

Channel capability and the effectiveness of new product strategies

Deepening the FMCG's business

Roderikus Agus Trihatmoko and Roch Mulyani

*Faculty of Economics and Graduate Study Program,
Universitas Surakarta, Surakarta, Indonesia, and*

Intan Novela Q.A.

*Faculty of Economics and Business,
Universitas Sebelas Maret, Surakarta, Indonesia*

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Abstract

Purpose – The purpose of this paper is twofold: detecting, describing and providing a detailed understanding on the essence of buyer responses on the channel capability in deciding new product purchase; and describing the effectiveness of new product innovation related to the channel capability. The new product innovation intended here is an outcome of the brand strategy created by the fast-moving consumer goods (FMCG) manufacturer.

Design/methodology/approach – This research applies qualitative method and uses grounded theory approach and pragmatism interpretation, which are focused on FMCG. The approach chosen in research is grounded theory and pragmatism, parallel to the previous phenomenology and constructivism approach; therefore, the main data for this study use transcript records of the results of in-depth interviews in the field of study.

Findings – The research showed the following results: the channel capability aspects (warehouse space, shelf space and customer coverage) are the essence of buyers' responses; construction of business buyer behavior and economic mechanism; the effectiveness of new product innovation; and channel capabilities of selling products.

Practical implications – The results of this research have some implications: developing the concept of business buyer behavior in a new-task purchase situation; expanding the micro-economic system of trading sector; and expanding the concept of marketing mix strategy.

Originality/value – Some of the theoretical implications are the originality of this research paper; therefore, the constructs will be described theoretically in order to provide practical understanding in some contexts of business importance.

Keywords Marketing mix, Business buyer behaviour, Business market competition, Channel capability, New products strategy, Fast-moving consumer goods (FMCG)

Paper type Research paper

Introduction

The fast-moving consumer goods (FMCG) industry in Indonesia has involved more than 2.5 million business actors from small, medium to large scale (Trihatmoko *et al.*, 2016a; Trihatmoko, Mulyani and Lukviarman, 2018). It illustrates that the FMCG industry has an important role for the growth and economic development of each country, as it does for Indonesia (Sarangapani and Mamatha, 2008). The position of the business actors is reflected



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in the channel management structure and understanding of agency theory (Trihatmoko, Harsono, Wahyuni, Haryono and Lukviarman, 2018; Trihatmoko, 2016; Trihatmoko *et al.*, 2016b; Bergen *et al.*, 1992). In the end, the achievement of product distribution in stores is a measure of the success of each choice of strategy by producers/marketers. The beginning of the creation of the level of product distribution in the market is due to the suppliers willingness to buy products, or it is like in term of the conception of buying decisions behavior by buyers in the business market (e.g, Trihatmoko and Mulyani, 2018).

The concept of business buyer behavior or organizational buying behavior has received attention by a number of researchers. Webster and Wind (1972) pioneered the concept which is called “the understanding of organizational buying behavior”. The concept of business behavior can be traced through various research studies in the field of marketing, such as Stern and Reve (1980), Achrol *et al.* (1983), Graski (1984), Dwyer *et al.* (1987), Anderson and Oliver (1987), Johnston and Lewin (1996), Lewin and Donthu (2005), Sashi (2009), Peter and Donnelly (2011), Solomon (2013) and Kotler and Armstrong (2013). The result indicated that buying behavior in the business market, particularly for the FMCG industries, has not become the object of research.

The findings of this research are consistent with some other research projects of Trihatmoko *et al.* (2016a, b; Trihatmoko, Harsono, Wahyuni, Haryono and Lukviarman, 2018) such as business-to-business transactional (B2B) between distributor and traditional market wholesaler in Indonesia. The B2B between the wholesalers and distributors was revealed in the transaction of buying–selling of new product. The new product’s criterion is the product innovation result of the brand strategies (line extension, brand extension, multi-brand and new-brand) by the principles of the brand’s owner (Trihatmoko, 2016; Kotler and Armstrong, 2013; Nijssen and Agustin, 2005; Nijssen, 1999). Therefore, the situation where the wholesalers conduct the purchasing process of new product offered by the suppliers is called as a new-task purchase situation (Trihatmoko, 2016).

Trihatmoko (2016) described the issues of this buying behavior. In a new-task purchase, the buyers shall look for any possible alternative buying solution before finalizing their transaction (Robinson *et al.*, 1967). The buying–selling transaction of new products between suppliers and wholesalers is difficult to predict due to the current business environment and situation:

RQ1. “How” and “Why” do the buyers need to detect their capabilities in accordance to the business environment?

The purpose of this research is to detect, describe, point out and provide understanding regarding the essence of buyer responses on the channel capability in the decision-making process of buying a new product. Sondergaard and Harmsen (2007) limited their study in identifying and describing the market information usage for product development. Karin (2008) explored the executive way of mindset in the product innovation. Based on the concept mentioned in previous studies, this research will focus on the following question:

RQ2. How do the principals develop a new product related to channel capability in distributing their product?

This objective of this paper is also to describe and point out the effectiveness of the new product innovation in accordance to the channel capability and the competitive environments. This research henceforth will focus on to build the constructs related to the new product innovation with the channel capability aspects. Theoretical entry of new products in the business market can be set as a new perspective in the product strategy in the marketing mix concept.

Literature review

This business buyer behavior applied agency theory (Trihatmoko, Harsono, Wahyuni, Haryono and Lukviarman, 2018; Trihatmoko, 2016; Bergen *et al.*, 1992). Bergen *et al.* (1992) can be seen as the originator of agency theory for the field of marketing management.

However, the theory is still rarely touched by many researchers in their studies (Trihatmoko, Napitupulu, Purnamasari and Kurniawanto, 2018; Trihatmoko, 2016; Trihatmoko *et al.*, 2016b). Transactional between suppliers and buyers are identified based on the type of business and the characteristics of the relationship between the business actors, namely in the context of direct competition, exclusive contracts and temporary contracts (Trihatmoko, Harsono, Wahyuni, Haryono and Lukviarman, 2018).

The B2B transaction between suppliers and the wholesalers becomes the outcome of the efficiency contract in the agency theory (Trihatmoko, Harsono, Wahyuni, Haryono and Lukviarman, 2018). They give description that the business relation between the suppliers and wholesalers is based on the characteristics of direct competitive relationship with respect to the marketing theory. In the case of inter-organizational governance of marketing channels mentioned by Heide (1994), this relationship is a series of transactional exchanges that are completed in one event, whereas B2B “distribution company with wholesaler” is a hierarchical and bilateral relationship in terms of conducting transactions that have the dimension of time and importance between them. This review is an illustration that B2Bs between distribution companies and wholesalers have a long-term relationship; however, their relationship is not permanent. This condition happens since each product offering from distribution companies to wholesalers competes directly with each other.

Trihatmoko, Napitupulu, Purnamasari and Kurniawanto’s (2018) study illustrates that the new product innovation set by the principal is motivated by competing products and their categories, as well as product segments. Product innovation is covered by planning a marketing mix strategy. It can be used to assess or create a level of product demand. However, the demand for a product is expected by the buyers of “wholesale type intermediates” related to the product distribution level itself (Trihatmoko and Mulyani, 2018) and the capacities of buyers in handling products offered by their suppliers (Trihatmoko, Napitupulu, Purnamasari and Kurniawanto, 2018). As concluded by Sashi (2009), such transactional exchanges will provide opportunities for the development of long-term relationships between suppliers and customers in marketing strategies.

Channel capability and business buyer behavior

Channel capability is the environmental factor in the purchasing decision process which acts as stimuli to the organizational decision by the buying center (Webster and Wind, 1972; Johnston and Lewin, 1996; Kotler and Armstrong, 2013). Webster and Wind (1972) classified environmental factors into physical, technological, economic, political, legal and cultural. Furthermore, Johnston and Lewin (1996) added that environmental characteristics also include suppliers, competitors and global. Buyers will give response by considering various environmental factors and decision-makers in the buyer’s organization (Robinson *et al.*, 1967; Webster and Wind, 1972; Wilkie, 1990; Evans and Berman, 1992; Johnston and Lewin, 1996; Peter and Donnelly, 2011; Solomon, 2013; Kotler and Armstrong, 2013). The various environmental factors shown in the previous literature works give signals of the complexity of purchasing decisions related to the conception of the environment itself. Considering these arguments, this paper focuses on deepening one of the environmental factors, such as the economic environment.

The conception of business buyer behavior also provides direction that the organizational role of the buying center determines the buying decision. Webster and Wind (1972) described the organizational role in terms of technology, group structure, tasks and goals, and leadership actors, which are group processes that determine purchasing decisions. Garrido-Samaniego and Gutierrez-Cillan (2004) illustrate that the conditions of the purchasing situation, organizational structural characteristics and individual personal characteristics participate have influence of the decision of buyer (buying center). These personal and organizational roles consider environmental factors in the purchase decision-making process, one of which is

the economic environment (Kotler and Armstrong, 2013; Webster and Wind, 1972; Johnston and Lewin, 1996). The structural organization system and individual characteristics play a role in the decision-making process (Webster and Wind, 1972; Garrido-Samaniego and Gutierrez-Cillan, 2004; Kotler and Armstrong, 2013). In addition, a specific analysis is presented by Lewin and Donthu (2005) that the purchase situation (buyclass, product type, purchase important, complexity and uncertainty) has implications for the structure and responsibilities of the buying center.

Heterogeneous environments represent greater difficulties in obtaining and assimilating information on the diverse environmental entities and in formulating effective strategic programs and responses in the condition that the diverse entities are relatively unstructured (Dwyer and Welsh, 1985). It indicates the kind of variables and the environment factors which are valued by the buyer and need to be disclosed in detail and thoroughly since the new-task purchase situation is highly competitive. The results of Trihatmoko's (2016) study (Appendix 2) identify temporarily (equivocally) that the economic environment does not stand alone as a stimulant for purchasing decisions. The depth of this paper seeks to conceptualize "how and what kind of" economic environment is intended to act as a stimulant for purchasing decisions. Achrol *et al.* (1983) described the internal economic structure as a form of transactional type that links two groups of channel, and the process refers to the decision of employee mechanism to determine the trading terms between them.

Peter and Donnelly (2011) divided the environment into four stages: requirement assessment, supplier analysis, purchasing activity and post purchase activity. Dwyer and Welsh (1985) identified and described the environment variables into inter-demand, competitive situation, resources availability and resource adjustment to change the demand level. The study of Webster and Wind (1972) and Dwyer and Welsh (1985) can be used to point out perspective that buyers value their needs as the reasons to buy a product by using demand level and resources availability as their consideration. Theoretically, it can be explained that the perspective of resources availability is the internal economic environment or the wholesale capability as a channel. Thus, it can be assumed that channel capability is an internal economic factor valued by the buyer in their business assessment needs stage.

Stern and Reve (1980) described the political economy framework for distribution channels analysis, that is the structure between the internal economic environment and the external economic environment which is interconnected with each other. Stern and Reve (1980) directed the perspective that the internal economic environment is the wholesaler as a channel function, in terms of providing resources to confront constraints and utilize the demand opportunities.

In buying and dealing with various products, wholesalers need to have the competence to facilitate warehouse, vehicles, insurance and other infrastructures (Evans and Berman, 1992). Manufactures, retailers and other intermediaries are in dealer arrangement to perform certain functions such as dealing with stocks, physical distribution, sales, finance and services (Dwyer and Welsh, 1985). This wholesale internal economic structure indicates that wholesales as functional channel management have the ability and capability to complete their business infrastructure. Therefore, it can be expected that channel capability in completing the infrastructure used within the functional channel management is the perspective of the needs assessment factor within the essence of the purchase decision-making process. This is as shown by the results of the study of Trihatmoko (2016) which gave a minor structural description (Appendix 1).

Channel capability and new product innovation. Over the years, brand strategy has become a popular concept of new product innovation (Kotler and Armstrong, 2013; Nijssen and Agustin, 2005; Nijssen, 1999). The result of the research by Nijssen (1999) showed that the level of competition significantly influenced the success of line extension. The theoretical review of Nijssen (1999) can estimate the beginner that the product innovation is related to

the level of competition. The situation of competition itself is in the product segment, namely what ideas are needed and desired by consumers, and their preferences (Giang *et al.*, 2009). Nijssen (1999) reminded that product innovation (line extension) is needed not only to strengthen and expand the product's position in the market, but also to anticipate the impact of cannibalization between product categories. Product innovation itself refers to the product analysis of competitors, as well as many ideas obtained from customers (Kotler and Armstrong, 2013). The study of product segmentation and demand or market competition, as well as the customer's position, is intended to guide the full conception of the effectiveness of product innovation, in the context of the capabilities of customers in handling new products. "FMCG company customers" are business market information providers; therefore, market-oriented product development is needed to provide the insight needed for new product development (Sondergaard and Harmsen, 2007). Marketers have an interest in market orientation (MO) as a controller of efficiency and effectiveness for marketing in adapting every achievement to aspects of MO (Gounaris and Avlonitis, 2001).

In the interests of the buyer, the channeling capability is an internal "wholesale" economic environment which is one of the incentives for the buyer's response in making their purchasing decisions (see, Trihatmoko, Napitupulu, Purnamasari and Kurniawanto, 2018; Trihatmoko, 2016). Conception about product innovation has been suspected by Trihatmoko, Napitupulu, Purnamasari and Kurniawanto (2018) that marketers in designing marketing use a strategic approach, namely product, price, distribution and promotion (4P's marketing mix), but it has not been shown how relevance between the creation of new products and the capabilities of the suppliers of their products. Trihatmoko and Mulyani's (2018) research results show that the success of the performance of new products is measured by the parameters of the level of sales and product distribution. These two important variables can be achieved due to customer expansion by distribution companies and wholesalers (suppliers). However, the relevance between product innovation and the level of competition has not been constructed. Limited to the research results compared to the previous studies, this research is encouraged to seriously reveal the channel capability associated with the entry of new product.

Method

This qualitative research through grounded theory was designed by combining the theoretical phenomenology and constructivism philosophy (Proctor, 2005; Creswell, 2009, 2013; Jonker and Pennink, 2010; Saldana, 2011; Fatchan, 2011; Hammersley, 2013; Gupta and Awasthy, 2015; Taylor). Creswell (2013) pointed out that grounded theory includes two points: the researcher works toward the development of a systematic theory that explains the process, action or interaction about the phenomenon that happens in the field; and the purpose of grounded theory is to move out of the description and elicit or discover a theory.

The grounded theory used in this research was combined with the interpretation of narrative type pragmatism, instead of non-conditional matrix pragmatism (Creswell, 2013). The combination of phenomenology and constructionism and grounded theory and pragmatism will present the result of this research in the following forms: identification and description of theme; textual and structural description of premises and propositions; and construction or conceptual model. The first research result was to answer *RQ1*, with the technique of presenting the result of Trihatmoko's (2016) research. The results were briefly described as the bases of grounded theory and pragmatism analysis to deepen the product innovation in response to *RQ2*.

The informants participating in this research were practitioners with more than 10-year experience in FMCG. The theoretical description of phenomenology and constructionism has led the researcher to abstract the previous research results. The abstraction was done as

an effort to conceptualize the product innovation by the principle of FMCG. This step in qualitative method is called bottom-up built conception (Creswell, 2013; Trihatmoko, Napitupulu, Purnamasari and Kurniawanto, 2018).

The entire process of this research was done by using zig-zag process, which means that the researcher gathers information by going out to the field, to the office to analyze the data, returning to the field to gather additional information, into the office, and so forth (Creswell, 2013). The data in this research were collected from buyer's and salesperson's perception through an in-depth interview technique. Buyer informants consist of six wholesaler owners and salesperson informants consist of three personal supervisors and a sales manager of distribution department. In selecting the informants, the researcher used snowball and purposive techniques based on judgment, expert knowledge and the implementation of research (Sekaran and Bougie, 2010; Proctor, 2005). The research was located in Solo, Central Java, Indonesia. The techniques of data processing range from data reduction and categorization componential analysis, and data coding and axial coding to form the research model (Fatchan, 2011; Creswell, 2013; Jonker and Pennink, 2010).

The selection of informants is done using a snowball technique, starting from the salesperson of the distribution company and then moving to the wholesale owners. The salesperson and wholesaler are positioned as key informants, because they are representations of the company and business organization that act in every negotiation on the sale and purchase of goods. Furthermore, the search for informants revolved to marketers at the level of supervisors, regional managers and regional managers for the provinces of Central Java and West Java, and the Special Region of Yogyakarta (IM: marketer informants). The revolving of the informant's search ball is directed/assisted by each informant himself/herself who is seen by the researcher as having an FMCG marketing organization network.

The data validation checking was conducted through the process of data triangulation, member check, intensive observation, audit trial, persistent observation and data interpretation analysis (Creswell, 2013; Fatchan, 2011). The process of triangulation, intense observation and persistent observation act was done as the effort to build the credibility, whereas audit trial and member check aimed to value the data interpretation analysis for the purpose of dependability and confirmability (Creswell, 2013). Observation, interview and mini-focus group discussion with each informant were conducted using zig-zag, ongoing process and simultaneous method according to the point of view of the informants' experience and various phenomena in the field of the research. Digging up more information from the different angles of perception and phenomena becomes the strength of data validation in the qualitative research as the effort to build the credibility of the study (Creswell, 2013; Taylor *et al.*, 2016).

Results

Channel capability and business buyer behavior

Identification and description of the themes of channel capability. A research by Trihatmoko (2016) reported that one of the buyer's considerations in making decision on the purchase is detecting the situation in the wholesaler store. In this case, it is considered as distributor capability. The judgment on the internal economic situation of the wholesaler is the factor encouraging the buyer in making decision to purchase the product offered by the suppliers. The following is the description of textual variability of the channel capability, as exposed by Trihatmoko (2016), described structurally (Appendix 1) so that the paper is comprehended coherently.

Warehouse space. Warehouse space refers to the space used to store the goods supply as the reserve stocks for the selling of wholesale business. The items purchased by the

supplier are directly put in and organized in the warehouse space by piling them. When ordering the items from the supplier, the buyer always considers the situation of the warehouse space.

The condition of warehouse space at the time becomes the consideration of the buyer to assess the qualification of product placement in making a decision to purchase new product. The available warehouse space is already fulfilled by routine stock of items. It is necessary to be careful in placing the new items or they will be filled with other items:

I ask for if those are the rules given [...] ..if those are the rules, you do not need to go to my place, There would be a problem for me not to sell your product [...] we are those who will sell the products [...] (IW.2)

[...] yes, but If I have good intuition and this product is okay, I will take as many as it can [...] and of course will see the capacity of the warehouse. (IW.6)

Customer coverage. Customer coverage are customers owned by the wholesaler consists of the retailers selling products from middle-lower class segment. However, wholesaler also has end user-type customers, but the transactional value is relatively small. Products provided by the wholesalers are competing each other to be offered to customers.

The qualification of new products is built upon the customers' need. The increase of the number of customers is the wholesaler's customer coverage, who purchase the competing products in one product category according to the segmentation of each product. When new product purchased meets the need of the customers, the product will become the market demand. Supplier understands the importance of the wholesaler since it acts as the distributor of the product. It becomes the target of the customers of distributors to distribute new products:

But, if I do not sell the new product, [...] the risk is that I will not be able to sell the product to my customer, it is a loss factor since it is a new product. (IW.1)

It is not sold in Karanganyar [...], but in the area of Sragen becomes the superior product; it can compete with "X", defeat "Y". I found those from the consumer and customers, since the wholesaler is the one who sell the products to stores or small shop. (IW.2)

Shelf space. Shelf space is the remaining space used to display products offered by the wholesaler. The display of products is aimed at showing or exhibiting them to the customers visiting the store, so that they catch their attention. Product display also aims to ease the shopkeeper in preparing the products ordered by customers. Product display phenomenon has become the competition between the brand owners.

The qualification of new product is judged technically based on the display product flexibility. The shelf space is functionalized to display the competing products in the wholesale store. Display of products acts as the presentation or exhibition of the products provided by the store to attract customers. A new product should be displayed to make it easier to introduce it to customers; however, organizing the display product is not easy due to the availability of many items in the store. The product movement in the shelf space is "in-out," meaning that it is put in the warehouse space and taken out for the customers:

It is possible [...], for example if this product is displayed [...]! If we do not give something for the wholesaler, they will not accept it. They will not accept it for any reason as it is risky since the product is new. (IW.2)

We usually rent for it, we are working and of course searching for profit. Waiting for the contract period expired [...] ! After the contract, the old new product will require for new place. (IW.5)

Premise and proposition

Based on the structural descriptions (Appendix 1) and Figure A1, this research produced a new formula of major proposition. The major propositions of the research were explored by using grounded theory and constructionism between economic environment factors (see Figure 1):

- P1. The level of demand is the external economic factor and product competition is directly and indirectly related to channel capability.
- P2. Channel capability is the internal economic factor which is one of the considerations for consumer to buy product.

Channel capability and product innovation

Figure A1 illustrates that the aspect of channel capability is considered or detected by buyer based on the aspect of the level of demand. Furthermore, this research was developed by using grounded theory and pragmatism interpretation to conceptualize the effectiveness of new product innovation based on channel capability.

The intermediate business's perception of wholesalers pragmatically assesses the following: the entry of new products in the market will be effective when the products are corresponding with their capability to market a new product related to product competition in its categorical groups; and the final result of the effectiveness of new product innovation is selling turnover through product display activity and direct demand acceleration from consumer. This pragmatic interpretation leads to a textual description of premises, namely (P.a) the aspects of channel capability and the level of demand as the parts that contribute to the effectiveness of new product innovations; (P.b) the aspects of channel capability and the level of demand which are directly related; and (P.c) the effectiveness of new product innovations which will result in the rate of sales of the product itself. Conceptually, the premise can be proposed to be a proposition of the following research and Figure 2:

- P3. Channel capability and the level of demand which are related to each other determine the effectiveness of new product innovation.

Channel capability in marketing product

The structural description of the new product innovation above provides an opportunity to be explored in depth. It argues that the substance relative variability between the channel capability and the level of demand is analyzed as "interpretativism" different from the concept of business buyer behavior and the perspective of new product innovation strategy. Nevertheless, theoretically, every relative variability is similar or there will be no differences in various perspectives.

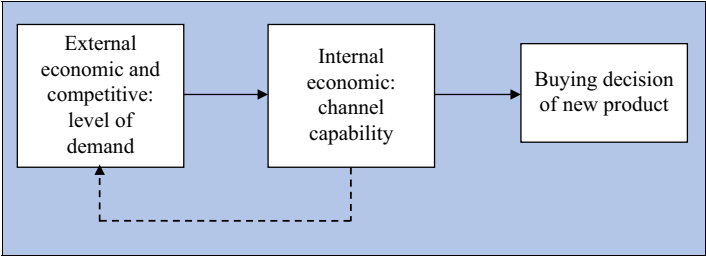


Figure 1.
Economics mechanism
in the business buyer
behavior

These two perspectives lead to a pragmatic deepening to gain a third perspective of the phenomenon of the supplier's capability in marketing the product. The componential analysis of relative variability between the channel capability and the level of demand (see Figure A1) is abstracted to conceptualize the phenomenon of channel capabilities in business marketing products of their stores (Figure 3).

The phenomenon of marketers shows that a new product created has been considered by them regarding the implementation of displaying products in the stores of suppliers. It also illustrates that the product storage factor in the dealers' warehouses has been considered by marketers in designing their products. Likewise, a new product launched in the traditional market has been positioned by marketers to attract store customers, namely retailers.

Therefore, concerning efforts to theorize and conceptualize the capabilities of suppliers in product sales, as well as the elaboration of the effectiveness of new product innovations based on channeling capabilities, there is no difference between perceptions of "buyers" and marketers of "product makers. All parties have the same target, namely the creation of demand and the occurrence of a continuous sales cycle through the use of infrastructure owned by the suppliers:

As a strategy to accelerate the introduction of products to consumers, starting to be positioned what is the placement of the display of all kinds. That is usually when talking in the GT it will be a little more massive compared to the regular products that have entered there. Their customers come to look for the interesting product [...], this product is attractive [...], usually it attracts consumers. (IM.2)

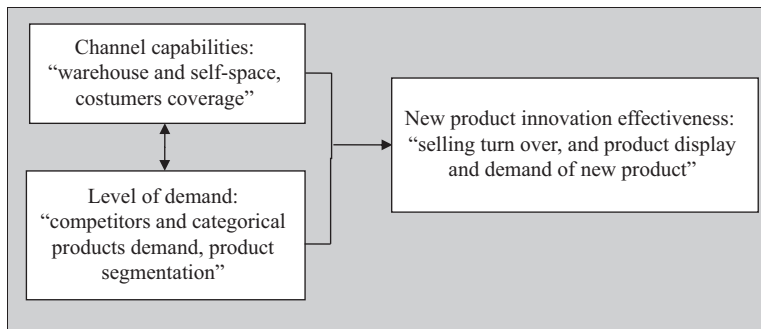


Figure 2.
The effectiveness of
new product
innovation based on
channel capability

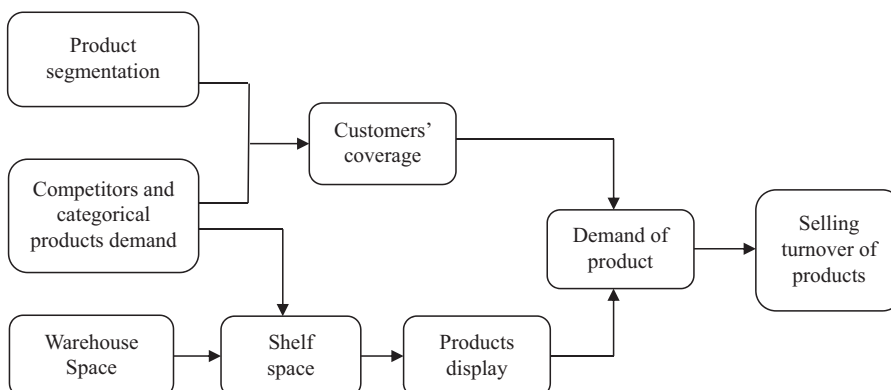


Figure 3.
Channel capability in
selling products

Yes, for our new products there is usually a budget that is used for display. That is our reason where we negotiate with the wholesalers for us to ask for new product displays. (IM.3)

If it is supplied conditionally, sometimes we also have the name of the display, namely acrylic, for displaying products. (IM.4)

Lets say, for example, Solo area there are 7 Regencies, which will become the first focus [...] First, for the product introduction, second, which stores we need to focus on, the information are available, the addresses are available. (IM.5)

Discussion and implication

The findings offer novelties in identifying a new construction: the channel capability or wholesaler internal situation which is in relation with the external competitive situation of the business buyer behavior. Furthermore, the findings identify and position the environment, namely internal economy regarding the variability of channel capability which determines the purchase decision. This is in relation to the external economic environment of the competitors and categorical product demand, product segmentation and new product demand. Meanwhile, Dwyer and Welsh (1985) and Evans and Berman (1992) limited their statements that the distributor should facilitate the infrastructures as the functional distributing management. These findings also provide confirmation to previous literature which has described environmental factors as stimulants of buyer decisions (see, Webster and Wind, 1972; Johnston and Lewin, 1996; Kotler and Armstrong, 2013). The contribution of the conception of business buyer behavior in this paper provides specific arguments, namely the external economic environment as an antecedent of the internal economic environment, as well as identifying each conten in both that economic environment.

The conception of the economic mechanism has direct implications for the role of the organization (buying center) in the decision-making process of purchasing, considering in detail the internal and external economic environment (see, Webster and Wind, 1972; Garrido-Samaniego and Gutierrez-Cillan, 2004). The buying center conducts a specific analysis of the type of product and its complexity in new-task purchasing situations related to economic environmental factors (see, Lewin and Donthu, 2005).

Substantially, businessman or merchant selling the freely competing products such as FMCG when making business decision “buying for selling” is influenced by internal and external economy as the dominant factor. Theoretically, this finding implies the expansion of the trade sector of micro-economic system in the free market, which has not been conceptualized in the previous literature.

The strategy chosen by product creators among the product placement strategies (trial, introduction, attacker or leader) cannot be separated from the role of the channel and the existence of product competitor in a certain category and segment of product. This further implies the interconnection between the role of salesperson and the quality of relationship built by themselves (see, Trihatmoko *et al.*, 2016a), on how they expand the product distribution in the business market. Meanwhile, the research findings show that product innovation in the extension strategy has relevance to product segmentation, as well as competition in the business and consumer markets (channel capabilities and level of demand) as controllers and achievements of MO aspects (see, Giang *et al.*, 2009; Nijssen, 1999; Kotler and Armstrong, 2013; Sondergaard and Harmsen, 2007; Gounaris and Avlonitis, 2001).

These points of the discussion on the research finding generally imply the operation or implementation of the brand strategy (Kotler and Armstrong, 2013; Nijssen and Agustin, 2005; Nijssen, 1999; Trihatmoko, 2016) regarding the marketing mix strategy (Trihatmoko, Napitupulu, Purnamasari and Kurniawanto, 2018), particularly the P-product. The variability of channel capabilities becomes the essential part in the product innovation strategy, and at

one point, directly or indirectly relates to the level of demand in the product competition in one category and segment of market. The theoretical implication carried out by this research at one point depicts how the B2B transactional phenomenology belongs to the competitive relationship marketing characteristic (Trihatmoko, Harsono, Wahyuni, Haryono, and Lukviarman, 2018). Furthermore, the complexity of this result finding specifically depicts the B2B of distributors–wholesalers on the characteristic of the situation of purchase which belongs to new-task purchase described by Webster and Wind (1972), Jackson *et al.* (1984), Wilkie (1990), Evans and Berman (1992), Sashi (2009), Peter and Donnelly (2011), Solomon (2013), Kotler and Armstrong (2013) and Trihatmoko (2016).

Conclusion

The findings revealed the following facts: buyers perform detection on their capability aspects by estimating the internal economic environment factor on the situation of warehouse space, shelf space and customer coverage based on the external environment factors of level of demand aspects; and buyers perform detection on the internal economic environment factor related to the competition of product display and new product demand as a basis to estimate the selling turnover. In summary, the channel capability is an essential aspect considered by buyers for the entry of new product. Buyers' consideration of capability aspects is the stage of assessing their needs for the feasibility of a new product economically to be included in their business.

Based on the concept, it can be concluded that a new product developed by the manufacturers refers to the channel capabilities in order to respond the level of demand according to each group of product category and its market segment. This strategic consideration will be the marketers' assessment as a way of enabling a new product to compete in the channel shops, including the display of product to create its demand and selling turnover. The success rate of product's selling turnover depends on the situational channel capability and the competition of product display. This conclusion reminds that the selling turnover of products depends on various factors related to the product's competition in the market.

Recommendations

First, in creating new product innovation, marketers as the owner of new product are recommended to review the way of handling products in the warehouse and in the place of display in which usually done by the wholesaler in the traditional trade; design a flexible packaging of the product to be displayed at the wholesaler or retailer shops; and set the packaging unit based on its shape and quantity in a carton or pack.

Second, before offering the new product to the wholesalers, the salesperson of "company as distributor" is recommended to learn more about the potential of the corresponding wholesale capability. After purchasing a new product, buyers are recommended to handle the products in their warehouse well and to arrange them on the racks of the shop. Third, a new product which has become an established product in the market is recommended to the managers of distributing companies and manufacturing companies so that they always support the role of channel in displaying product and developing their customers.

Limitations and research opportunities

The study of business buyer behavior and marketing mix series is limited to some market conditions of B2B transactional of new-task purchase in FMCG products. Other studies having different specifications on subject research or type of business market, situational type of purchase, exploration center and methodological approach will give different probability findings. Thus, the other aspects of buyers' consideration in the decision-making

process of new product purchase still provide an opportunity to be re-examined using a methodological approach that fits the research focus.

Finally, this research combines several qualitative research strategy approaches to a single focus of study; however, it has succeeded in building several constructs in different theoretical perspectives. The conception of this research is possible to be developed through further study using other perspective theory of relationship marketing. Further specific study for each relationship marketing or type of business and costumers is expected to sharpen and clarify each concept of buying–selling behavior.

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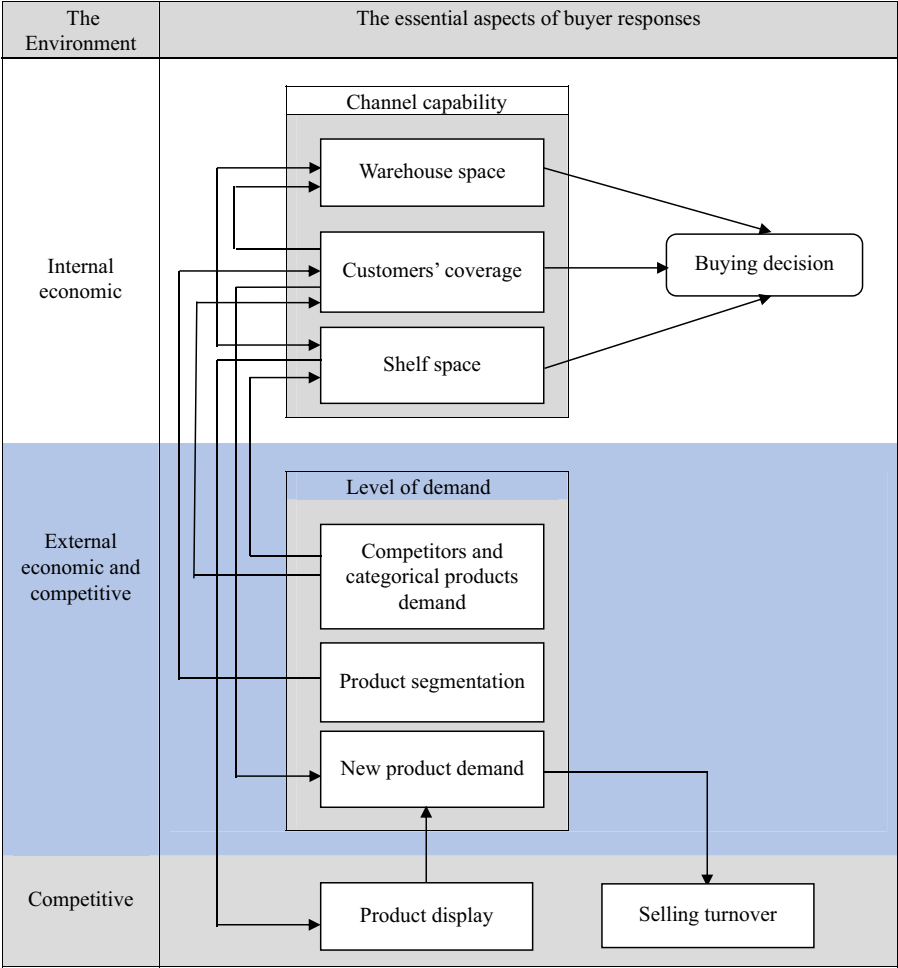
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Appendix 1

Minor proposition (Trihatmoko, 2016)

- P1: Warehouse space determines the buyer's buying decision
- P2: Customers coverage determines buyer's buying decision.
- P3: Shelf space determines buyer's buying decision.
- P4: Customers coverage that becomes regular buyer has an impact on warehouse space management.
- P5: Shelf space is situationally related to the warehouse space management.
- P6: Competitors and categorical product demand determine the shelf space.
- P7: Competitors and categorical product demand determine the expansion of customers coverage.
- P8: Product segmentation determine the expansion of customers coverage.
- P9: Warehouse space is situationally related to shelf space management.
- P10: Customer coverage becomes the foundation of new product demand.
- P11: The available shelf space determines the product display setting.
- P12: Product display will promote the creation of new product demand.
- P13: The creation of new product demand will determine the prospect of selling turnover.



Source: Trihatmoko's (2016) research report

Figure A1.
Channel capability
model in the business
buyer behavior

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Table AI.
The description of the
wholesale capability
theme from buyer
information

Informants	Warehouse space	Customer coverage	Shelf space
IW.1	"[...] consideration by requiring a large/spacious place"	"The people or buyers are those who come [...] it is the term"	"Display at the store"
IW.2	"I asked for those rule given [...]"	"[...] it is due to that wholesaler is as the seller, many stores like ours"	"For example, it needs to be display"
IW.3	"The place that we provided is not too spacious [...]take too much space"	"[...] such as coffee, many people search for it from the wholesaler"	"Display space is usually for the new products"
IW.4	"Warehouse also available in the store"	"The products that we sell are flowing to urban area, and even to the bottom market"	"I do not accept all kinds display program"
IW.5	"[...] the warehouse which is usually as the wholesaler usually need more space"	"[...] not all of people are consumer"	"It can be said that this place has been rent by Unilever"
IW.6	"Of course, it will see the warehouse capacity"	"For the biggest or smallest market"	"Put in a specific place to display product"
Source: Trihatmoko's (2016) research report			

Corresponding author

Roderikus Agus Trihatmoko can be contacted at: agustricentre@gmail.com