



A Model of Value Creation: Supplier Behaviors and Their Impact on Reseller-Perceived Value

[Penny M. Simpson](#) , [Judy A. Siguaw](#), [Thomas L. Baker](#)

[Show more](#) 

 Share  Cite

[https://doi.org/10.1016/S0019-8501\(00\)00138-3](https://doi.org/10.1016/S0019-8501(00)00138-3) 

[Get rights and content](#) 

Abstract

Academicians have long recognized that channel partners can create real value for one another, yet almost no research has been conducted to examine how value is created for a channel partner or what consequences accrue to the channel partners. The purpose of this research is to develop a conceptual framework of determinants and effects of value creation. The model begins by describing market-oriented behaviors that evoke supplier activities and behaviors designed to create value for the reseller. The framework concludes with likely consequences of reseller-perceived value and moderating effects.

Introduction

“Value creation and value sharing can be regarded as the *raison d'être* of collaborative customer–supplier relationships” [1, p. 349]; yet, academic and practitioner understanding of how channel relationships create value is still in its formative stages 1, 2. This lack of knowledge concerning value creation is regrettable considering that channel partnerships between suppliers and resellers may provide an even greater source of positive returns than those from other marketing activities 3, 4. Furthermore, academicians have suggested that firms can create a competitive advantage based on the relationships they build with other organizations 2, 5, in addition to the traditional resource-based view of gaining a competitive advantage via the ability to create and/or acquire resources that are rare, valuable, and difficult to imitate 6, 7. The ability of a supplier to provide superior value to its resellers would appear to constitute such a competitive advantage.

The potential of value creation to effect a competitive advantage has led some academicians to issue a call for channels research that focuses on channel relationship development, management, and effectiveness 4, 8, channel partner value creation 1, 9, and finally, how value creation is measured 8, 10. This paper responds

to this research directive by presenting a conceptual framework for examining reseller value derived from a relationship with a supplier; specifically, we propose determinants and outcomes of perceived value creation. Moreover, this framework serves as an originating point for the eventual development of a standardized measure of value creation.

In this study, we begin by providing a definition of value and a justification of the need to measure value created by suppliers. In the next section, we present and develop our conceptual model of the channel value construct, including both its likely determinants and consequences. The starting point of the model is a supplier market-orientation, which is the driving force for this framework, where market-oriented behaviors are conceptualized as significant factors in determining supplier value-creating activities and behaviors. Then, value-oriented supplier activities and behaviors are proposed to significantly influence reseller costs, reseller financial performance, and reseller-perceived value creation within the channel relationship. In turn, reseller costs are shown to directly impact reseller financial performance and reseller-perceived value, with reseller financial performance also directly affecting reseller-perceived value. Finally, reseller-perceived value is posited to influence reseller commitment, cooperation, and satisfaction. A propositional inventory based on the proposed determinants and effects of channel value is also provided. In the final sections of this paper, we discuss managerial implications of the model, and propose directions for future research.

Section snippets

Importance and definition of value

Recent findings indicate that while a certain level of quality may be necessary to compete, quality in and of itself may not necessarily provide a competitive advantage in today's marketplace [11]. In response, current research has sought to highlight the importance of value in customer decision-making [10, 12, 13]. Similarly, the importance of value in decision-making likely applies to members of channels of distribution as well, since resellers must be able to assess the value provided by...

A model of reseller-perceived value of the channel relationship

A supplier wanting to provide greater value to reseller partners and resellers wanting greater value from suppliers must first understand value determinants. Figure 1¹...

Managerial implications

The framework and propositional inventory of supplier-created reseller value outlined in this research has direct managerial implications. Our model provides a framework for understanding how channel suppliers may forge stronger strategic alliances with partners in a global marketplace. First, our research suggests that market-oriented behaviors will drive the efforts of the supplier to create value for the reseller. Essentially, because market-oriented behaviors are based upon an...

Directions for future research

The development of any framework seems to generate more researchable questions than it answers; the framework developed in this paper is no different. Most obvious, empirically testing each of the proposed relationships to determine the importance of the relationship and its contribution to the value process is needed. Similarly, interrelationships and ordering of effects among variables, such as determinant factors or reseller outcomes, should also be explored in future efforts. A related need ...

Conclusions

This paper responds to the resounding call to explore value creation in a channels context by presenting a framework for understanding how a supplier may create value for a reseller-partner. As such, this study contributes to the marketing discipline in three ways. First, this work is the first to explicitly link market orientation and customer value creation within a channels context. Given Frazier's recent plea for additional exploration of market orientation within a channels context [25],...

PENNY M. SIMPSON is the David D. Morgan United Teachers Associates and associate professor of marketing at Northwestern State University....

[Recommended articles](#)

References (84)

Arun Sharma *et al.*

[Antecedents and Consequences of Relationship Marketing](#)

Industrial Marketing Management (1999)

Howard E. Butz *et al.*

[Measuring Customer Value Gaining the Strategic Advantage](#)

Organizational Dynamics (1996)

Jule B. Gassenheimer *et al.*

[Cooperative Arrangements among Entrepreneurs An Analysis of Opportunism and Communication in Franchise Structures](#)

Journal of Business Research (1996)

Sy Andaleeb *et al.*

[An Experimental Investigation of Satisfaction and Commitment in Marketing Channels The Role of Trust and Dependence](#)

Journal of Retailing (1996)

Linda I. Nowak *et al.*

[Relationships Between Businesses and Marketing Research Firms](#)

Industrial Marketing Management (1997)

James C. Anderson

Relationships in Business Markets Exchange Episodes, Value Creation, and Their Empirical Assessment

Journal of the Academy of Marketing Science (1995)

James C. Anderson *et al.*

Business Marketing Understand What Customers Value

Harvard Business Review (1998)

Barton A. Weitz *et al.*

Relationship Marketing and Distribution Channels

Journal of the Academy of Marketing Science (1995)

Jeffrey H. Dyer *et al.*

The Relational View Cooperative Strategy and Sources of Interorganizational Competitive Advantage

Academy of Management Review (1998)

J.B. Barney

Firm Resources and Sustained Competitive Advantage

Journal of Management (1991)



View more references

Cited by (90)

Selecting the right partners to maximize value for shipping companies: An exploratory study

2022, Research in Transportation Business and Management

Show abstract

Managing brand preferences of resellers

2022, Industrial Marketing Management

Citation Excerpt :

...This study is underpinned by the argument that distributors endorse products based on the profit they earn and not on the benefits offered by the brand to consumers or business customers (Webster, 2000). It is also important to recognize that resellers embrace products that reduce their cost of selling and increase the benefits they receive from each sale (Simpson, Siguaw, & Baker, 2001). With a focus on cost-benefit analysis of promoting a brand from point of view of resellers, this investigation contributes to marketing literature by extending the application of relationship marketing theory for strategic remote management of an international business....

Show abstract

Interorganizational imitation in supply chain relationships: The case of inventory leanness

2021, International Journal of Production Economics

Show abstract

Corporate brand strategy: Drivers and outcomes of hotel industry's brand orientation

2020, International Journal of Hospitality Management

[Show abstract](#) ✓

Analytical framework for sustainable supply-chain contract management

2018, International Journal of Production Economics

[Show abstract](#) ✓

The shift to Cloud Computing: The impact of disruptive technology on the enterprise software business ecosystem

2018, Technological Forecasting and Social Change

[Show abstract](#) ✓



[View all citing articles on Scopus](#) ↗

PENNY M. SIMPSON is the David D. Morgan United Teachers Associates and associate professor of marketing at Northwestern State University.

JUDY A. SIGUAW is an associate professor of marketing at the School of Hotel Administration at Cornell University.

THOMAS L. BAKER is an associate professor of marketing in the Cameron School of Business at the University of North Carolina at Wilmington.

[View full text](#)

Copyright © 2001 Elsevier Science Inc. All rights reserved.



All content on this site: Copyright © 2023 Elsevier B.V., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

