

Modelling new products acceptance among retailers in Nigeria

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ABSTRACT

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Purpose — *The study modelled the determining factors affecting the acceptance of new products among retailers in Nigeria. Four antecedents of new product acceptance namely relationship quality, channel motivation, product advantage, and market competitiveness were explored.*

Research method — *A cross-sectional survey research design was employed by using questionnaire to collect data for the study. The data obtained from eighty-six respondents were presented and analyzed using different statistical tools such as mean, correlation, and Partial Least Square Structural Equation Modelling (PLS-SEM) through the use of SmartPLS 3.0 software.*

Result — *The study revealed that relationship quality and market competitiveness have positive and significant influence on new product acceptance among retailers. However, channel motivation and product advantage do not have a statistically significant influence on new product acceptance.*

Recommendation — *The relationship between suppliers and retailers can be strengthened by taking advantage of the dynamic innovations in different social media platforms to establish uninterrupted links for effective communication. This study contributes to knowledge by adding to the emerging discourse on the strategic space occupied by retailers in guaranteeing the ultimate success of new products in the Nigerian business setting by providing insights on the determinants of new products acceptance among retailers.*

Keywords: *acceptance, market competitiveness, new product, Nigeria, relationship quality*



BACKGROUND

New and profitable products are the lifeblood of every business organisation (Ijewere & Oseyomon, 2011; Reynolds & Holt, 2021). However, introducing new products into the market is probably the riskiest decision manufacturers as well as distribution channel members such as retailers can engage. The retail channel serves as one of the avenues through which many manufacturers sell both old and new products to consumers. Therefore, manufacturers' success in the marketplace largely depends on retailers' acceptance and supports for the products (Guiné et al., 2020; Kaufman, Jayachandran & Rose, 2006; Lin & Chang, 2012). New products create enthusiasm for customers and are beneficial to retailers in form of increased patronage, point of differentiation, and indication that the retailer is supporting the latest products (Alur & Schoormans, 2013).

Despite the enormous benefits accruing to retailers for accepting and stocking new products, a high failure rate of new product and limited shelf space increases the risk faced by them in accepting a new product (Guiné et al., 2020; Lin & Chang, 2012). Therefore, differentiating which new products to stock is a critical market success factor for retailers. The rationale for a retailer's choice of a new product affects both retailers and suppliers because they both seek to increase worth and efficiency (Hultink, Tholke & Robben, 1999). Because of the strategic role retailers play in enhancing suppliers' success, Lin & Chang (2012, p.91) opine that "over the years, suppliers have sought practical approaches to address the issue of retailers' acceptance of new products by understanding the needs of their retail partners."

Intellectual discourse on the relationship among channel members (manufacturers, distributors, wholesalers, retailers, and consumers) was predominantly examined from the manufacturers' point of view. Examples of such studies include the determinants of distribution intensity (Frazier & Lassar, 1996), factors affecting the distribution intensity of pharmaceutical firms in Kenya (Gitobu, 2004), distribution intensity and its asymmetric effect on marketing performance (Liu, Huang & Lin, 2009), distribution channel intensity of the Nigerian table water industry (Agbadudu & Adekunle, 2017), among others. Understanding the relationship among distribution channel members from retailers' point of view is germane because of their closeness to the final consumers which afford them the opportunities to gather first-hand information on product performance in the marketplace and the ability to create long-term value for firms. However, previous studies on retailers' evaluation of new products focus on product attractiveness, shelf management, assortment optimization, introductory slotting allowances, interfirm relationships (Rao & McLaughlin, 1989; Drèze, Hoch & Purk 1994; Boatwright & Nunes, 2001; Desiraju, 2001; Kaufman, 2002; Kaufman et al., 2006), among others.

There is a limited empirical investigation on the determining factors influencing retailers to accept or decline a new product offering in the Nigerian

setting. The need to empirically establish the factors that determine retailers' acceptance of new products in the Nigerian context forms the crux of this study. Understanding the determinants of retailers' acceptance of new products is beneficial to retailers and suppliers because of the increase in the number of new products contending for limited shelf space and the need to create and build long-term value for firms and their channel members. Against this backdrop, the main focus of this study is to model retailers' acceptance or adoption of new products. The specific objective of the study is to determine the impacts of relationship quality, channel innovation, product advantage, and market competitiveness on retailers' new product acceptance in Nigeria.

LITERATURE REVIEW

Concept of new products acceptance

[Busch and Honston \(2001\)](#) defined a product as anything capable of satisfying consumers' wants and needs. Product also refers to "anything that can be offered to a market to satisfy a want or need" ([Kotler, 2005](#)). According to [Luca and Luca \(1991, p.151\)](#), "a new product represents a change in, or addition to, the physical entities that comprise its product line. It can also refer to a new or revised consumer' perceptions concerning a particular cluster of benefits."

New product acceptance can be measured by the attributes of the product, market demand, and marketing strategies adopted by the manufacturers or suppliers ([Kaufman et al., 2006](#)). Product attributes entail possession of high-quality features, brand family, quality packaging, and performance risks. Issues relating to market demand include the product's ability to fulfill a currently unmet need, expected high future demand, the growth potential of the product, and the prevailing economic conditions in the trade area. Discourse on marketing strategies adopted by the manufacturers or suppliers include planned media support, planned product sampling/demonstration, and strong introductory allowances.

Several studies have been carried out on new product acceptance by retailers. For instance, ([Kaufman et al., 2006](#)) investigated how the selection of new products is influenced by relational embeddedness. The study determined the role of firm-firm and buyer-salesperson relationships in retailers' selection of new products using grocery business in the United States. The study found that an increase in product acceptance is significantly determined by the quality of the buyer-salesperson relationship. A positive association was also found to exist between the quality of a buyer's relationship with a salesperson and the duration of the relationship.

[Lin and Chang \(2012\)](#) examined the buyer-supplier relationship as well as product-market factors in new product acceptance. The study used 151 questionnaires distributed to both independent and chain stores in Taiwan. The study found that relationship intensity, channel management, product advantage and market competitiveness are positively and significantly affecting

the acceptance of new products. The study concluded that stocking new products by retailers is not primarily determined by product-market factors but also by the buyer-supplier relationship which was found to be critical factors that determine new product acceptance among retailers.

Retailers' criteria for new product acceptance

Several parameters guide retailers in accepting new products. These factors can be categorized into internal and external factors (Alur & Schoormans, 2013).

External factors

External factors are factors that cannot be directly controlled by retailers. These factors include store trading areas, competitive environment and shopper characteristics.

Store trading areas

Palmer-Jones and Sen (2006) identified factors influencing retailers' store performance to include consumer characteristics, shopping behaviour of consumer and the density of population in the area where the trading store is located. Retailers in urban markets operate with high population density with heterogeneous consumer shopping behaviour while the reverse is the case in rural markets with low population density and homogenous consumer shopping behaviours (Chen, 2021; Luca & Luca, 1991). Shaikh and Gandhi (2016) observed that trading areas with high population density and heterogeneous buying behaviour provide opportunities for testing new products with a larger population sample. Therefore, retailers in urban settings are more likely to accept new products than their counterparts in rural areas.

Competitive environment

The level of competition in a trading area can influence retailers' choice of new products to be accepted. Rossiter and Donovan (1982) asserted that retail outlets in a competitive environment may differ in terms of location, price, promotion, services provided by trained sales personnel, shopping experience and store atmosphere. Retailers in a highly competitive environment may likely be motivated to introduce new products compared to their counterparts operating in a low competitive environment.

Shopper characteristics

Income level and availability of employment opportunities in cities are relatively higher than that in rural areas. Hence, the characteristics of shoppers can influence their choice of products as well as motivate them to try new

products. Based on this, retailers operating in an environment where the income level of consumers is high with higher employment opportunities are more likely to accept new products.

Internal factors

Internal factors are factors under the control of the retailers. These factors include store atmosphere, space allocation, and price.

Store atmosphere

According to [Oppewal and Timmermans, \(1997, p.43\)](#), “store atmosphere is defined as the physical in-store attributes that can stimulate cognitive responses.” [Hu and Jasper \(2006\)](#) categorized the atmosphere of a store into ambient factors, social factors, and crowding. Stores with a conducive, secure, and serene atmosphere with a relatively low price for products would attract more shoppers. In such a situation, retailers introducing new products at low prices in an attractive environment would enjoy more patronage which can positively influence their future acceptance of new products.

Space allocation

Retailers’ capacity in terms of available storage space can influence their acceptance of new products. Retailers with big shop space are likely to stock more new products all things being equal than their counterparts with small space for stocking products.

Price

[McIntyre and Miller \(1999\)](#) opine that large retailer can employ various pricing strategies to introduce new products due to their large consumer base. Importantly also, large retailers may enjoy more discounts and other allowances received from suppliers because of their large purchases which can help to sell new products at a relatively cheaper price.

Antecedents of new products acceptance

The antecedents of new products acceptance examined in this study include relationship quality, channel motivation, product advantage, and market competitiveness.

Relationship quality

Relationship quality explains the strength of a relationship. [Morgan and Hunt \(1994\)](#) opined that the concept of relationship quality emerged from the relationship marketing theory and research that focuses on strengthening established relationships and transforming indifferent customers (or retailers) into loyal ones. Satisfactory mutual interaction among channel members especially manufacturers and retailers can help to enhance the importance customers attach to brands which are capable of triggering their behavioural intentions in the future ([Ahamed & Skallerud, 2015](#); [Kumar & Venkatesan, 2021](#); [Izogo, 2016](#)). According to [Agnihotri, Rapp and Trainor \(2009\)](#), “manufacturers and suppliers can improve retailers' overall assessment of the strength of a relationship by promising superior value, keeping to promises made, and making new promises based on previously fulfilled promises.”

Scholars have found that the new product evaluation and acceptance by retailers is a function of the relationship established with manufacturers and suppliers ([Kaufman et al., 2006](#)). Because suppliers and retailers are both exposed to risks associated with new product offerings, there is a tendency for them to collaboratively work together to create closer relationships. This collaborative approach to creating quality relationships as opined by [Lin and Chang \(2012\)](#) encompasses trust, commitment, dependence and effective communication.

Trust is fundamental in promoting the stable and lasting relationships. According to [Morgan and Hunt \(1994, p.23\)](#), “trust is the belief that an exchange partner will act in a manner that is in the best interest of the other partner.” [Izogo, Jayawardhena and Adegbola \(2018\)](#) assert that trust is perhaps higher in a relationship of stakeholders who have coinciding expectations. Building trust between suppliers and retailers is advantageous because it helps to harness and deploy resources for selling new products, reduce perceived risk and take advantage of their complementary skills to decrease transaction costs ([Song & Zhao, 2004](#); [Sheth et al., 2020](#)).

Commitment is fundamental for channel members to overcome unanticipated problems. [Wetzels, Ruyter and Birgelen \(1998\)](#) describe commitment “as the extent to which an exchange partner considers a relationship important and thus is willing to develop and sustain the relationships.” The level of commitment shown by suppliers and manufacturers will determine the willingness of retailers to accept a new product ([Kaufman et al., 2006](#)).

Dependence as described by [Andaleeb \(1995\)](#) is the extent to which an organisation needs another firm to achieve its goals. An organisation that depends on its partner will be more amenable to the partners' demands and requests. Effective communication is an essential ingredient for new product introduction and acceptance because it guarantees increased mutual support, respect and compliance among partners.

Based on the above discussion, it can be stated that relationship quality with manufacturers and suppliers will enhance the likelihood of retailers' acceptance of new products.

Channel motivation

Rosenbloom (2003) defined channel motivation as “the supplier’s actions and policies to foster channel member support in implementing the suppliers’ distribution objectives.” Lin & Chang (2012) identified three facets of channel motivation to include financial support, promotional support and managerial support.

Ghosh, Joseph, Gardner and Thach (2004) opine that financial support from suppliers to retailers can be in form of monetary rewards or compensation. Desai (2000) stated that the essence of financial support is to influence retailers' efforts to sell new products. Similarly, Haines (2007) opines that financial support helps to retain distribution through the retailers and encourages them to stock manufacturers' or suppliers' new products in large quantities.

Agbonifoh and Inegbenebor (2012) describe promotion as “a set of marketing tools, which consists of individual or corporate activities, whose goal is to inform, educate and persuade current and potential consumers (or retailers) to patronize (stock) suppliers’ products.” Generally, the various elements of the promotional strategy include personal selling, advertising, sales promotion, publicity and public relations (Oseyomon, 2015). Park (2004) outlines some promotional supports for motivating retailers including co-operative advertising, promotional allowances, slotting fees, display and sales aids, in-store promotion, among others. These aforementioned promotional supports if effectively deployed can enhance retailers' rate of new product adoption.

Gilliland (2003) describes managerial support as assistance from the supplier to associated retailers. These assistances help to reduce challenges associated with carrying, selling, and servicing the new products. Gilliland (2003) further opines that these assistances will help to lower retailer costs and risk. In the same vein, Frazier & Lassar (1996) found that suppliers often provide such assistance to motivate retailers' interest in their new products. It can therefore be asserted that suppliers' channel motivation and support will increase the retailers' willingness to accept the new product.

Product advantage

Acceptance of new products by retailers depends directly on the product advantage (Kaufman et al., 2006). Distinct qualities such as product uniqueness, the ability of the products to meet the needs of the target market, variety and manufacturers’ reputation confer special advantages on products.

Firstly, [Cooper and Kleinschmidt \(1993\)](#) identified uniqueness as the most critical success factor of a new product. [Rao et al., \(2005\)](#) found that new product acceptance is positively determined by product uniqueness. [Sternquist and Chen \(2006\)](#) also found that retailers make new product adoption decisions based on expected profitability. Retailers that envisage high-profit margins from the adoption of a new product will be motivated to stock such products.

Secondly, product-market fit, that is, a product's ability to meet market needs have been identified by [Carbonell and Escudero \(2010\)](#) as an important attribute of product advantage that can guarantee the success of the new product in the marketplace. [Ozer \(2006\)](#) found that a positive relationship exists between a firm developing product based on market needs and new product success. Thirdly, variety is also a critical aspect of product advantage. [Haines \(2007\)](#) found that store patronage is significantly influenced by variety. Similarly, [Berger, Draganska and Simonson \(2007\)](#) opine that both customers and retailers will prefer a situation where there is a wide variety of products for them to select from. Therefore, retailers with the consciousness to increase variety would consider stocking new products.

Finally, the brand image of a product reflects the strength and reputation of the manufacturers. [Kim and Cavusgil \(2009: 499\)](#) opine that “reputation offers a credible and diagnostic cue for assessing product and service performance.” Firms or suppliers with high reputations have a strong incentive to fulfill their product or service promises ([Lin & Chang, 2012; Wiles, 2007](#)). Hence, manufacturers’ reputation is used by retailers to assess new product acceptance in the marketplace. It can therefore be asserted that products with greater advantages will be easily accepted by retailers.

Market competitiveness

The business environment is dynamic hence the need for retailers to understand the competitive nature of a new product before accepting it. Market competitiveness encompasses the intensity of competition, expected market size and growth, and market dynamisms ([Lin & Chang, 2012](#)).

The intensity of competition which is the extent to which firms face competition in the market ([Cui, Griffith & Cavusgil, 2005](#)) is a critical factor to be considered in achieving new product success in the marketplace. A situation whereby there is highly competitive intensity would lead to a high level of uncertainty and unpredictability in the marketplace because of many alternatives available to customers. [Cui et al., \(2005\)](#) found that the level of intensity of competition affects the acceptance and sales of new products. Similarly, [Kaufman \(2002\)](#) opines that a “retailer is more likely to choose to carry product competitors might be carrying if the product conforms to the retailer's overall strategy.”

Expected market size and growth is another critical factor to be considered in determining market competitiveness. Ghosh et al., (2004) opine that more competitors would be attracted to a growing market for a new product. Expected market size and growth is also determined by potential product sales and profit margin. Retailers would be willing to accept products with potential high sales and profit levels. Cooper and Kleinschmidt (1993) found that a higher acceptance and success rate for new products is a function of a larger and growing market.

Market dynamism is also a factor considered by retailers in their selection of new products. Market dynamism as posited by Jap (1999) is the degree of change in the market. Dayan (2010) identified the speed of technological change, business practices and shifts in customer needs as the components of market dynamism. A firm operating in a highly dynamic market requires a constant and continuous improvement on products and services to suit the changing needs of the customers in order to maintain competition in the market and thereby enhance retailers' acceptance of its products. Therefore, it can be asserted that market competitiveness would enhance retailers' new product acceptance.

RESEARCH METHOD

Research design

Cross-sectional survey research design was employed for this study. The adoption of a survey research design is flexible in collecting data and potential to build rapport between researchers and respondents. This was done by designing a structured questionnaire and administering it to the target retailers.

Population and sample

The population of the study comprised retailers of household products in Benin City, Nigeria. One hundred (100) questionnaires were distributed to the sampled retailers. Out of the 100, 90 were validly filled and returned. However, based on the Mahalanobis distance approach for testing for the presence of outliers, four (4) cases believed to pose the problem in the model estimation were deleted. In the end, eighty-six (86) copies of the questionnaire were finally used for data analyses. This sample was drawn with the aid of a convenience sampling technique. Convenience sampling allows easy access and interaction with target respondents that filled the questionnaire (Long and McMellon, 1984).

Data source and instrumentation

The 27-item scale used in this study was adopted and modified from related studies done in the past. Four indicators or items each were used to capture the selected antecedents of new product acceptance which include relationship quality, channel motivation, product advantage, and market competitiveness. New product acceptance was measured by retailers' perception of product attributes and marketing strategies adopted by the manufacturers or suppliers. All the scale items were in a 5-point Likert format. Questionnaire items were divided into two parts. The first part contains questions on respondents' gender, age, experience, and education. The second part of the questionnaire contains items on the constructs used for the study (See Appendix I for details). Table 1 shows the constructs, number of items, sources of scale.

Table 1. Measurement items and sources

S/N	Construct	Number of items	Source of scale
1	Relationship quality	4	Lin & Chang (2012)
2	Channel motivation	4	Lin & Chang (2012)
3	Product advantage	4	Lin & Chang (2012)
4	Market competitiveness	4	Lin & Chang (2012)
5	New product acceptance	8	Kaufman et al. (2006)

source: authors (2022)

The copies of the questionnaire were administered to owners or major salespersons of retailing outlets where household consumable products are being sold in Benin City, Nigeria.

Methods of statistical analysis

To ascertain the determinants of new product acceptance among retailers, a series of quantitative analyses were conducted. The analyses start with a description of respondents' demographic bio-data which include their gender, age, experience and education. Preliminary data analyses conducted in this study include the test for the presence of outliers, and the normality test using skewness and kurtosis. The data obtained were presented and analyzed using mean, correlation and Partial Least Square Structural Equation Modeling (PLS-SEM) through the use of SmartPLS 3.0 software.

RESULT AND DISCUSSION

Description of respondents' bio-data

62.8% of the respondents are female while only 37.2% are male. This is not surprising as most retail outlets are either managed by females or sales girls

are employed to oversee the business. The age distribution shows that the majority of the respondents (72, 83.7%) were between 21 to 50years old. Only 4.7% and 11.6% of the respondents are 20years and below and above 50years respectively. The business experience of the respondents shows that the majority of them (69, 80.2%) have spent 5years and above in business. Only 19.8% of the respondents have below 5years of business experience. It can be inferred that the respondents are knowledgeable in the retailing business based on their years of experience. 32.6% of the respondents have SSCE/GCE and below. 17 (19.8%) of the respondents have NCE/Diploma/ND while 28 (32.6%) of the respondents have a first degree (HND/B.Sc Degree). Only 15.1% of the respondents have postgraduate qualifications. The results are shown in Table 2 below.

Table 2. Respondents' bio-data

Variable	Category	Frequency	Percent (%)	Cumulative Percent
Gender	Male	32	37.2	37.2
	Female	54	62.8	100
	Total	86	100	
Age	20years and below	4	4.7	4.7
	21-30years	18	20.9	25.6
	31-40years	26	30.2	55.8
	41-50years	28	32.6	88.4
	Above 50years	10	11.6	100
	Total	86	100	
Experience	Below 5years	17	19.8	19.8
	5-10years	22	25.6	45.3
	11-15years	16	18.6	64.0
	16-20years	20	23.3	87.2
	Above 20years	11	12.8	100
	Total	86	100	
Educational Level	SSCE and below	28	32.6	32.6
	NCE/Diploma/OND	17	19.8	52.3
	HND/B.Sc	28	32.6	84.9
	Postgraduate	13	15.1	100
	Total	86	100	

source: processed data (2022)

Preliminary data analysis

This section contains the test for the presence of outliers in the dataset and the normality test.

Test for the presence of outliers

An outlier is an observation point that is distant from other observations. The presence of outliers was tested using the Mahalanobis distance approach. Four cases believed to post the problem in the model estimation were expunged.

Normality test

Skewness and kurtosis were used to test for the normality of the dataset. The absolute values of skewness and kurtosis at the item level ranged from 0.004 to 1.267 and 0.051 to 4.375 respectively which were below the cut-off described by Kline (2011) to be 3.0 and 8.0 respectively.

Measurement model

Validity and reliability of the measurement scale were used to establish the measurement model. Convergent and discriminant validity were conducted since the constructs have more than one indicator. This approach is supported by Lowry and Gaskin's (2014). Convergent validity was conducted using average variance extracted (AVE). Fornell and Larcker (1981) stated that the average variance extracted (AVE) must be at least 0.50. The AVE of the constructs: relationship quality, channel motivation, product advantage, market competitiveness, and new product acceptance are 0.722, 0.502, 0.813, 0.735 and 0.642 respectively which are all above 0.50. Fornell and Larcker (1981) cited in Adekunle and Ejechi (2018) also stated that discriminant validity is established when a construct shares more variance with its indicators than with any other construct. The discriminant validity for the constructs: relationship quality, channel motivation, product advantage, market competitiveness and new product acceptance are 0.850, 0.708, 0.902, 0.857 and 0.801 respectively which are all above 0.50. The results show that the measurement model exhibits construct validity. See Table 3 for the scores of the validity tests.

Table 3 also shows that the correlation coefficients of the constructs are all less than 0.80. This outcome rules out any form of multicollinearity in the model in line with Bryman and Cramer's (1997) benchmark that correlation coefficients should not be more than 0.80.

Table 3. Pearson correlation coefficients and validity test outputs

Variables	No. of Items	AVE	RQ	CM	PA	MC	NPA
Relationship Quality (RQ)	4	0.722	0.850				
Channel Motivation (CM)	4	0.502	0.785**	0.708			
Product Advantage (PA)	4	0.813	0.425**	0.623**	0.902		
Market Competitiveness (MC)	4	0.735	0.344**	0.331**	0.252**	0.857	
New Product Acceptance (NPA)	4	0.642	0.601**	0.539**	0.411**	0.499**	0.801

Note: AVE – Average Variance Extracted, ** - correlation coefficients are significant at the $p < 0.01$ level (2-tailed). Values in bold in the diagonal are the square root of AVE (discriminant validity)

Reliability of the questionnaire was established using Cronbach's Alpha and composite reliability. According to Hair, Anderson, Tatham and Black (2010), the minimum threshold for establishing reliability with Cronbach's Alpha is 0.6 and 0.7 for composite reliability. Table 4 shows that Cronbach's Alpha of the constructs: relationship quality, channel motivation, product advantage, market competitiveness and new product acceptance are 0.911, 0.801, 0.946, 0.918 and 0.876 respectively. Table 4 also shows that the composite reliability scores of the constructs ranged from 0.801 to 0.946. It can be deduced from the result that the items used in measuring each variable exhibit internal consistency.

Table 4. Construct, measures, factor loading, and reliability scores

Variable	Indicator	Factor Loading	Reliability	
			Cronbach Alpha	Composite
Relationship Quality	RQ1	0.770	0.911	0.912
	RQ2	0.860		
	RQ3	0.872		
	RQ4	0.892		
Channel Motivation	CM1	0.698	0.801	0.801
	CM2	0.704		
	CM3	0.729		
	CM4	0.702		
Product Advantage	PA1	0.902	0.946	0.946
	PA2	0.869		
	PA3	0.928		
	PA4	0.906		

Variable	Indicator	Factor Loading	Reliability Cronbach Alpha	Composite
Market Competitiveness	MC1	0.882	0.918	0.917
	MC2	0.906		
	MC3	0.771		
	MC4	0.796		
New Product Acceptance	NPA4	0.787	0.876	0.877
	NPA6	0.814		
	NPA7	0.848		
	NPA8	0.751		

Note: items NPA1, NPA2, NPA3, NPA5 under new product acceptance were deleted because of low factor loadings. Hence, the items were not used for data analyses.

Model estimation and tests of research hypotheses

This section deals with the presentation and interpretation of the results of the model specified for this study. This section established the relationships among the variables selected for analyses and test the research hypotheses accordingly.

Table 5. Estimated results of the structural model and hypotheses test outputs

Path	Coefficient	SE	t-statistic	p-value
H ₁ : RQ → New_Product_Acceptance	0.3992	0.1267	3.1497**	0.0023
H ₂ : CM → New_Product_Acceptance	0.0192	0.1566	0.1213 ^{ns}	0.9037
H ₃ : PA → New_Product_Acceptance	0.1259	0.0914	1.3770 ^{ns}	0.1723
H ₄ : MC → New_Product_Acceptance	0.4244	0.1171	3.6255**	0.0005
Coefficient of determination (R ²) for new product acceptance				0.575
Adjusted coefficient of determination (Adj. R ²) for new product acceptance				0.557
Number of observations				86
Fit summary				
Measure	Saturated model		Estimated model	
SRMR	0.079		0.079	
d_ULS	1.303		1.303	
d_G1	1.108		1.108	
d_G2	0.934		0.934	
Chi-Square	434.106		434.106	
NFI	0.766		0.766	

Note: ** and ^{ns} connote $p < 5\%$ and not significant respectively; SE – Standard Error, SRMR – Standard Root Mean Square Residual; NFI – Normed Fit Index.

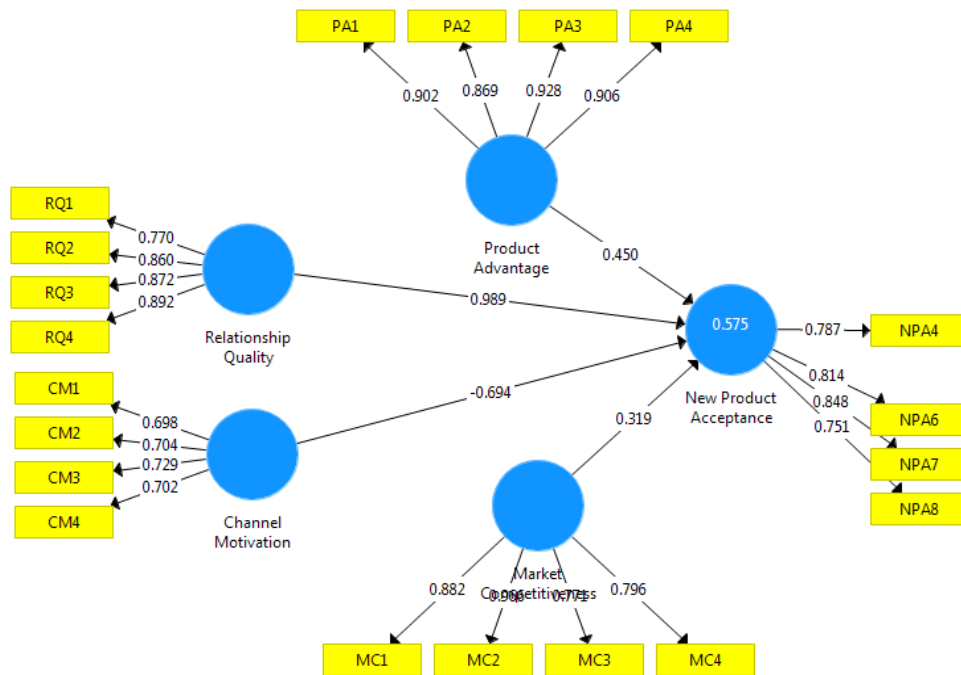


Figure 1. Path diagram showing path coefficients and R² among variables source: processed data (2022)

Table 5 reveals that relationship quality, channel motivation, product advantage and market competitiveness positively influence new product acceptance. However, only relationship quality and market competitiveness are statistically significant at $p < 0.05$. Table 5 further shows that when the independent variables such as relationship quality, channel motivation, product advantage and market competitiveness were regressed on new product acceptance, the coefficient of determination (R^2) is 0.575. This indicates that the independent variables jointly explained 57.5% of the variation in new product acceptance.

Results in Table 5 and Figure 1 further showed that the Standard Root Mean Square Residual (SRMR) is 0.079. This is less than the cut-off of 0.10 as suggested by Henseler et al. (2014). The value of normed fit index (NFI) of 0.766 is within the recommended benchmark of 0.0 to 1.0 as suggested by Hooper et al. (2008). Based on these indices, it can be concluded that the model fit indices for the research model provided evidence of an acceptable fit.

The results in Table 5 revealed that new product acceptance is positively and significantly influenced by relationship quality ($\beta = 0.3992$, $t = 3.1497$); and market competitiveness ($\beta = 0.4244$, $t = 3.6255$); thus, the null hypotheses H_1 and H_4 are rejected. However, the results showed a positive but statistically insignificant relationship between channel motivation and new product acceptance ($\beta = 0.0192$, $t = 0.1213$); as well as product advantage and new

product acceptance ($\beta= 0.1259, t= 1.3770$); thus, null hypotheses H_2 and H_3 are not rejected.

Discussion

Acceptance of new products by channel members is one of the contemporary issues in the distribution channel discourse. Firstly, this study found that relationship quality positively and significantly influences new products acceptance among retailers. This finding is supported by the previous studies of [Kaufman \(2002\)](#) and [Srivastava, Shervani and Fahey \(1998\)](#) which found that relationships serve as a market-based asset that enhances transaction likelihood and creates value. The finding is also in consonance with the results of [Lin and Chang \(2012\)](#) which found that relationship intensity is positively and significantly related to new product acceptance. This shows that retailers' acceptance of new products heavily depends on the quality of relationships established by suppliers or manufacturers. Quality relationships with retailers can be sustained by truthfulness, commitment and effective communication.

Secondly, channel motivation has a positive but statistically insignificant relationship with new product acceptance. The positive relationship shows the tendency of channel motivation to enhance new product acceptance in the Nigerian context. However, the relationship is not statistically significant. This finding contradicts the outcome of the study carried out by [Lin and Chang \(2012\)](#) which found that higher levels of channel motivation increase the likelihood of retailers' acceptance of new products. Suppliers should realise that incentives are vital parts of securing retailers' acceptance of new products. This is because retailers are more likely to prefer suppliers that provide incentives and support programmes in implementing new product distribution ([Gilliland, 2003](#)). In line with [Lin and Chang \(2012\)](#) suggestions, suppliers should not only provide retailers with only financial and promotional support but also with managerial incentives such as training on building product-related problem-solving skills and good buyer-suppliers relationships.

Thirdly, the study shows a positive but insignificant relationship between product advantage and new product acceptance. The insignificant relationship may be as a result of lack of varieties in the product offered to the retailers that participated in the study because [Haines \(2007\)](#) found that store patronage is significantly influenced by variety. However, the positive relationship may be an indication of the usefulness of product factors in stimulating retailers' acceptance of new products. Most times, retailers will maintain a wide variety of differentiated products to increase store traffic or fulfil the needs of specific customers ([Haines, 2007](#)). The attributes retailers considered to be critical in one product over another determine their product choice as they are likely to accept new products that feature differential advantages and substantial performance than those that lack these benefits ([Cooper & Kleinschmidt, 1993](#); [Kaufman, 2002](#); [Lin & Chang, 2012](#)).

Finally, the positive and significant relationship between market competitiveness and new product acceptance underlines the importance of a competitive environment in retailers' acceptance of new products. This supports the standpoint of [Lin and Chang \(2012, p.95\)](#) that "when competition is intense, retailers often incorporate new products in rapid succession to differentiate themselves, and the unpredictability of market conditions increases retailers' unwillingness to accept new products to avoid being left behind."

CONCLUSION

This study examined the determinants of new product acceptance among retailers in Nigeria. Four antecedents of new product acceptance were explored through the use of questionnaires administered to retailers of household consumable products in Benin City. The outcome of the study shows that relationship quality and market competitiveness have positive and statistically significant influence on new product acceptance among retailers. However, channel motivation and product advantage do not have a statistically significant influence on new product acceptance.

This study contributes empirically to the extant literature on the determining factors of new products acceptance among retailers. To the best of the researchers' knowledge, discussions on product distribution have been predominantly from manufacturers' points of view. This study has also contributed to the emerging discourse on the strategic space occupied by retailers in guaranteeing the ultimate success of new products in the Nigerian business setting by providing useful insights on the determinants of new products acceptance among retailers in Nigeria.

Policy implications

Retailers assess new products and stock them as long as they are purchased by consumers. Once consumers reject such products, they would become abandoned by retailers. Hence, suppliers or manufacturers should seek retailers' inputs in new product offerings to minimize the risk of product rejection in the marketplace. Secondly, suppliers or manufacturers should consider the level of retailers' competitive environment in designing new products that will help them (retailers) compete favourably in the marketplace. Finally, the relationship between suppliers and retailers can be strengthened by taking advantage of the dynamic innovations in different social media platforms to establish uninterrupted links for effective communication.

Implication for future study

It is suggested that the scope of future studies on new product acceptance can be expanded to cover other major cities in Nigeria. This would enhance

comparing new products acceptance among retailers based on location. Secondly, for specificity, longitudinal studies on the relationship between a well-established manufacturing firm and its retailing outlets can be conducted to provide a deeper insight into the subject matter. Finally, future research works can be targeted on the rate and reasons for locally and foreign-made new products acceptance among retailers in Nigeria.

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