for us, or more money, because we are getting a better rate from that company, that obviously benefits us selling those products.

<Documents/LM> 1 Reference coded (1.37% Coverage)

Reference 1-1.37% Coverage

We can't sell a lettuce to someone. We can but we don't have enough space, so we don't have something which has super profit to actually boost the overall and they look at, well I can sell a million dollars a week at 3% profit, but it's the volume that actually makes their overall dollars. Whereas we don't have that luxury of having that full trolly.

<Documents/RO> 2 Reference coded (2.65% Coverage)

There is the mark-up we use, you can have a higher mark-up on a product and if your GP which is your gross profit is less than a lot of people are getting confused with mark-up and GP.

I think, gross profit, that is the main one that we use, that is about it I think, just the main thing, like when the stock comes to our door we just work out what is the GP we are going to sell it at.

Weekly sales we come to know how much gross profit we have. We measure on a weekly basis.

Yes, I think it is very important because at the end of the day you want to work out whether you are making money or not, and you have to do it daily, we have a good software/computer system so it tells us, you know, GP for the day.

Every brand is different, and the prices are different so we have to calculate it that way.

Yes, it (the computer) tells you, every week what I do is I check what I have sold for the week and that is how I measure what is selling or not, plus putting it on special.